

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 12.30 pm on 24 May 2018 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:

David Harmer (Chairman)
Keith Witham (Vice-Chairman)
Edward Hawkins
Stephen Spence
Bernie Muir
Fiona White
Mr Will Forster
Mr Peter Szanto

*= Present

Substitute Members:

Mrs Bernie Muir
Mrs Fiona White

26/18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Peter Szanto and Will Forster.

Fiona White acted as a substitute for Will Forster.

Bernie Muir acted as a substitute for Peter Szanto.

27/18 MINUTES OF THE PREVIOUS MEETING - 12 APRIL 2018 [Item 2]

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

28/18 DECLARATIONS OF INTEREST [Item 3]

Edward Hawkins declared a non-pecuniary interest in item 9 as he was the Surrey County Council (SCC) appointed Director of Halsey Garton Property Investment Ltd.

Bernie Muir declared a non-pecuniary interest in item 9 as she was the SCC appointed Director of Surrey Choices.

29/18 QUESTIONS AND PETITIONS [Item 4]

There were none.

30/18 RECOMMENDATIONS TRACKER [Item 5]

Key points raised during the discussion:

1. Relating to Action A2/18, there was concern as Members had found that many schools were not aware of a grant available that allowed them to receive “lockdown” training if it was requested. Following discussion, it was agreed that the Chairman would write to the Cabinet Member for All-Age Learning to highlight the Committee’s concerns and ask for increased communication on the grant.
2. Relating to A8/16, the Audit Manager informed Members that the audit had been issued and that he was happy for it to be removed from the actions tracker.

Action/Further information to note:

A7/18 – That the Chairman writes to the Cabinet Member for All-Age Learning in order to highlight concerns that many schools are not aware of a grant available for lockdown training.

RESOLVED:

That the committee noted the report.

31/18 ANNUAL RISK MANAGEMENT REPORT [Item 6]

Witnesses:

Nicola O’Connor, Finance Manager
David John, Audit Manager
Joanna Killian, Chief Executive

Key points raised during the discussion:

1. Officers introduced the report and explained that the annual report enabled the Committee to meet its responsibilities to monitor the development and operation of the Council’s risk management responsibilities. It was highlighted that the Committee were asked to commend the Risk Management Strategy and following this it would then go on to Full Council to be considered.
2. Members sought clarification on the type of risks that were monitored. Officers explained the Leadership Risk Register covered key strategic risks that were the main concerns of Directors at the Council.
3. Members discussed the risks relating to School Travel Plans and the concern that some schools were not promoting and enforcing the plans effectively. The Audit Manager agreed to highlight the Committee’s concerns to the relevant service to find out if the risk had been considered and if there were mitigations in place.
4. It was asked by Members if the total loss of public confidence in the Council was a risk that should be included in the Leadership Risk Register. Officers advised that only specific risks could be included in the register and that the loss of public confidence would be an outcome rather than a cause.
5. Szanto was unable to attend the meeting but provided the Chairman with his comments on the Leadership Risk Register. He noted concern as the risk matrix showed four risks as ‘high’ even though mitigation controls had been put in place. Taking into account the criteria for the

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risk level 'high', he felt that more rigorous risk mitigation controls were needed if they were to continue to be given the 'high' rating. Officers noted the Members comments and stated that it was being looking into by the Strategic Risk Forum. The way in which risks were defined were also being considered with the aim of making them clearer and less ambiguous.

6. Members highlighted that the Leadership Risk Register should be written in a public facing manner
7. The Chief Executive informed Members that one of her priorities was to revisit the risk register to adjust mitigations and give confidence to the controls in place.

Action/Further information to note:

A8/18 - The Audit Manager to highlight the Committee's concerns regarding school travel plans to the relevant service to find out if the risk had been considered and what mitigations are in place.

RESOLVED:

The Audit and Governance Committee:

1. Considered the contents of the report and confirmed they were satisfied with the risk management arrangements;
2. Commended the Risk management strategy to Council for inclusion in the Constitution (Annex A of the report); and
3. Reviewed the Leadership risk register (Annex B of the report).

