

MINUTES of the informal meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 2.00 pm on 18 June 2021 via Microsoft Teams.

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

Elected Members:

Stephen Cooksey
Victor Lewanski (Vice-Chairman)
David Lewis (Chairman)
Rebecca Paul
Richard Tear

23/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

24/21 INTERNAL AUDIT & COUNTER FRAUD ANNUAL REPORT AND OPINION 2020-21 [Item 2]

Witnesses:

Russell Banks, Chief Internal Auditor
David John, Audit Manager

Key points raised during the discussion:

1. Officers introduced the item and noted that the purpose of the report was to give an opinion on the adequacy of Surrey County Council's control environment and covered the audit work completed in the year from 1 April 2020 to 31 March 2021 in accordance with the Internal Audit Strategy for 2020/21. Members noted that a Reasonable Assurance opinion had been given in the report.
2. Members noted that the Internal Audit service's response to COVID-19 was appreciated throughout the organisation. Further details on the service's response could be found in the report.
3. The Committee asked for further detail on the Local Enterprise Partnerships (LEP) internal audit and Officer Code of Conduct internal audit and why a partial assurance opinion had been given. In regards to the Officer Code of Conduct internal audit, officers explained that there was a key focus on the code's processes around Gifts and Hospitality and Declarations of Interest. It had been found that there were variations in how different services interpreted the policy and that the system was reliant on manager input. Members noted that the organisation's response to findings was to begin to move away from a manual recording process to become fully automated. In regards to the LEP internal audit, Members noted that the main issues were around post-project evaluation and implementation procedures. Weaknesses had also been found in how risks were recorded and that there was a low risk-appetite.
4. In regard to the summary of audit opinions 2020/21 compared to 2019/20 outlined in Annex 1, officers asked why there was a significant difference between the number of audits within each year. Officers explained that the reasons were due to the COVID-19

response, fewer irregularities and an increase in grant work being conducted.

5. Members asked for details on the savings achieved through the counter fraud work. Officers explained that National Fraud Investigation work was still underway and that it was extremely difficult to put a monetary value on counter fraud work as not all cases included a loss or gain in money.
6. Members noted that it was very unlikely that the council would receive a substantial assurance opinion as improvements could always be made.
7. Members felt the report was a fair assessment of what had been undertaken over the last year.

Actions/ further information to be provided:

None.

Resolved:

The Committee:

1. noted the work undertaken and the performance of Internal Audit in 2020/21 and the resultant annual opinion of the Chief Internal Auditor; and
2. Determined that there were no matters that the Committee wished to draw to the attention of the Cabinet or full Council; and
3. Considered that the Council's arrangements for internal audit had proved effective during 2020/21.

25/21 RISK MANAGEMENT [Item 3]

Witnesses:

David Mody, Interim Strategic Risk Business Partner

Key points raised during the discussion:

1. Officers introduced the report and provided a brief summary. Members noted that the purpose of the report was to provide an update on the current risk management position and next steps to improve risk management across the organisation. Officers highlighted the following key points:
 - a. There was a need for more evidence of risk management throughout the organisation.
 - b. That there needed to be consistency on how risk registers were created throughout the organisation.
 - c. That further work was needed on the management of corporate risks.
 - d. That further resources were needed when some parts of the organisation were managing risks.
 - e. That an update was needed on the council's risk framework.
2. Officers went on to provide detail on actions and next steps which had been outlined in the report. Further to this, officers explained that a report on corporate risks would be considered at the next meeting.
3. Members asked whether there were any areas of the council that were conducting no risk management at all. Officers explained that a review

of each directorate would be undertaken to understand if, and how, risk management was incorporated into the services. Officers would keep the committee updated on any progress.

4. The Committee asked for clarification on the quality of risk registers at the council. Officers explained that peer-review of risks registers as well as management review would be undertaken to share best practice as well as frequent reviews on an individual basis. Officers further stated that work throughout the COVID-19 pandemic had made officers more aware of the importance of risk management.

