

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.00 am on 22 November 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 = *)

(Remote Attendance = r)

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

Members in Attendance

David Lewis (Cobham) - Cabinet Member for Finance and Resources

59/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Joanne Sexton, Stephen Cooksey, Terry Price and Helyn Clack (remote).

Steven McCormick acted as a substitute for Joanne Sexton. Paul Follows acted as a substitute for Stephen Cooksey.

60/23 MINUTES OF THE PREVIOUS MEETING - 13 SEPTEMBER 2023 [Item 2]

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

61/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

62/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

63/23 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Witnesses:

Amelia Christopher, Committee Manager

Key points raised in the discussion:

1. Referring to Annex B - Work Plan, 17 January 2024, item '2022/23 Audit Reports and Annual Statement of Accounts [...]' the Chairman queried the sentence 'Dec 2016 Committee requested that annual accounts also be presented.' The

Committee Manager responded that it was an outdated sentence and would be deleted.

2. The Chairman referred to Annex A - Tracker requesting that timelines be added to the actions in progress.

RESOLVED:

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

Actions/further information to be provided:

1. A28/23 - The Committee Manager will add timelines into the Tracker.

64/23 LGSCO ANNUAL LETTER AND COMPLAINTS HANDLING UPDATE [Item 6]

Witnesses:

Jessica Brooke, Customer Relations Team Manager
Susan Grizzelle, Head of Customer Services

Key points raised in the discussion:

1. The Customer Relations Team Manager introduced the report and highlighted the paragraphs concerning: complaint handling training whereby the delivery of the five training courses would continue into the new year, the issuing of one public report about the Council during 2022/23 regarding the failure to deliver special educational provision set out in Education, Health and Care Plans (EHCPs), the volume of complaints recorded which was 215, the 193 decisions issued and whether those were upheld or discontinued, the increase in Education and Children's complaints compared to the previous year and the root cause of those complaints was perceived poor standards of communication, and the volume of financial remedies exceeded those in the previous year by almost £68,000 largely in Education Services reflecting the difficulties in progressing EHCPs.
2. The Customer Relations Team Manager noted the lessons learnt whereby: in Children's Social Care they had revised the Direct Payment Policy and families could access support before applying for funding, the Home to School Transport Policy had been revised and the team restructured improving communication and focusing on early resolution leading to the significant decrease in complaints, staffing had been increased to ensure Deprivation of Liberty Safeguards (DoLS) requests are completed in a timely way. The Local Government and Social Care Ombudsman (LGSCO) acknowledged the satisfactory remedy provided by the Council in 9% of the upheld cases and concerning benchmarking, 84% of the complaints investigated by the LGSCO were upheld; those figures were higher than other local authorities and the criteria used compared to previous years had been tightened. The Annual Letter was positive, highlighting the Council's collaboration with the LGSCO and challenges faced nationally.

Paul Follows joined the meeting at 10.09 am.

3. The Vice-Chairman noted concern regarding the 51% of complaints which were responded to within the timescale in Children's Social Care, he asked whether there would be operational changes to reduce the timescales. The Customer Relations Team Manager recognised that the timeliness of responses across the Council was not good enough, the main issue rested with Children, Families and

Lifelong Learning (CFLL) and she would liaise with the Head of Customer Engagement and System Development to provide a response to what was being done. The Head of Customer Services highlighted the improving trajectory. The Corporate team for example had filled its vacancies and response rates should improve by the end of the year. She explained that a Task and Finish Group had been established to look at the timeliness, consistency and quality of responses across all three teams; results to follow in the new year.

4. The Vice-Chairman asked whether the Council was using artificial intelligence (AI) to communicate with its customers. The Customer Relations Team Manager noted that chatbots were being used when communicating with residents and due to the complexity of complaints, chatbots were useful in providing generic as opposed to specific responses. Increasing the use of AI was being explored whilst operating within the confines of data protection.
5. A Committee member referred to the Council's investment in good complaint handling training and asked how many staff members took part in that training and how many were able to attend. The Customer Relations Team Manager noted that eight sessions had been arranged with eighteen members of staff attending each one, that training was expanded outside of the Customer Relations teams to officers who responded to the first stage of the process. A couple of hundred were identified and most attended. Going forward a minimum of two sessions of training would be carried out yearly, planning was underway for the next few.
6. The Chairman asked for an explanation to be provided as to why so many cases were escalated to the LGSCO despite the Council having resolved those. The Customer Relations Team Manager explained that the escalation of complaints was the choice of customers if they were unhappy with the Council's resolution. Of those escalated 55% were discontinued by the LGSCO.
7. A Committee member noted that the volume of financial remedies exceeded last year, he noted that it would be useful for the Committee, Members and residents to be able to see a dashboard or a Key Performance Indicator setting out the year-on-year comparison to enable the evaluation of improvements being made. The Customer Relations Team Manager believed that the comparison of financial remedies to the previous year was provided in the complaints annual report, a comparison with previous years could be included in the complaints annual report going forward. If more frequent updates were requested, she would have to negotiate with the Head of Customer Services.
8. A Committee member referred to the number of lessons learned noting the establishment of the Task and Finish Group, he asked whether there was an action plan available regarding those improvements. The Head of Customer Services noted that there was a document which she could share that set out the parameters of that Task and Finish Group. She also noted that there had been a gap for the past few years regarding a link officer - senior practice lead - with the LGSCO which had until recently been covered. That senior practice lead would sit across the three teams to drive improvement and response times.
9. The Chairman referred to that senior practice lead being recruited asking when benefits would be seen of their employment. The Head of Customer Services noted that recruitment would begin next week, the role required someone with a particular career background around handling complaints at a senior level in a local authority or coming from the LGSCO itself. That person would sit on the senior management team so would have a wider scope and would fill that gap, to be in place early in the new year and to start making a difference in the spring.
10. To improve elected Member oversight of LGSCO cases and decisions, a Committee member referred to paragraph 11 and the process put in place to notify relevant Cabinet Members. He asked whether a recommendation could be added for all Members to see that information referred to in paragraph 11 in a timely manner - not just Cabinet Members - to show the improvements made. The

