

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.00 am on 13 September 2023 at Surrey County Council, Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

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

Elected Members:

(Present = *)

- * Victor Lewanski (Chairman)
- * Richard Tear (Vice-Chairman)
- * Stephen Cooksey
- Joanne Sexton
- Ayesha Azad
- * Helyn Clack
- * Terry Price (Independent Member)

Members in Attendance

David Lewis (Cobham) - Cabinet Member for Finance and Resources
(remote - left the meeting at 11 am)

49/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Ayesha Azad and Joanne Sexton. Steven McCormick acted as a substitute for Joanne Sexton.

50/23 MINUTES OF THE PREVIOUS MEETING - 12 JULY 2023 [Item 2]

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

51/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

52/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

53/23 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Witnesses:

Nikki O'Connor - Strategic Finance Business Partner
Ciaran McLaughlin - Grant Thornton

Key points raised in the discussion:

1. Regarding A4/23: The Strategic Finance Business Partner noted the agreed way forward with the Statement of Accounts 2021/22 sign off, because of the triennial revaluation of the pension fund liability the Council had restated its accounts and resubmitted those to Grant Thornton. Four issues had been identified from the latest technical review and had been responded to. The Grant Thornton representative noted that the audit was almost complete, the aim was to sign off

the Statement of Accounts 2021/22 in September. He noted that Grant Thornton was working on the audit of the Statement of Accounts 2022/23 simultaneously, the aim was to get those signed off before 23 October - his last working day. The Strategic Finance Business Partner noted that the Statement of Accounts 2021/22 and 2022/23 were scheduled for November's Committee.

2. A Committee member sought clarity on the Statement of Accounts 2022/23 sign off by 23 October as the Committee's next meeting was in November. The Grant Thornton representative clarified that his aim was to get those accounts to a position where Grant Thornton could sign those by 23 October, formal sign off would happen in November following the Committee's approval. Grant Thornton's senior local government partner Paul Dossett would sign those off.
3. Responding to a Committee member's query, the Grant Thornton representative confirmed that should there be any questions or clarifications requested on the accounts following 23 October, Paul Dossett would follow those up and he would be having a handover with him.
4. The Chairman requested that the Committee has a progress update on the finalisation of the Statement of Accounts 2022/23 and pension fund accounts in early October. The Strategic Finance Business Partner would provide a joint update with Grant Thornton.

RESOLVED:

1. Monitored progress on the implementation of recommendations from previous meetings (Annex A).
2. Noted the work plan and any changes to it (Annex B).

Actions/further information to be provided:

1. A19/23 - The Strategic Finance Business Partner will provide a joint update with Grant Thornton in early October on the progress of the finalisation of the Statement of Accounts 2022/23 and pension fund accounts.

54/23 INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 [Item 8]

Item 8 was taken before item 6.

Witnesses:

David John - Audit Manager
 Paul Fielding - IT Audit Manager
 Russell Banks - Orbis Chief Internal Auditor
 David Mody - Head of Strategic Risk
 Anna D'Alessandro - Director of Corporate Finance and Commercial

Key points raised in the discussion:

1. The Audit Manager highlighted that twenty-four audits had been completed, including three Partial Assurance opinions (two were schools) and no Minimal Assurance opinions. He noted the breadth of the assurance work which demonstrated that the Annual Audit Plan 2023/24 was responsive to the Council's strategic priorities, additional unplanned audits had also been undertaken. No audits had been removed from the audit plan and the contingency budget enabled new audits to be added so that emerging risks could be addressed. There was a healthy relationship between the Council's management team and Internal Audit.

