

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.30 am on 17 December 2019 at Room 104, 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
Dr Peter Szanto
Stephen Spence
Stephen Cooksey

49/19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

50/19 MINUTES OF THE PREVIOUS MEETING - 26 SEPTEMBER 2019 [Item 2]

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

51/19 DECLARATIONS OF INTEREST [Item 3]

There were none.

52/19 QUESTIONS AND PETITIONS [Item 4]

There were none.

53/19 RECOMMENDATIONS TRACKER [Item 5]

Witnesses:

David John, Audit Manager
Zak Hussain, Interim Strategic Finance Manager (Corporate)
Joss Butler, Committee Manager

Key points raised during the discussion:

1. In regards to Action A2/19, the Audit Manager informed the Committee that the Children, Families & Learning Care Assessments follow-up audit was in its draft phase and officers hoped to circulate a final version by February or March 2020. Members noted that there had been improvements in the service and that the follow-up audit was expected to be positive. The Chairman asked that the action remain on the Actions Tracker.
2. In regards to Action A8/19, the Chairman informed the Committee that the issue had been reported to the Select Committee Chairman's Group and no concerns were raised. The Committee agreed the mark the action as completed.
3. In regards to Action A11/19, the Interim Strategic Finance Manager informed Members that the risk review was completed in November 2019 and conducted by Gallagher Bassett. A final report was in the

process of being collated and officers expected it to be part of the April 2020 Committee agenda. This would follow consideration by the Council's Corporate Leadership Team.

4. Members had a discussion on whether Local and Joint Committees considered and tracked risks as part of their decision making processes. It was stated that, although the decisions made at Local Committees were focussed on local issues, the execution of the decisions were mostly the County Council's responsibility and therefore it should be the County Council's responsibility to track risks. The Chairman agreed to speak to the Cabinet portfolio holder responsible for Local and Joint Committees to ensure Local Committees reviewed risks when appropriate.
5. In regards to Action 13/19, the Audit Manager informed Members that the actions agreed from the last Pensions Administration audit were still not fully implemented due to the complexity and scale of the task. As a result, rather than a follow-up audit being started in December as planned, it had been agreed with the service and with Finance that a position statement to assess the current position of implementation of agreed actions would provide appropriate assurance. This work will be started in January.
6. In regards to Action A15/19, the Committee Manager highlighted that all Select Committee dates until May 2020 had been circulated and Members were asked to confirm which meetings they would review. Members agreed to confirm outside the meeting. In regards to previous Select Committee meetings, Members made the following comments:
 - a. A Member recently attend a Resource & Performance Select Committee Task Group meeting and felt it was a positive. The Member highlighted that they felt Task Groups should encourage non-Task Group Members in attendance to interact with discussions.
 - b. During a Select Committee Meeting, a Member highlighted that the Select Committee's Chairman was unable to secure an appropriate number of Members to join a Task Group. Following on from this, Members of the Audit and Governance Committee sought confirmation on whether a non-Select Committee Member was able to join a Select Committee's Task Group. The Committee Manager agreed to provide a response outside of the meeting.

Action/Further information to note:

A16/19 - The Chairman agreed to speak to the Cabinet portfolio holder responsible for Local and Joint Committees to ensure Local Committees reviewed risks when appropriate.

A17/19 – The Committee Manager to circulate confirmation on whether a non-Select Committee Member was able to join a Select Committee's Task Group.

RESOLVED:

That the committee noted the report.

54/19 TREASURY MANAGEMENT MID YEAR REPORT [Item 6]

Witnesses:

Zak Hussain, Interim Strategic Finance Manager (Corporate)

Key points raised during the discussion:

1. The Interim Strategic Finance Manager introduced the item and provided a brief summary of the report. Members noted that from 31 March 2019 to 30 September 2019 the net borrowing requirement for the Council increased by £19m, from £635m to £654m. External borrowing reduced by £11m from £666m to £655m. It was also noted that during the period £30m of external longer term borrowing was undertaken with the Public Works Loan Board. Officers further highlighted that, due to an underline weakness in the global economy, the Council's financial advisors had advised that a short term borrowing strategy is followed over the next 12 months. In regards to investment, Members noted that the Council would continue to place cash in money market funds. Members further noted that the Treasury Management Strategy would be considered by the Committee in January 2020.
2. Members of the Committee asked whether the Council intended to modify the limits of the operational boundary to fulfil newer strategies such as the Special Educational Needs & Disabilities (SEND) Strategy. Officers confirmed that affordability assessments were undertaken which showed that the Council's Strategies were able to operate within operational boundary.
3. Officers stated that consideration was being put into lowering the operational boundary as it was currently too high. Members advised against this as there was concern there would be slippage in the capital programme and therefore flexibility would be beneficial.

