

MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 22 January 2018 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 12 April 2018.

(* present)

Elected Members:

- * Mr David Harmer (Chairman)
- * Mr Keith Witham (Vice-Chairman)
- * Mr Edward Hawkins
- * Mr Ernest Mallett MBE
- * Dr Peter Szanto
- Mrs Fiona White

Ex officio Members:

Mr David Hodge CBE, Leader of the Council
Mr John Furey, Deputy Leader, Cabinet Member for Economic Prosperity
Mr Peter Martin, Chairman of the Council
Mr Tony Samuels, Vice-Chairman of the Council

In attendance

Dr Andrew Povey
David Hodge CBE, Leader of the Council
Mrs Bernie Muir

1/18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

An apology was received from Mrs Fiona White.

2/18 MINUTES OF THE PREVIOUS MEETING [4 DECEMBER 2017] [Item 2]

The Minutes were approved as an accurate record of the previous meeting and signed by the Chairman.

3/18 DECLARATIONS OF INTEREST [Item 3]

There were none.

4/18 QUESTIONS AND PETITIONS [Item 4]

There were none.

5/18 RECOMMENDATIONS TRACKER [Item 5]

Declarations of interest:

None

Key points raised during the discussion:

1. A8/16 – The Audit Performance Manager reported that there were good improvements with record keeping for social care accounts and that new systems were in place. Audit were satisfied that staff were now on top of the record keeping and outstanding financial assessments.
2. A13/17 – Anti Money Laundering Policy – this was now complete and could be removed from the tracker.
3. A14/17 – Optimisation of Vacant Properties – Members were informed that the expected briefing was awaiting sign off by the Cabinet Member before circulation.
4. A15/17 – Business Continuity – see minute 83/17 below.
5. A5/17 – Internal Audit Irregularity & Special Investigation – It was noted that themes were to be agreed with the communication team in April when the website would be updated.

Action/Further information to note:

To update the Tracker as per discussion.

RESOLVED:

To note the following items as completed:

- A13/17 – Half-Year Irregularities
- A15/17 – Half Year Risk Management (business continuity)

6/18 REFERRAL OF COUNTY COUNCIL MOTION [Item 6]

Witnesses:

Dr Andrew Povey

David Green, Senior Principal Accountant (schools funding)

Key points raised during the discussion:

1. Further to Minute 75/17(i), when the Council referred this motion to this Committee for further discussion before reporting back to Council, Dr Ian Povey put his Motion:
That the wording of the Financial Framework for Members' Allocations contained in Part 5 of the Council's Constitution, be modified in the section "What we cannot consider", point 7, to replace the word "core" with the word "statutory".
2. Mr Keith Witham proposed an amendment to keep the word 'core' rather than the proposed replacement of 'statutory' but to extend point 7 of the Framework to include a list of what is not allowed.
3. Members discussed the amendment at some length as there was general agreement that it would be helpful to have clarity and less ambiguity on what Members could use their allocations for in relation to schools.
4. They discussed whether there should be a list of areas they could spend allocations or a list of areas they could not. It was thought that the latter would be easier to propose.
5. The amendment proposed by Mr Witham was accepted and became the substantive motion.

Actions/ further information to be provided:

To request that a list of items be provided to the Committee for discussion at its next meeting.

Resolved:

That the Motion, as amended, be discussed at the next meeting in order to come to a conclusion and make a report to Council.

7/18 BUSINESS CONTINUITY [Item 7]

Declarations of interest:

None

Witnesses:

Ian Good, Head of Emergency Management

Alan Morris, Deputy Head of Emergency Management

Key points raised during the discussion:

1. The Head of Emergency Management introduced the report that outlined the Council's assurance process for business continuity plans and the robustness of those plans. Whilst the Committee had been provided with the LGA Guidance for Members it was reported that this was soon to be updated following the Grenfell disaster. Service Standards were also to be reviewed with local providers.
2. In response to a Member query regarding having a seminar on the topic for all councillors, the Head of Emergency Management reported that a briefing had been done for Cabinet and that this area would become part of core training. However, a gap had been identified in the local resilience network with no Member involvement currently – this would be resolved.
3. Members expressed concern about the number of 'Red' items on Appendix 2 to the report. They were particularly concerned with IMT results. The Deputy Head of Emergency Management reported that the tables contained in the appendices to the report were considered at the Statutory Responsibilities Network on a half yearly basis. As a result it was now the practice that business continuity plans were to be reviewed as part of any restructure of service, rather than following any restructure.
4. There was discussion around income generation where the Head of Emergency Management explained some of the areas where the service is currently charged and explained that other areas were being reviewed with service directors.