2. A Committee member noted that Cyber Security had a Reasonable Assurance opinion and asked whether there was any risk of a cyber security failure in the future. The Audit Manager noted that it was a massive risk and was escalating given international tensions. The IT Audit Manager added that the Cyber Security audit looked at the Council's response and resilience, looking at access control, information governance and data storage. Cyber was a fast moving, evolving threat and the teams were constantly working towards increasing the Council's resilience.
3. As a supplementary question the Committee member noted that there was little information about what might occur in local government in terms of a cyber-attack. She asked how the Council's staff were made aware of the problems that might arise and what type of cyber-attack would be likely. The Orbis Chief Internal Auditor noted that Internal Audit carried out specific pieces of work in relation to cyber, as well as other IT related audits that had a cyber security element to those. Individual services managed the awareness to the relevant risks internally. He noted that it would be difficult for the Council to prevent against a cyber-attack from a foreign power given the technology and expertise, therefore the focus was on the Council's response via its business continuity arrangements; the Head of Strategic Risk noted that was why cyber-attacks were a top corporate risk. The Audit Manager highlighted an online article about the effects of a recent cyber-attack by a private hacking group on Hackney Council which cost them £12 million.
4. A Committee member referred to section 3: Action Tracking whereby the Committee received updates on high priority actions, he asked whether medium and low priority actions were tracked and how it was known that they were being completed. He asked whether follow-up audits on high priority actions were guaranteed. The Orbis Chief Internal Auditor noted that Internal Audit balanced its resources by tracking high priority actions only, it reported its findings and agreed a responsible owner and timescale; management had the responsibility for maintaining the control environment. The expectation was that services and teams had their own arrangements for tracking and implementing their medium and low priority actions. Internal Audit's policy was that it would follow up audit opinions that resulted in either Partial or Minimal Assurance, continuing to do so until they reached at least Reasonable Assurance. In some cases, follow up work was conducted for high-risk areas given Reasonable Assurance. The implementation of high, medium and low priority actions was reviewed in follow-up audits.
5. As a supplementary question the Committee member asked how the Council was assured that management tracked and followed up the medium and low priority actions within the individual services and teams. The Orbis Chief Internal Auditor noted that action tracking and assurance of implementation arrangements varied between directorates. He noted that the audit plan contained audits selected based on risk, whilst some areas such as financial systems were audited regularly.
6. As a supplementary question the Committee member asked whether there was a consolidated register of medium and low priority actions so Internal Audit could receive confirmation of completed actions. The Audit Manager explained that in the run up to preparing the annual report, his team went through the list of medium and low priority actions and checked with the responsible officers that they had been implemented; there was also periodic sampling of actions. In the last two years Internal Audit had not found anything to notify the Committee about.
7. As a supplementary question the Committee member queried why if individual services and teams were responsible for completing the medium and low priority actions they did not report back to Internal Audit on their completion rather than Internal Audit having to chase. The Orbis Chief Internal Auditor would consider that suggestion, he noted that currently Internal Audit was considering undertaking work looking at how each individual directorate managed its monitoring of the completion of medium and low priority actions. Internal Audit would rather seek to

be assured that each directorate had their own arrangements in place for satisfying themselves that their medium and low priority actions were being implemented.

The Vice-Chairman added that ownership by the directorates was healthy.

8. A Committee member referred to Appendix A, paragraph 1.55 asking for clarification on any payment exceeding £100,000 only requiring approval from just one senior officer, he presumed that referred to the payment rather than the approval. The Director of Corporate Finance and Commercial explained that it was the final release of the approval of the BACS (Bankers' Automated Clearing Services) run, not the approval of the payment; there were many controls in place over payments.
9. A Committee member asked whether the Internal Audit team was fully staffed. The Orbis Chief Internal Auditor noted that the team had ongoing vacancies, there had been several internal promotions and arrangements were in place to cover a retiring member of staff, two new members of staff would join in October and they had recently engaged a new agency contractor to provide some support. Further recruitment would be undertaken later in the year and whilst there was a risk of not being able to fill the vacancies, the agency contractor was in place. The team was investing heavily on staff training and qualifications concerning entry level staff.
10. As a supplementary question the Committee member asked how the continuing vacancy situation impacted Internal Audit's ability to complete the audit plan. The Orbis Chief Internal Auditor explained that the target was to deliver 90% of the audit plan and to deliver 90% of the planned audit days to each of the Orbis clients; falling below that the Committee would be notified. That target was met last year despite the vacancies, the team was hopeful of meeting those targets again this year. Whilst delivering 100% was the ultimate target, resourcing was a national challenge. The Orbis partnership smoothed the impact of those resourcing challenges, at peak points partners put in additional resources to help one another to address specific challenges faced - such as implementing MySurrey.
11. The Chairman asked when the Surrey Pension Fund Banking Controls interim follow-up audit would be completed. The Audit Manager hoped that opinion could be given by the end of the financial year, the issues primarily revolved around the interface between that system and MySurrey, that was being worked upon.
12. The Chairman referred to the Pendell Camp Paperwork noting that the tenancy documentation had gone missing and asked what action had been taken, particularly if that might affect the planning decision. The Audit Manager noted that Internal Audit looked at how it had gone missing, Legal Services was looking at the potential consequences and the next steps.
13. A Committee member referred to Birmingham City Council's recent bankruptcy in part due to the expense of settling equal pay claims, she recalled from previous year's accounts that Surrey County Council had made provision for that, and she asked whether that was correct. The Strategic Finance Business Partner noted that there had been a provision several years ago and she would follow that up.

