

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.30 am on 8 April 2019 at Committee Room C, County Hall, Kingston upon Thames, Surrey KT1 2DN.

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

Elected Members:

*= In attendance

Mr David Harmer (Chairman)*
Mr Keith Witham (Vice-Chairman)*
Mr Edward Hawkins*
Dr Peter Szanto*
Mr Will Forster*
Mr Stephen Spence*

9/19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

10/19 MINUTES OF THE PREVIOUS MEETING - 7 FEBRUARY 2019 [Item 2]

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

11/19 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.

12/19 QUESTIONS AND PETITIONS [Item 4]

There were none.

13/19 RECOMMENDATIONS TRACKER AND BULLETIN [Item 5]

Key points raised during the discussion:

1. Members noted the Committee's recommendations tracker and bulletin.

RESOLVED:

That the committee noted the report.

14/19 RISK MANAGEMENT REPORT [Item 6]

Witnesses:

Joanna Killian, Chief Executive
Cath Edwards, Service Improvement & Risk Manager

Key points raised during the discussion:

1. The Chief Executive introduced the item and explained that the report set out the approach to risk management for the 2019/20 financial year. Members noted that the Corporate Leadership Team had recently undertaken a full review of the Council's key risks which had resulted in the development of the new Strategic risk register. It was further noted that the register had identified significant risks related to the Council's financial resilience, the delivery of savings plans and Special Educational Needs & Disabilities (SEND) services.
2. The Committee sought clarification on the 'current risk level' section of the register and asked if the assessment of the risk level was at the present time or after mitigation had been implemented. Officers confirmed that the register was an initial focus document and therefore the risk assessments were current, although the document would continue to evolve as mitigation activity was put in place.
3. Members noted risk 'S7' which related to safeguarding. Officers explained that the risk remained high due to the ongoing restructure, activity and partnership work that was taking place within Children's Services.
4. Members suggested it would be appropriate to include further detail around the risks associated with staff retention within the 'workforce' risk section. Officers stated that it was understood that the Council was in a competitive environment for workers and so there were ongoing challenges to recruit and retain its workforce. It was explained that there were projects of work to focus on creating an attractive work environment that allowed the Council's workforce to develop internally. When discussing the use of agency staff, a Member of the Committee highlighted that having more control over lifestyle was an attractive feature for agency staff.
5. Members commented on the number of risks rated as 'high' and stated that it may become difficult to assess the exact level of risk, especially if the risk was to increase further, when all risks were rated at their highest level. Officers explained that the register was a live document that would evolve and adapt to reflect any change or updates. Following further discussion, the Chief Executive agreed to include an additional column to the register which included an estimated risk level following mitigation actions and a second additional column which included details on any progress made.
6. The Committee suggested officers consider incorporating a risk related to the public's opinion of the Council throughout transformation.

Actions/ further information to be provided:

The Chief Executive agreed to include an additional column to the Strategic Risk Register which included an estimated risk level following mitigation actions and a second additional column which included details on any progress made.

Resolved:

The Audit and Governance Committee:

- a. considered the contents of the report and confirmed they are satisfied with the risk management arrangements;

- b. reviewed the Strategic risk register (Annex A)

15/19 ETHICAL STANDARDS ANNUAL REVIEW [Item 7]

Witnesses:

Geoff Wild, Director for Law & Governance

Key points raised during the discussion:

1. The Director of Law & Governance provided Members with a brief summary of the report and explained that its purpose was to monitor the operation of the Members Code of Conduct over the last year.
2. Members sought clarification on whether the Member was informed that a complaint had been received against them. Officers confirmed that the Member was informed and that they were offered the opportunity to be involved with the process.
3. The Committee noted that, when receiving a Member complaint, it was not currently part of the formal process to inform the Member's group leader. Members discussed whether informing the relevant group's leader would be beneficial as, in some circumstances, it could allow the Member to be provided with additional support from their party. Following further discussion, it was asked that the Director of Law & Governance consider the value of incorporating a notification to the respective group leader when receiving a Member complaint.
4. Members highlighted that each complaint's description lacked detail and felt that it would be helpful to better understand each complaint's context. Officers noted Members' comments and explained that it was the role of the Committee to consider the operation of the Members' Code of Conduct and promote advice, guidance and training for Members.
5. The Committee requested that the Director of Law & Governance consider the appropriateness of the degree of responsibility placed on the Chairman of the Member Conduct Panel.

Actions/ further information to be provided:

That the Director of Law & Governance consider the value of incorporating a notification to the respective group leader when receiving a Member complaint.

That the Director of Law & Governance consider the appropriateness of the degree of responsibility placed on the Chairman of the Member Conduct Panel.

Resolved:

The Audit and Governance Committee:

- a) noted the Monitoring Officer's report on recent activity in relation to the Code of Conduct and complaints made in relation to member conduct.
- b) considered what further advice, guidance and training should be offered to Members over the next year, or any longer period.

16/19 INTERNAL STRATEGY AND ANNUAL AUDIT PLAN 2019/20 [Item 8]

Witnesses:

Russel Banks, Chief Internal Auditor
Reem Burton, Principal Auditor

Key points raised during the discussion:

1. The Chief Internal Auditor introduced the report and provided Members with a brief summary. It was explained that the report asked Members to approve the Internal Audit Strategy, the Internal Audit and Corporate Fraud Plan for 2019/2020 and the Internal Audit Charter.
2. Members noted that the overall level of resource had been reduced by 131 days in 2019/20, primarily as a result of an adjustment to the Surrey share of the Orbis Internal Audit budget relating to income no longer received from external work previously undertaken for Spelthorne Borough Council. The Chief Internal Auditor confirmed that, although there had been a reduction in the number of audit plan days, he was confident that an annual audit opinion could still be provided.
3. The Committee requested that the Internal Audit report on the review of PAMS income 2018/19 be considered at the appropriate select committee.

Actions/ further information to be provided:

The Committee requested that the Internal Audit report on the review of PAMS income 2018/19 be considered at the appropriate select committee

Resolved:

Members considered the contents of this report and Appendixes, and approved the following:

- (i) The Internal Audit Strategy
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A)
- (iii) The Internal Audit Charter (Appendix B)

17/19 GRANT THORNTON: 2018/19 EXTERNAL AUDIT PLAN [Item 9]

Witnesses:

Marcus Ward, Grant Thornton
Anna D'Alessandro, Interim Director- Corporate Finance

Key points raised during the discussion:

1. The representative from Grant Thornton introduced the report and highlighted that it was the first time that both the Surrey County Council and Pension Fund external audit plan was considered in a single report, rather than separately. It was further noted that the audit scope also included the subsidiaries of the Council which included Halsey Garton Property Limited, Surrey Choices Limited and South East Business Services Limited.

2. Members noted that the Audit Plan had identified a series of 'significant' risks and 'reasonably possible' risks. The risks had been identified in accordance with auditing standards and were consistent with the risks identified across Grant Thornton's local government clients, rather than being specific to Surrey County Council.
3. Members noted that the representative from Grant Thornton would not be working directly with the teacher's pension due to his wife occupation as a teacher.

Resolved:

The Audit and Governance Committee approved the attached Audit Plan.

18/19 DATE OF NEXT MEETING [Item 10]

The date of the meeting was noted as 20 May 2019.

Meeting ended at: 11.35 am

Chairman