32/18 2017/18 DRAFT ANNUAL GOVERNANCE STATEMENT [Item 7]

Witnesses:

Nicola O'Connor, Finance Manager
David John, Audit Manager
Joanna Killian, Chief Executive

Key points raised during the discussion:

1. The Chief Executive introduced the draft Annual Governance Statement which summarised the Council's governance arrangements for the financial year ending 31 March 2018. She made the following points:
 - That it had been identified that governance needed to change in order to ensure that controls were effective.
 - That the statement was drafted before the recent Ofsted report was published.
 - That Officers needed to ensure that all governance was transparent.
 - That it was important to ensure that governance was robust throughout the Council's partnerships.
 - That the Council faced huge financial pressure and that the right governance was needed to ensure there was the right environment for change.

2. Members discussed the need for increased communication to residents laying out the current financial situation for the Council. They said that residents needed to be aware of the services the Council were statutory required to provide and how services would change if the financial situation did not improve. It was further suggested that all residents should be provided with a detailed chart of how their council tax was used.
3. Some Members felt that the statement should include more information around the future prospects for the Council. Officers highlighted that it was a statutory requirement for the statement to include the governance arrangements for the previous financial year.

Action/Further information to note:

The Chief Executive agreed to take Members comments into consideration when revising the Annual Governance Statement. The revised document will be shared with the Chairman of the Committee prior to Cabinet approval and will then be included within the Statement of Accounts for 2017/18 which are due to come to the Audit & Governance Committee in July.

Resolved:

The Audit and Governance Committee:

1. Reviewed the contents of the draft Annual Governance Statement (Annex A of the report) to satisfy themselves that the governance arrangements were represented correctly; and
2. Commended the draft Annual Governance Statement to the Cabinet for publication with the Council's Statement of Accounts.

33/18 GOVERNANCE STRATEGY AND CODE OF CORPORATE GOVERNANCE [Item 8]

Witnesses:

Nicola O'Connor, Finance Manager
David John, Audit Manager
Joanna Killian, Chief Executive

Key points raised during the discussion:

1. The Chairman asked the Chief Executive for her position on the Audit & Governance Committee's role in looking at the Governance Strategy and Code of Corporate Governance. The Chief Executive agreed to provide a written response outside the meeting.
2. Officers introduced the item and informed Members that the report provided an update to the changes made to the Council's Governance Strategy and Code of Corporate Governance. It was noted that the Code of Corporate Governance would be presented to the County Council for inclusion in the Constitution.
3. A discussion was had relating to the Staff Survey and if there was a better way to respond to staff feedback. The Chief Executive said that she was aware that the Council needed to improve how it responds to feedback and that much needed to be done to improve staff morale.

Members highlighted that many frontline staff understand the Council's challenges best.

Actions/ further information to be provided:

A9/18 - For the Chief Executive to provide her position on the Audit & Governance Committee's role in looking at the Governance Strategy and Code of Corporate Governance.

Resolved:

The Audit and Governance Committee approved the updated Code of Corporate Governance (Annex B of the report) and commended it to the County Council for inclusion into the Constitution.

34/18 2017/18 TREASURY MANAGEMENT OUTTURN REPORT [Item 9]

Declarations of interest:

Edward Hawkins declared a non-pecuniary interest in item 9 as he was the SCC appointed Director of Halsey Garton Property Investment Ltd.

Bernie Muir declared a non-pecuniary interest in item 9 as she was the SCC appointed Director of Surrey Choices.

Witnesses:

Nicola O'Connor, Finance Manager

Key points raised during the discussion:

1. Officers introduced the report and provided Members with a brief summary. It was highlighted that the Committee had previously agreed the 2017/18 Treasury Management Strategy at its meeting in November 2017. Officers confirmed that training would be provided to Members of the Committee later in the year on Treasury Management. Cllr Bernie Muir and Cllr Fiona White requested that they also be included in the training as they may substitute on the Committee in the future.

Resolved:

The Audit and Governance Committee:

1. Noted the content of the Treasury Management Annual Report for 2017/18; and
2. Adopted the revised Treasury Management Risk register.

35/18 DATE OF NEXT MEETING [Item 10]

The date of the meeting was noted as 26 July 2018.

Meeting ended at: 14:20

Chairman