RESOLVED:

That the Committee noted the report.

Actions/further information to be provided:

1. A20/23 - The Orbis Chief Internal Auditor will consider the suggestion around individual services and teams which were responsible for completing the medium and low priority actions, reporting back to Internal Audit on their completion rather than Internal Audit having to chase.

2. A21/23 - The Strategic Finance Business Partner will provide a response on the Council's provision made several years ago in its accounts around equal pay claims.

55/23 RISK MANAGEMENT [Item 6]

Witnesses:

David Mody - Head of Strategic Risk

Anna D'Alessandro - Director of Corporate Finance and Commercial

Key points raised in the discussion:

1. The Head of Strategic Risk noted that since March's Committee update, many of the external risks predicted had materialised. Inflation was in the high single digits, interest rates had increased and there had been national industrial action; residents were impacted by the cost of living and the conflict in Ukraine showed no signs of abating. Internally, there had been ballots with the Trade Unions and the demand for Council services was not abating. Good progress had been made concerning the internal risks, one risk had improved and a new risk was added.
2. The Head of Strategic Risk explained that risks were reported to the Corporate Leadership Team (CLT) monthly, informal Cabinet (iCab) received risk updates quarterly and there were deep dives on specific risks, and the Committee reviewed the overall processes. He did some deep dives in the summer on the directorates' risk registers, ensuring they were up to date, risks reviewed regularly and actions were being followed up. Internal Audit updated the assessment on risk management to Substantial Assurance, and the actions had been completed. He noted the minor changes to the Risk Management Strategy in relation to the three lines of defence approach and risk leads; and the delegation to the Committee of its approval.
3. A Committee member referred to paragraph 8 on the cover report, a) Risk Registers - 'risk owners and target dates had not been recorded for all risks included on registers'. He was surprised that the Risk Management Strategy was not updated to include dates as the length of items on the registers could not be ascertained. The Head of Strategic Risk explained that risk registers were live documents, a work in progress where he was happy with those including missing information so that there could be conversations around the risks, any missing actions or risk owners. He had informed the directorates to include that information where possible, it was not mandated because he did not want the situation where risks were potentially not being included in risk registers because some bits of information were missing.
4. As a supplementary question the Committee member queried whether the Head of Strategic Risk knew how long risks had been on the risk registers for. The Head of Strategic Risk noted that there was a control version where he could go back through previous iterations to track risks over time. He noted that he tried to keep the risk registers down to core information so that people continued to engage.
5. As a supplementary question the Committee member queried the absence of a risk and issue management framework in the Risk Management Strategy around the mitigations that might be in place in case of risks materialising. The Head of Strategic Risk noted that anything rated a 5 on the risk register was a triggered risk which then became an issue, the methodology was the same in terms of actions and what controls were in place; the focus was on future risks.
6. A Committee member referred to the Strategic Risk ST.23 querying why the resurgence of Covid had a downwards green arrow, as there was currently a resurgence. The Head of Strategic Risk explained that the risk was downgraded

just after the Committee last received the risk update report in March, the exposure to the Council was less than it was with the medicines in place and that risk rating reflected national guidance.

7. The Chairman referred to the Strategic Risk ST.30 around rising costs and noted that the cost of living seemed to have a low rating despite it now being fundamental to everybody's working lives. The Head of Strategic Risk explained that from a Council perspective there were some controls in place to assist with the cost of living pressures; there was a monthly working group. The Chairman asked how the rating for cost of living was decided, it was lower than the risk of a cyber-attack for example. The Head of Strategic Risk noted that risk ratings were based on the probability and the impact, for example despite the Council's good controls in place there was a high probability of a cyber-attack and the impact would be significant. Regarding the cost of living the causes of the risk and impacts were reviewed, however there was an element of subjectivity as some people were significantly adversely affected compared to others. The Director of Corporate Finance and Commercial explained that CLT reviewed the Strategic Risks monthly and agreed the risk ratings. The Head of Strategic Risk added that over the next month the Corporate Risk Register would be reviewed, it was likely that industrial action would be removed from the outdated August iteration.
8. Responding to the Chairman, the Head of Strategic Risk explained he would be at next week's iCab highlighting the changes that had taken place, there would be a deep dive on a specific risk: Home to School Transport.
9. A Committee member referred to the new risk added: Strategic Risk ST.36 around changes in the Adult Social Care (ASC) operating environment, asking whether that followed on from the Chief Executive's Council-wide email on the ASC leadership staffing change. The Head of Strategic Risk explained that the risk related to the wider environment around the way that the Care Quality Commission was going to undertake some of its work, also some of the Council's partners had specific funding pressures. He noted that the relevant directorate would know whether that risk would be reviewed by the Adults and Health Select Committee.
10. A Committee member referred to the risk management training module which would be provided to 450 staff by October and asked what risk management training, guidance and structure was given to those staff prior to that training module. The Head of Strategic Risk noted that no risk management guidance had been provided to those staff prior to the module. He had provided separate training through meeting with all the senior managers and key project teams to ensure that their risks were being captured and they were following risk management appropriately. Previously, officers managing smaller projects which did not have a large strategic impact, were not being exposed to some of the risk management tools and techniques.
11. The Vice-Chairman commended the excellent progress year on year around risk management; the Chairman noted that risk management procedures and processes had improved significantly and the Cabinet Member for Finance and Resources endorsed that praise.