Actions/ further information to be provided:

None.

Resolved:

The Audit & Governance Committee noted the content of the Treasury Management Half Year Report for 2019/20.

55/19 INTERNAL AUDIT PROGRESS REPORT - QUARTER 2 (01/07/19 - 30/09/19) [Item 7]

Witnesses:

David John, Audit Manager

Key points raised during the discussion:

1. The Audit Manager introduced the item and provided a brief summary of the report. Members noted that the report included a summary of nine full audit reports which had been previously circulated to Members. Officers stated that the general trend for audit outcomes

were positive although there was one area of concern due to the Health and Safety audit receiving partial assurance. Members noted that the service response to the audit was positive as the new Head of Property was focusing on Health and Safety and had put in place a number of improvements.

2. A Member of the Committee asked why three audits had receive no opinion. Officers provided an overview of each audit, as outlined in Appendix A, and explained that the reason no opinion was given was because the audits were either position statements or briefings for management.
3. In regards to the audit for the E-Recruitment System, Members asked whether the issue relating to the identification of an area that could be non-compliant with General Data Protection Regulation (GDPR) requirements had been resolved. Officers confirmed that this was no longer an issue.
4. Members of the Committee discussed the reason why very few audits received substantial assurance. Members noted that the Audit Service sought to always improve the area being audited and so it was unlikely to receive a perfect evaluation.
5. Members noted that an assessment of the progress made following the Health and Safety Audit was likely to take place in January or February 2020.

Actions/ further information to be provided:

None.

Resolved:

The Committee noted the report.

56/19 2018/19 AUDIT FINDINGS REPORT AND ANNUAL STATEMENT OF ACCOUNTS FOR S. E. BUSINESS SERVICES LTD, SURREY CHOICES LTD & HALSEY GARTON PROPERTY LTD [Item 8]

Witnesses:

Sonia Sharma, Strategic Finance Manager – Commercial
Ciaran McLaughlin, Grant Thornton

Key points raised during the discussion:

1. Members noted that the audit findings report for Halsey Garton Property LTD had not received final sign off and so could not be considered by the Committee.
2. The representative from Grant Thornton introduced the report and provided a brief summary. Members noted that both S. E. Business Services LTD and Surrey Choices LTD audit findings reports had not found any significant risks and both receive an unqualified opinion. Members noted further details which were outlined in Annex 1 – 4 of the report.

Actions/ further information to be provided:

None.

Resolved:

That the Audit and Governance Committee considered the contents of the 2018/19 Audit Findings Report for S. E. Business Services Ltd and Surrey Choices Ltd.

57/19 EXTERNAL AUDIT UPDATE REPORT [Item 9]

Witnesses:

Tom Beake, Grant Thornton

Key points raised during the discussion:

1. The representative from Grant Thornton introduced the item and provided a summary of the report. Members noted that the report aimed to update the Committee on progress and that key details were found on pages 128 and 129 of the agenda.
2. Members of the Committee discussed a recent news article regarding a development in Surrey and asked whether there was a process to externally audit a development or service following public interest. A Member of the Committee highlighted that a Cabinet Member had previously confirmed that there was a process in place to assess and reappraise previous decisions. It was stated that this process was to consider whether the developments outcome met expectations with the aim to continuously improve.
3. Members asked whether the Committee would have an opportunity to review the Council's Statement of Accounts before publication. The Strategic Finance Business Partner agreed to provide a response outside of the meeting.

Actions/ further information to be provided:

A18/19 - Members asked whether the Committee would have an opportunity to review the Council's Statement of Accounts before publication. The Strategic Finance Business Partner agreed to provide a response outside of the meeting.

Resolved:

The Committee noted the report.

58/19 LOCAL FIREFIGHTERS' PENSIONS BOARD [Item 10]

Witnesses:

Cllr Nick Harrison, Chairman of the Local Firefighters' Pension Board

Key points raised during the discussion:

1. The Chairman of the Local Firefighters' Pension Board introduced the item and provided an outline of the report. Members noted that the report asked that the Committee agree to the changes to the Terms of Reference to allow Local Firefighters' Pension Board Members to delegate attendance.

2. Members noted that substitutes would be required to complete an online test related to the law related to pensions and other relevant information.

Actions/ further information to be provided:

None.

Resolved:

The Committee approved the changes to the Terms of Reference to allow Local Firefighters' Pension Board Members to delegate attendance.

59/19 DATE OF NEXT MEETING [Item 11]

The date of the meeting was noted to be on 29 January 2020.

Meeting ended at: 12.10 pm

Chairman