

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 2.00 pm on 28 March 2022 at Surrey County Council, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

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

Elected Members:

Stephen Cooksey
*Victor Lewanski (Vice-Chairman)
*David Lewis (Chairman)
*Joanne Sexton
*Richard Tear

Independent Member:

*Terry Price

14/22 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

An apology was received from Stephen Cooksey.

15/22 MINUTES OF THE PREVIOUS MEETING [24 JANUARY 2022] [Item 2]

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

16/22 DECLARATIONS OF INTEREST [Item 3]

There were none.

17/22 QUESTIONS AND PETITIONS [Item 4]

There were none.

18/22 RECOMMENDATIONS TRACKER AND WORKPLAN [Item 5]

Speakers:
Chairman

Key points raised during the discussion:

1. The Chairman highlighted the new item regarding highways budgets for the June meeting.

Action/Further information to note:
None.

RESOLVED:

That the forward plan and action tracker be noted.

19/22 VALUE FOR MONEY ASSESSMENT OF 2020/21 ACCOUNTS [Item 6]

Speakers:
Barry Stratfull, Chief Accountant (Corporate)

Ciaran McLaughlin, Grant Thornton

Key points raised during the discussion:

1. The Chief Accountant introduced this historical report from Grant Thornton that showed the council were rated green in all areas apart from two areas of significant weaknesses which the council already known about and were addressing. As a historical report it did not show the latest improvements in these two areas.
2. Grant Thornton reiterated what had already been said in the introduction and highlighted the two key recommendations around pensions and children's services, and several improvement recommendations in the report.
3. A Member expressed concern about the need to find huge savings year on year. The Strategic Finance Business Partner agreed that it was difficult.
4. The Chairman pointed out incorrect wording in the report where it said that 'it was planning to issue a qualified opinion' when in fact it had been issued. Grant Thornton agreed to amend the report before it went on the website.

Action/Further information to note:

Grant Thornton to update the wording of the report before it goes onto the website.

RESOLVED:

1. That the report, the improvement recommendations and agreed management responses outlined in Grant Thornton's Value for Money assessment were noted.

20/22 EXTERNAL AUDIT - AUDIT PLAN [Item 7]

Speakers:

Barry Stratfull, Chief Accountant (Corporate)
Ciaran McLaughlin, Grant Thornton

Key points raised during the discussion:

1. The Chief Accountant introduced this progress report for the 2021/22 external audit plan. The Committee were being asked to approve the progress report and not the plan as stated in the recommendation. Work on the draft statements had begun on the interim audit work.
2. Grant Thornton explained that a plan had not been issued due to a national issue around accounting for infrastructure assets. The audit team was doing all the planning work to make sure that when the plan comes around we're able to have that fully completed. The plan was to start the financial statements work at the beginning of July and with the sign off by the statutory deadline of the 30th of November, for this year.
3. A Member asked about the emergency consultation by CIPFA which ended on 3 March and what the arrangements would be going forward. It was explained that there was nothing the committee could do on this and finalising the audit plan would have to wait until this was known.

Action/Further information to note:

None.

RESOLVED:

1. That the progress report be approved.

21/22 INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/21 - 31/12/21) [Item 8]**Speakers:**

Russell Banks, Chief Internal Auditor
David John, Audit Manager (SCC)
Simon White, Counter Fraud Manager

Key points raised during the discussion:

1. The Audit Manager introduced a report which gave a summary of quarter three audit completed reviews. He drew attention to the three partial assurance audits, public sector bodies, accessibility regulations, the follow up to the Code of Conduct and procurement processes in land and property. Audit had agreed remedial actions with management for those three audits. There had been amendments to the audit plan where a couple of audits were added: A safe and inventory review, which was a direct result of the move from County Hall and some work around children's panels process.
2. A Member asked a question around blue badge fraud which was a continuing problem. The Counter Fraud Manager explained the parking contract and stated that this was not a matter for County but for boroughs and districts locally. Occasional the team get involved in more complicated cases. An exercise was conducted in Leatherhead and were surprised at the level of misuse undertaken and therefore might look forward to do a little bit more of in the future, but obviously needed to do balance that with general work commitments.
3. A Member asked about the volume of high priority actions being tracked by the Audit Team. The Audit Manager stated that the team only track the high priority actions and all medium/low actions were tracked by management. He couldn't give a definitive number of high priority actions but though it was relatively low at around 20.
4. A Member asked a question about the partial assurance of school audits and feedback on action items. The Audit Manager explained the work to share findings and recommendations and the use of the school bulletin since they go across all schools across the partnership as well as just the individual schools. Also, a significant amount of governor briefings were undertaken where findings from initial audit work had been shared.