RESOLVED:

1. Noted the update on risk management.
2. Approved the updated Risk Management Strategy (Appendix B).

Actions/further information to be provided:

None.

Witnesses:

Gerry Hughes - Assistant Director – Support Services (CFLL)

David Mody - Head of Strategic Risk

Nikki O'Connor - Strategic Finance Business Partner

Key points raised in the discussion:

1. The Assistant Director – Support Services (CFLL) noted that at the end of the last academic year over 10,000 children were supported on their journeys to and from school - half were mainstream and half had Special Educational Needs (SEN) or Additional Needs and Disabilities (AND). The team had reached its peak in workflow over the summer months and the routes had been optimised. She highlighted the significant national challenges around driver and disability vehicle shortages. The Home to School Travel Assistance (H2STA) service had been working in collaboration with operational colleagues, with the Freedom to Travel and Single View of a Child (SVoAC) programmes, and Internal Audit.
2. The Assistant Director – Support Services (CFLL) noted that significant transformational improvements had been undertaken over the last eighteen months, categorised into six key workstreams. She noted that 99% of pupils - significant improvement from last year - had transport in place ahead of the start of term, it took thirty days on receipt for transport to be in place. Interim allowances were being put in place for applications received during August. She noted the further challenges from the SEN Recovery Plan around waiting times for transport.
3. The Assistant Director – Support Services (CFLL) thanked Internal Audit for its support as a critical friend and noted that with the completion of the fourteen recommendations, the Partial Assurance opinion from May 2022's audit had been updated to Reasonable Assurance in the follow-up audit in July 2023; with the caveat that the service could not be fully tested as it had not gone through the peak workflow. Three of the six recommendations had been completed and the other three were being worked through. She noted the ongoing scrutiny through the new Children, Families, Lifelong Learning (CFLL) governance boards, the select committee and upcoming deep dive by iCab.
4. A Committee member asked how many children and young people who applied for transport by 31 July did not have transport confirmed by two weeks before the start of term. The Assistant Director – Support Services (CFLL) explained that 95% - she would provide the exact number - of the cohort was given that information within the timescale, those without that information had significant medical needs and the team was struggling to find medical personal assistants to provide support.
5. As a supplementary question the Committee member referred to the Data risk whereby data from EYES could not be used, he also noted that the IT & Digital Development original timeline would be on hold for a year; he asked why that was and what the impact would be. The Assistant Director – Support Services (CFLL) explained that Liquidlogic had stalled its development, the Council therefore had to use legacy systems; due diligence was being done on market alternatives. She noted that the team did not want to rely on the EYES data for mass communications due to data quality issues of having two different addresses for the children, that was being worked on.
6. As a supplementary question the Committee member noted that the data quality issues around two sets of addresses was a massive concern, he asked how high a priority it was to resolve that and what plans were in place to get the process right. The Assistant Director – Support Services (CFLL) would liaise with the SVoAC

