

MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 12 April 2018 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:

Mr David Harmer (Chairman)
Mr Edward Hawkins
Mr Ernest Mallett MBE
Mrs Fiona White

Substitute Members:

Mrs Bernie Muir

Members in Attendance

Dr Andrew Povey

12/18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Keith Witham and Peter Szanto. Bernie Muir substituted for Peter Szanto.

13/18 MINUTES OF THE PREVIOUS MEETING - 22 JANUARY 2018 [Item 2]

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

14/18 DECLARATIONS OF INTEREST [Item 3]

Edward Hawkins declared a non-pecuniary interest in item 8 as he was the Director of Halsey Garton Property Investments Ltd.

Bernie Muir declared a non-pecuniary interest in item 8 as she was the Director of Surrey Choices

15/18 QUESTIONS AND PETITIONS [Item 4]

There were none.

16/18 RECOMMENDATIONS TRACKER AND BULLETIN [Item 5]

Key points raised during the discussion:

1. It was noted that actions A3/18, A4/18 and A5/18 were being considered at the current meeting therefore they could be removed from the actions tracker.
2. When considering the bulletin, Members discussed concerns over a figure which showed that the life expectancy for males from age 65 had lowered between the years 2016 - 2017. Babcock 4S were asked to comment outside of the meeting, where they stated that it was far

from clear whether this trend would continue and it would be some years before any link was confirmed. The Chairman requested that he be sent further statistical information on the matter.

3. Further concern was raised with the decline in revenue for Babcock 4S where it was noted that the company's core contract with Surrey County Council had reduced significantly over the years and that it was due to expire in March 2019. Members agreed to invite the relevant Cabinet Members to attend a future meeting in order to share these concerns and answer questions on the matter.

ACTIONS:

Ref: A6/18 - To invite the relevant Cabinet Members to attend a future meeting in order to share concerns and answer questions on Babcock 4S.

RESOLVED:

The Committee noted the recommendation tracker and bulletin.

17/18 ETHICAL STANDARDS ANNUAL REVIEW [Item 6]

Witnesses:

Sarah Baker, Monitoring Officer

Key points raised during the discussion:

1. The Monitoring Officer introduced the report which provided a review of the recent activity of the Code of Conduct and complaints made on Member conduct. It was noted that training would be provided for all Members on the role of the Member Conduct Panel in dealing with complaints later in the year.
2. Members stated it was positive that there were no complaints alleging that a Member had failed to disclose or declare a pecuniary interest and that the number of complaints were lower than in previous years.

RESOLVED:

1. That the Monitoring Officer provides training to Members during 2018 as outlined in paragraph 16 of the report.
2. The Committee noted the Monitoring Officer's report on recent activity in relation to the Code of Conduct and complaints made in relation to member conduct.

18/18 MEMBERS' ALLOCATION FUNDING OF EDUCATION COSTS - MOTION FROM FULL COUNCIL [Item 7]

Witnesses:

David Green, Senior Principal Accountant
Sandra Brown, Engagement Manager
Dr Andrew Povey, County Councillor

Key points raised during the discussion:

1. Dr Andrew Povey, proposer of the original motion which was referred on to the Committee from the meeting of Full Council on 5 December 2017, spoke and highlighted his concerns with the current Member Allocation (MA) process. He insisted that Members should have increased freedom with what they choose to spend their allocated funding on with the reason that each individual Member understands best the needs of their residents.
2. Officers went on to introduce the report and provided some insight on its key points. This included a brief overview of the new Members' Community Allocation (MCA) grant which was being produced to replace the current MA. Officers explained that the new MCA school funding policy would be similar to the current procedure in place, but that details were still under consultation. Members noted that the MCA would be considered at Full Council on 22 May 2018.
3. Members provided examples of what they choose to spend their allocated funding on and explained why that works best for their residents.
4. It was agreed that the Chairman of the Committee would write to the Leader of the Council to ask that the new MCA grant policy be set broadly in order to allow less restrictions to funding and increased freedom to Members.

Actions:

Ref: A7/18 - That the Chairman of the Committee write to the Leader of the Council to ask that the new MCA grant policy be set broadly in order to allow less restrictions to funding.

RESOLVED:

The Audit and Governance Committee noted the contents of the report.

19/18 EXTERNAL AUDIT - AUDIT PLAN [Item 8]

Witnesses:

Nicola O'Connor, Finance Manager
Ciaran McLaughlin, Grant Thornton

Key points raised during the discussion:

1. The representative from Grant Thornton introduced the report and provided a short summary of the various risks that had been identified. These were provided in Annex 1 of the report. The Committee were given further details on materiality, the group audit scope, and the key changes impacting the auditor's report for audits of financial statements.
2. Members sought clarification on a comment that Halsey Garton had no employees. It was confirmed that it used the resources of Surrey County Council and Orbis and then recharged to the LATC proportionally.
3. Members asked if the external auditors assessed the optimisation of Council-owned vacant properties where officers confirmed it was not in

their remit. Members went on to suggest inviting the relevant Cabinet Members to the Committee in order to answer questions on the subject. It was noted that there was a planned internal Audit on vacant properties, so it was agreed to await for publication of this before moving forward.

RESOLVED:

It was agreed that the Audit and Governance Committee approves the Audit Plan attached as Annex 1.