Action/Further information to note:

None.

RESOLVED:

That the submitted report be noted.

22/22 INTERNAL STRATEGY AND ANNUAL AUDIT PLAN 2022/23 [Item 9]

Speakers:

Russell Banks, Chief Internal Auditor
 Anna D'Alessandro, Director Corporate Finance

Key points raised during the discussion:

1. The Chief Internal Auditor introduced the submitted report and explained that there was an overarching internal audit strategy which sets out delivery of audit insurance activities and explained the process of producing the detailed audit plan for the year ahead. He described the various sources on information in order to set the plan.
2. There was some discussion around requesting a deep dive investigation into blue badge fraud. The Chief Internal Auditor said he could submit a paper summarising the work, the results and maybe options for future exercises or more resource. He also offered to set up an informal session with the committee to provide an update on some of the counter fraud work that has been done.
3. There were questions around the resource and the constraint of the number of days allocated. The Chief Internal Auditor assured the Committee that if he felt extra resources were needed then he would be able to ask for that. The Director of Corporate Finance added that the Section 151 officer would be very open if the chief internal auditor felt he wasn't getting the coverage and would be more than welcome to expand the audit plan in order to meet any requirements.

Action/Further information to note:

That an informal meeting be arranged for the Audit Team to present counter fraud work undertaken.

RESOLVED:

1. That the Committee approved the annexes to the submitted report:
 - a. The Internal Audit Strategy (Annex A)
 - b. The Internal Audit and Corporate Fraud Plan (Appendix A)
 - c. The Internal Audit Charter (Appendix B)

23/22 RISK MANAGEMENT [Item 10]**Speakers:**

Anna D'Alessandro, Director for Corporate Finance

Key points raised during the discussion:

1. The Director for Corporate Finance introduced the submitted report and highlighted key areas. The report set out what is being done, what risk appetite is, how it's being stratified, how it can be stratified in the organisation and how the organization can benefit from having a review of its risk appetite and the approach that's being taken. She described the ongoing work around risk appetite and that an update would be brought to the September meeting of this committee.
2. A Member asked about the expectation of use of the 'withdraw from activity' level. The Director was unable to answer but would ensure a response was given by the Interim Strategic Risk Business Partner after the meeting.
3. The Director of Corporate Finance then explained the governance part of the submitted report that described the work around risk governance and as a result the risks now go to the Cabinet Member

rather than this Committee but it would receive updates on and the corporate risks every six months for oversight.

4. A Member reported that he had witnessed this approach in other places and thought Surrey were going in the right direction with Audit & Governance having an oversight role

Action/Further information to note:

None.

RESOLVED:

1. That the update on risk management be noted.
2. That the revised governance arrangements for risk management including feedback in March 2023 on whether these governance changes were working effectively be noted.

24/22 ETHICAL STANDARDS ANNUAL REVIEW [Item 11]

Speakers:

Paul Evans, Director Law & Governance

Key points raised during the discussion:

1. The Director for Law & Governance introduced an annual report that looked back over the previous 12 months on the operation of the Code of Conduct. He highlighted the following points:-
 - The Council adopted the new Code of last May and changes were made to the process for considering complaints and in particular introducing a criteria by which components could be judged against in determining whether or not formal investigation was required.
 - Two new independent people to the Council were appointed for the role of independent person to consider complaints, and they've been in the role now for 12 months.
 - The report also detailed some other training development done on information governance and GDPR for Members also on social media and also into the officer member protocols and their relationships between officers and members.
 - There had been a total of 10 complaints in the last year and all of those complaints were considered by him and an independent person to agree what action was appropriate. Of those ten formal complaints, eight of those have completely been through the process and none of the eight were referred to a panel of members. In the other 2 cases informal resolution was taken forward.
 - There was planned work on reminders for the Code of Conduct for Members and also on the registration of interests.
2. In response to Member questions the Director of Law & Governance reported that 61 Members had attended the Code of Conduct training live and the others had been followed up to watch the recording. He also responded that 10 complaints was relatively low and that Members used the complaints system responsibly i.e. not using it for political purposes.

Action/Further information to note:

None.

RESOLVED:

1. That the induction training undertaken by County Councillors following the election in May 2021 be noted.
2. That the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct and complaints made in relation to Member conduct be noted.

25/22 DATE OF NEXT MEETING [Item 12]

The date of the meeting was NOTED.

Meeting ended at: 3.10 pm

Chairman