Actions/ further information to be provided:

None.

Resolved:

The Committee agreed that the council should continue with progressing the risk management approach detailed in the report.

26/21 2020/21 DRAFT ANNUAL GOVERNANCE STATEMENT [Item 4]

Witnesses:

Paul Evans, Director – HR&OD

Key points raised during the discussion:

1. Officers provided an overview of the draft Annual Governance Statement which summarised the council's governance arrangements for the financial year ending 31 March 2021. Members also noted that the report provided an update on last year's agreed actions and detail on key work being undertaken in the coming year. Furthermore, Members noted that the report also covered the response to the pandemic, recovery, conclusions in relation to financial management, transformation, system & process work and progress in workforce.
2. Members asked why the Annual Governance Statement stated that risk management had received a 'reasonable assurance' opinion when improvement to risk management was ongoing. Officers explained that the main detail was outlined within the Annual Audit Opinion and that the trajectory of improvement was taking into account when forming an opinion.
3. The Chairman asked that, going forward, officers consult Members in good time on the Annual Governance Statement to allow for any amendments to be made.

Actions/ further information to be provided:

None.

Resolved:

The Committee:

1. reviewed the contents of the draft Annual Governance Statement and confirmed that they were satisfied the governance arrangements were represented correctly; and
2. commended the draft Annual Governance Statement for publication with the council's Statement of Accounts.

27/21 DRAFT STATEMENT OF ACCOUNTS 2020/21 [Item 5]

Witnesses:

Barry Stratfull, Chief Accountant (Corporate)

Key points raised during the discussion:

1. Officers provided an update on the Draft Accounts and the process for undertaking the audit. Members noted that the statutory deadline for publishing the draft accounts for 2019/20 was moved from 31 May to 31 August, with the deadline for audit sign-off moving from 31 July to 30 November. Members went on to note a list of key points from the Draft Statement of Accounts which could be found from page 5 of the supplementary agenda.
2. A Member of the Committee raised concerns with some of the wording used within the narrative statement. Following discussion, it was agreed that the Audit and Governance Committee would convene to provide feedback on the narrative statement and that any amendments would then be reviewed by the Executive Director for Finance. It was further agreed that Officers would make a decision outside the meeting on whether the consultation meeting should be held in public or private.
3. Members noted details on the Boarder to Coast Pensions Partnership.

Actions/ further information to be provided:

A1/21 - The Audit and Governance Committee to provide feedback on the narrative statement which will then be reviewed by the Executive Director for Finance. Officers to make a decision outside the meeting on whether the consultation meeting should be held in public or private.

Resolved:

The Audit & Governance Committee noted the draft accounts and the process for undertaking the audit.

28/21 2020/21 TREASURY MANAGEMENT OUTTURN REPORT [Item 6]

Witnesses:

Mark Hak-Sanders, Strategic Finance Business Partner

Key points raised during the discussion:

1. Officers introduced the item and explained that the report summarised the Council's treasury management activities during 2020/21, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code). Further details can be found from page 51 of the agenda.
2. A Member of the Committee noted that one of the key issues in the report was around inflation and interest rates remaining low and this was particularly as borrowing had increased externally. Officers confirmed that Arlingclose, the council's treasury management advisers, were consulted on a regular basis to ensure the council's strategy was appropriate.
3. Members noted details related to non-treasury investments and loans made to Halsey Garton. It was explained that the council's capital and investment strategy set out the approach in managing non-treasury investments.
4. In regards to loans to Halsey Garton outlined in the report, officers confirmed that the council kept track of the value of property in Halsey Garton to ensure it remained above the value of outstanding loans.

Actions/ further information to be provided:

None.

Resolved:

The Committee noted the content of the Treasury Management Outturn Report for 2020/21 and compliance with all Prudential Indicators.

29/21 DATE OF NEXT MEETING [Item 7]

The date of the meeting was noted as 29 July 2021.

Meeting ended at: 3.34 pm

Chairman