Actions/ further information to be provided:

1. To put the LGA Guidance on the network portal and let all Members know that it was there and to read. **(Tracker A1/18)**
2. To discuss timings for future reports once training for Members had taken place. **(Tracker A2/18)**

Resolved:

That the report was noted.

8/18 TREASURY MANAGEMENT STRATEGY [Item 8]

Declarations of interest:

None

Witnesses:

Nikki O'Connor, Finance Manager

Key points raised during the discussion:

1. The Finance Manager introduced the report which set out the council's Treasury Management strategy for 2018/19.
2. There was discussion around the increasing levels of borrowing year on year and asked if this was prudent or sustainable. The Finance Manager explained that following a thorough review of the capital programme last year, schemes requiring borrowing were only approved where there was a statutory duty or the scheme avoided revenue costs or generated revenue savings. Other Members noted how stable the figures were over the last few years.
3. The Finance Manager responded to other questions of clarification from Members and also reported that the annual cost of financial advisers was approximately £35,000.

Actions/ further information to be provided:

None

Resolved:

That the content of the Treasury Management Strategy for 2018/19 be approved prior to it being presented to full Council on 6 February.

9/18 LEADERSHIP RISK REGISTER [Item 9]

Declarations of interest:

None

Witnesses:

Nikki O'Connor, Finance Manager

Key points raised during the discussion:

1. The Finance Manager introduced this report which updated the Committee on any changes made to the Leadership Risk Register since the last meeting. There were a few small changes as contained in the report.
2. There was much discussion and concern expressed about the four risks that, despite mitigating actions, continually remained at a high residual risk level. The discussion moved on to the table itself and the criteria used – especially for financial impact which should be realistic. Members questioned what was meant by 'council budget'. One Member stated that reputational damage should not be a key driver. They asked that criteria and the table be reviewed. The Finance Manager undertook to feedback the Committee's comments to the Statutory Responsibilities Network and the Strategic Risk Forum.

3. One Member spoke about the additional statutory duties put on council's over the last few years which were not funded and he had requested a list of those duties with associated costs from officers. He thought that list should be discussed by the Committee when available.

Actions/ further information to be provided:

1. That the Finance Manager feedback the Committee's comments to the Statutory Responsibilities Network and the Resilience Network. **(Tracker A3/18)**
2. That a list of additional statutory responsibilities, and associated costs, put on the council over the last five years be on a future agenda for discussion. **(Tracker A4/18)**

Resolved:

That the Finance Manager be requested to raise the Committee's concerns to the Statutory Responsibilities Network and the Strategic Risk Forum.

10/18 COMPLETED INTERNAL AUDIT REPORTS [Item 10]

Declarations of interest:

None

Witnesses:

David John, Audit Performance Manager

Key points raised during the discussion:

1. The Audit Performance Manager introduced a report that set out internal audit reports completed since the last meeting of this Committee. Full report of each of the audits had been provided to Members of the Committee and were available on the Members online library.
2. With regards to the Premises Security audit one Member thought that asking for security to escort public from Council meetings was an additional expense not needed. The Chairman stated that the Council chamber and the Ashcombe Suite were secure area and not open to the public and thought that there should be two security assigned to escorting the public from and to public meetings.
3. Members discussed the Deprivation of Liberty Safeguards (DOLS) audit and were very concerned about the numbers of outstanding assessments and the number of wasted assessments done previously. It was recognised that this situation had been as a result of a law court requirement, rather than Government, and asked if the council were talking to Government through Local Government bodies to try to address this situation. The Audit Performance Manager reported that a follow-up audit would take place in 2018/19. The Committee requested that the Committee be provided with updated figures, on the ones given in the report, to the next meeting of the Committee in April. It was also requested that the Committee be given officers best estimate on the annual number of applications expected in future.
4. The Committee were informed that the Overview and Budget Scrutiny Committee would be looking again at Surrey Choices.

Actions/ further information to be provided:

1. That the Committee's concerns be expressed to the Cabinet Member, Head of Service and Chairman of the Select Committee. **(Tracker A5/18)**
2. To have an item on the next agenda for the Committee to be provided with updated figures, on the ones given in the DOLS audit report. **(Tracker A6/18)**

Resolved:

1. That the Committee's concerns relating to the DOLS report be expressed to the Cabinet Member, Head of Service and Chairman of the Select Committee.
2. That an item be provided on the next agenda for the Committee to be provided with updated figures on the DOLS audit report.

11/18 DATE OF NEXT MEETING [Item 11]

The date of the meeting was noted as 12 April 2018.

Meeting ended at: 1.14 pm

Chairman