- colleagues to get that information. She provided assurance that the correct address could be found out when interrogating the system.
7. A Committee member noted that it was positive that 95% of the issues had been dealt with, however the parents that approached Members were those that have not received transport arrangements for their child. A few cases had been referred to him and the common factor was the lack of communication with parents about the plans being implemented and they found it difficult to find anyone to communicate with. The Assistant Director – Support Services (CFLL) noted that there had been a transformational programme regarding communication, an e-contact form had been set up for parents to communicate with the team and that had been promoted by the Cabinet Member for Education and Learning - responded to within five working days. The Contact Centre received a large volume of calls during the start of term and there was a callback list between 24 and 48 hours. She noted that the team was aware of several families that applied after 31 July and interim mechanisms were in place including an independent travel allowance. She would liaise with the Committee member to discuss the problems referred to him.
 8. A Committee member noted the risk around the national driver shortages and the supply of specialist vehicles, as many children who required H2STA did need specialist vehicles and drivers who had additional training. She asked whether there was a national approach to address the issue, whether there was enough competition to encourage the contractors to increase their fleets and what Members could do to help. The Assistant Director – Support Services (CFLL) noted that ensuring that those children with specialist needs have the correct vehicle was their most significant challenge. The team worked closely with the coach operators to appoint new drivers when routes were being tendered. Three-year contracts were being offered which had a cost implication but provided longevity. She highlighted the Freedom to Travel programme that was looking at supplier engagement across all the Council's directorates that used that provision.
 9. Responding to the Chairman the Assistant Director – Support Services (CFLL) confirmed that volunteer drivers were not used due to the lack of supply, the team did commission services looking at volunteer drivers but did not have any success; she noted that the training and safeguarding had to be taken into consideration. The Chairman wondered whether the Council should be trying to make it easier for volunteer drivers to join the scheme. The Assistant Director – Support Services (CFLL) noted that due to the national driver shortages they were offering independent travel allowances to some families. Where a child needed specialist equipment or a medically trained person to accompany them, they were looking at personal travel budgets for those families to support their own children to and from school, ten families had come forward to use that.
 10. A Committee member suggested a discussion around investing into specialist vehicles or encouraging H2STA provision through grants, usually done through local taxi companies. Perhaps through a Council capital programme as it might save money in the long-term, with adaptable vehicles for the future. She asked the Assistant Director – Support Services (CFLL) to look at where there were barriers around the provision of specialist vehicles and training of specialist drivers.
 11. A Committee member noted feedback from parents and some transport providers whereby transport arrangements seemed to be last minute even if parents applied on time, he asked why that might be. The Assistant Director – Support Services (CFLL) explained that during the academic year the team received as many applications it could through the system as early as possible, in May they started to optimise the routes and had until August to put the children onto a travel arrangement. They knew the children leaving and some of the children starting the schools, each of the routes had to go out to tender looking at the logistics of

- children's start and end point ensuring one vehicle picking up the children; that was difficult with applications being received later.
12. A Committee member referred to a comment by the Assistant Director – Support Services (CFLL) whereby the team did not know which school children would be starting at until they made an application for H2STA, however he noted that the admissions team would know that information and asked why the team needed to wait for an application. He queried why free transport was not part of the admissions process. The Assistant Director – Support Services (CFLL) noted that their mainstream cohorts were dealt with early in the year and their bus passes were sent out; however with SEN children it was more problematic because their medical needs and placements changed. The team did not ask many of the children to reapply this year because they were not changing key stage, they were at a constant address and were going to the same provision. The Committee member did not understand that logic as he noted that his experience of dealing with admissions appeals over several years was that the SEN children were always known first because they were the highest priority, few SEN students once allocated to a school ended up going to a different school. The Assistant Director – Support Services (CFLL) would provide further detail on that.
 13. The Chairman referred to the Corporate Risk Register whereby the Strategic Risk ST.34 around H2STA had the equal highest rating and asked whether that rating was expected to decrease with all the changes in place. The Head of Strategic Risk confirmed that was the intention.
 14. The Chairman noted that a lot of the work seemed to be resource driven, he asked whether there was adequate money in the system to make it work. The Assistant Director – Support Services (CFLL) noted that with the inflation costs and SEN Recovery Plan there were constraints on the spend however mitigations were in place looking at: solo routes and offering those families personal travel budgets, several safe routes within the system and consulting with families about withdrawing provision where the safe route was under three miles. Post-16 was a discretionary service, the team was looking at other local authorities to find out why and how they had stopped offering transport. The team was better resourced from a staffing perspective so would be re-optimising in December and January.
 15. A Committee member noted that the budget was increased this year by £14.7 million, she asked what the total spend on H2STA was. She asked whether the Council's on demand bus service recently expanded across rural areas would also be used for H2STA to try to manage the increasing costs. The Assistant Director – Support Services (CFLL) noted that the Freedom to Travel programme cut across all directorates, the team was also looking at its community transport providers for help. She noted that the current cost was £50 million.
 16. The Chairman asked whether the cost of H2STA would increase to £55 million next year if the average costs were increasing by 11%. The Assistant Director – Support Services (CFLL) noted that would not be the case, the team was looking at mitigations to reduce costs. The Strategic Finance Business Partner explained that in the current financial year, part of the forecast in-year overspend was attributable to the H2STA budget circa £2 million and that the ongoing impact of that, put pressure on the 2024/25 budget setting process.
 17. A Committee member asked how much of the £50 million and the overspend was due to SEN or due to being three miles away from the nearest school. It was a large budget and the Council had to ensure that children could get to school, whilst being accountable to residents about how it was spending council tax money.
 18. The Vice-Chairman noted in the future it would be useful to look at the breakdown of costs, particularly between special needs and the general provision, expanding on what the pressures were and how difficult it was and why. The Assistant Director – Support Services (CFLL) noted that she would provide that detail, a