20/18 GRANT THORNTON: 2017/18 EXTERNAL AUDIT PLAN - PENSION FUND ACCOUNTS [Item 9]

Witnesses:

Nicola O'Connor, Finance Manager
Ciaran McLaughlin, Grant Thornton

Key points raised during the discussion:

1. The representative from Grant Thornton introduced the item and highlighted various aspects of the report. In particular, an explanation was provided on 'deep business understanding' which was outlined in Annex 1 of the report.
2. The Chairman thanked Grant Thornton for the reports that they had provided.

Resolved:

It was agreed that the Audit and Governance Committee approved the external audit plan attached as Annex 1.

21/18 UPDATE ON DEPRIVATION OF LIBERTY SAFEGUARDS [Item 10]

Witnesses:

Jim Poyser, Senior Manager for Mental Capacity Act and Deprivation of Liberty Safeguards
Andy Butler, Senior Practice Development Manager and Principal Social Worker for Adults

Key points raised during the discussion:

1. This item was called into the Committee following a request for more information at its meeting on 22 January 2018.
2. Officers introduced the report and provided Members with an update on Deprivation of Liberty Safeguards (DOLS). It was explained that there had been a significant improvement in the number of completed authorisations in the last six months. This was primarily due to training more authorisers within Adult Social Care. It was said that officers now felt they were in a much better position than they were in the previous year.
3. Members congratulated officers for their work to improve the situation in a short amount of time.

4. Members were further informed that a replacement for DOLS was in the process of being agreed and would be titled Liberty Protection Safeguards (LPS). The government had accepted the majority of the Law Commissions draft bill and accepted the “urgency” of the need to introduce new legislation. However, they could not say when the bill would go ahead as this was dependent on when there was enough parliamentary time.

Resolved:

The Audit and Governance Committee noted the contents of the report.

22/18 LEADERSHIP RISK REGISTER [Item 13]

Ernest Mallett left the meeting at 12:00pm

Witnesses:

Nicola O’Connor, Finance Manager
Sheila Little, Director of Finance

Key points raised during the discussion:

1. The Finance Manager introduced the report and provided Members with a brief overview of the changes to the risk register.
2. Members showed particular concern with Ref: L1 on the Leadership Risk Register and asked the Director of Finance to comment. She stated that the Council would continue to lobby Central Government for additional funding for Adult Social Care but noted that the Council could not depend on this as it was not a guaranteed income stream. The Director of Finance went on to highlight details of the Business Rate Retention Scheme and stated that she hoped to continue the pilot scheme into 2019/20, but there was currently no certainty over this.
3. Members discussed the fact that some felt Surrey County Council did not require additional funding due to the number of wealthy residents in the County.
4. The Director of Finance informed Members that the Leadership Risk Register report would be considered by Cabinet on 24 April 2018. This report would include some details of the focus of the new Chief Executive.
5. It was noted that the new Chief Executive would be attending the next Audit and Governance Committee meeting in order to present the Annual Governance Statement.

Resolved:

The Committee reviewed the Leadership Risk Register.

23/18 INTERNAL STRATEGY AND ANNUAL AUDIT PLAN 2018/19 [Item 11]

Witnesses:

Russell Banks, Chief Internal Auditor
Simon White, Audit Manager

Key points raised during the discussion:

1. Officers introduced the report and explained its purpose was to present the Internal Audit Strategy and Annual Internal Audit Plan for 2018/19. Members were presented the core principles for an effective internal audit service which were outlined on page 113 of the agenda.
2. A discussion was had on the processes in place for monitoring the performance of the Council's Internal Audit department. Officers explained that the department self-assesses against strict, specific and professional guidelines every 12 months. These guidelines were then assessed by an external auditor every five years. It was noted that a report outlining further details on this would be brought to a future Committee meeting.
3. Officers stated that the Audit Department would continue to monitor the development, and compliance of, the General Data Protection Regulations (GDPR).
4. Members raised concerns around the Traffic Management Audit under the 'Improving Our Roads' Council priority. They stated that some traffic diversions in Surrey were unreasonably long and could cause issues with local businesses. Officers noted this and agreed to take it into account when carrying out the audit.

Resolved:

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

1. The Internal Audit Strategy (Annex 1)
2. The Internal Audit and Corporate Fraud Plan (Appendix A)
3. The Internal Audit Charter (Appendix B)

24/18 COMPLETED INTERNAL AUDIT REPORTS [Item 12]

Witnesses:

Russell Banks, Chief Internal Auditor
Simon White, Audit Manager

Key points raised during the discussion:

1. Officers introduced the report and provided a brief summary of the internal audits that had been completed since the last meeting. They explained that the opinion overall was positive and highlighted that the GDPR audit had received a 'partial assurance' opinion due to lack of conclusive details for the act.
2. When discussing the GDPR, Members were concerned that it could have negative consequences for local authorities when dealing with resident's data in emergency situations.
3. Members sought an update on the agreed action for the Nursery Education Funding follow-up audit. They were informed that work was still ongoing but the Committee would be updated when appropriate

4. The Organisational Ethics audit was discussed where officers highlighted that they hope to make the Fraud E-Learning course a requirement to increase the number of staff that had completed it.

Resolved:

The Audit and Governance Committee noted the report.

25/18 DATE OF NEXT MEETING [Item 14]

The date of the meeting was noted as 24 May 2018.

Meeting ended at: 12.45 pm

Chairman

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