deep dive into budget forecasting with the CFLL Governance Board was scheduled for October.

19. A Committee member referred to the current pilot of a Personal Travel Budget offer to families and asked what the size of that pilot was, when it was due to complete and what would happen with the results. The Assistant Director – Support Services (CFLL) noted that the pilot started about a month ago, in October the team would survey the parents that had taken it up to see whether the policy needed to be amended and the results would be provided to senior officers.

RESOLVED:

1. Monitored the progress of the audit recommendations and follow-up review conducted in July 2023.

Actions/further information to be provided:

1. A22/23 - The Assistant Director – Support Services (CFLL) will provide the exact number of children and young people who applied for transport by 31 July that did not have transport confirmed by two weeks before the start of term.
2. A23/23 - The Assistant Director – Support Services (CFLL) will liaise with the SVoac colleagues to get the information requested regarding data quality issues around two sets of addresses: how high a priority is it to resolve that and what plans are in place to get the process right.
3. A24/23 - The Assistant Director – Support Services (CFLL) will liaise with the Committee member to discuss the problems referred to him around H2STA.
4. A25/23 - The Assistant Director – Support Services (CFLL) will look at where there are barriers around the provision of specialist vehicles and training of specialist drivers, looking into investing into specialist vehicles and grants.
5. A26/23 - The Assistant Director – Support Services (CFLL) will provide further detail on her explanation that the H2STA team did not know which school children would be starting at until they made an application for H2STA, despite the admissions team having that information and that placements could change for SEN children.
6. A27/23 - Following the deep dive into budget forecasting with the CFLL Governance Board scheduled for October, the Assistant Director – Support Services (CFLL) will provide a breakdown of costs, particularly between special needs and the general provision, expanding on what the pressures are and how difficult it is and why.

57/23 SURREY PENSION FUND EXTERNAL AUDIT PLAN 2022/23 [Item 9]

Witnesses:

Ciaran McLaughlin - Grant Thornton

Key points raised in the discussion:

1. The Grant Thornton representative noted that it was titled indicative because it was produced in June and should have gone to July's Committee, it was now final. Work was underway regarding the two big significant risks: management over-ride of controls and the valuation of Level 3 investments; as well as other risks such as: Level 2 investments. Additional work was undertaken as it was the first year the Surrey Pension Fund 2022 triennial valuation applied. Materiality was £73 million for the Pension Fund and £21 million for non-investment related elements.

2. A Committee member asked whether the £20,000 fee for 'IAS19 Assurance letters to scheduled and admitted bodies' was a new requirement. The Grant Thornton representative noted that fee was required annually in undertaking the pension fund audit. The Committee member noted surprise that it was not part of the scale fee. The Grant Thornton representative explained that some pension funds did not have to issue letters to admitted bodies, IAS19 assurance letters fell outside the core audit requirement. Grant Thornton provided that work on behalf of the other auditors, the cost of that work was recharged to the Council and then the Council could recharge that cost back to the employing organisations.
3. Referring to the IT audit strategy, a Committee member asked whether the audit took into account the Council's transition from SAP to Unit 4. The Grant Thornton representative clarified that the audit looked at 2022/23 when SAP was in place.
4. The Chairman asked how confident the Grant Thornton representative was that the audited pension fund accounts, Statement of Accounts and audit findings report would be ready for November's Committee. The Grant Thornton representative was confident that timeline would be met as discussed in item 5.

RESOLVED:

Approved the 2022/23 Surrey Pension Fund Audit Plan.

Actions/further information to be provided:

None.

58/23 DATE OF NEXT MEETING [Item 10]

The date of the next meeting of the Committee was noted as 22 November 2023.

Meeting ended at: 11.39 am

Chairman

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