Customer Relations Team Manager explained that the Housing Ombudsman and LGSCO had recently published a proposal for a joint code of complaint handling, within that code one of the recommendations was the appointment of a Member as a complaint lead. If that joint code is confirmed the implementation would be around April 2024; exploring that dissemination of information with that Member would then be explored. In the interim a measure could be put in place regarding the sharing of that information. The Committee member noted that was reassuring however his ask was for a recommendation by the Committee now, the Chairman supported that additional recommendation.

11. The Head of Customer Services noted that from spring complaints across all three teams were collated in one document and sent to the relevant Cabinet Member, the Leader and Chief Executive weekly. There was also a new quarterly report which pulled together those three teams' activity and performance; she was unsure whether the Committee was on those distribution lists. The Chairman welcomed the Committee to be included in those distribution lists going forward.
12. The Chairman requested that an item be added to the work plan for the next Committee meeting in January where officers would present the results of the Task and Finish Group.
13. The Chairman referred to paragraph 27 on financial remedies, noting the LGSCO directed payments between £400 and £600 monthly for Home to School Transport, that equated to £125 weekly and so presumed that it would be cheaper for the Council to provide taxis for children to go to school rather than the Council being fined. The Customer Relations Team Manager would need to follow that up with the Assistant Director - Support Services (CFL). She noted that most of those LGSCO directed payments were for missed education, as of September the LGSCO was issuing remedies of around £450 per month for missed education. She noted that the length of time that remedies were paid tended to be quite short, figures increased concerning the length of time a child been without education.

Ayesha Azad joined the meeting at 10.26 am.

14. A Committee member referred to paragraph 50 which stated that the complaints process did not have any direct risk management implications. He noted that the Committee reviewed the Risk Management Strategy at its last meeting and he sought a recommendation from the Committee that the risks in this area are considered in line with that strategy to actively manage those going forward. The Chairman agreed with that additional recommendation.
15. A Committee member asked whether benchmarking with comparable authorities had been done on the number of complaints percentage wise that had been upheld. The Customer Relations Team Manager noted that data gathering was underway, comparing with bordering authorities in the South East and comparable authorities at a national level. The challenge was that each local authority managed their complaints differently so it was hard to compare complaints recorded and upheld rates, the Council itself had five complaints procedures and of those, two were statutory.

RESOLVED:

1. The Committee noted the report.
2. All Members would be provided with the information set out in paragraph 11 of the report regarding the notification of LGSCO cases and decisions, to show the improvements made and to extend communication and transparency.
3. The risks regarding the complaints process would be considered in line with the council's Risk Management Strategy to actively manage those risks going forward.

Actions/further information to be provided:

1. A29/30 - The Customer Relations Team Manager / Head of Customer Services will follow up the second additional recommendation.
2. A30/23 - The Customer Relations Team Manager / Head of Customer Services will follow up the third additional recommendation.
3. A31/23 - The Customer Relations Team Manager will liaise with the Head of Customer Engagement and System Development to provide a response to what was being done in CFLL to increase the timeliness of responses to complaints.
4. A32/23 - The Customer Relations Team Manager will look to provide a dashboard or Key Performance Indicator within the complaints annual report going forward setting out the year-on-year comparison regarding the volume of financial remedies to enable the evaluation of improvements being made.
5. A33/23 - The Head of Customer Services will share the document which set out the parameters of the Task and Finish Group.
6. A34/23 - The Head of Customer Services will add the Committee in the weekly distribution list regarding the collated complaints across all three teams; and the distribution list regarding the new quarterly report which pulled together those three teams' activity and performance.
7. A35/23 - The Committee Manager will add an item to the work plan for the next Committee meeting in January where officers will present the results of the Task and Finish Group.
8. A36/23 - The Customer Relations Team Manager will follow up the query with the Assistant Director - Support Services (CFLL) concerning Home to School Transport around whether it would be cheaper for the Council to provide taxis for children to go to school rather than the Council being fined by the LGSCO.

65/23 6 MONTH COMPLAINTS PERFORMANCE UPDATE REPORT 2023/24 [Item 7]

Witnesses:

Jessica Brooke, Customer Relations Team Manager
Susan Grizzelle, Head of Customer Services

Key points raised in the discussion:

1. The Customer Relations Team Manager introduced the report. Comparing quarter two to quarter one there was a decrease in complaints recorded, yet overall compared to the previous year the volume of complaints and complexity of complaints was increasing across the three areas and that was a challenge to those teams and the frontline services. In the first quarter there were 101 LGSCO decisions and of those the LGSCO found fault with 58. She noted the figures of complaints recorded across the three stages.
2. The Customer Relations Team Manager noted that another public report about the Council would be issued this year to be in the public domain in 2024, the fault identified by the LGSCO related to Education Services particularly Additional Needs and Disabilities regarding the delays in timely reports from Educational Psychologists. That had been recognised as a national problem and was being addressed jointly with other local authorities. Regarding the delays in EHCPs, over £35,000 in financial remedies had been paid by the Council, anticipated to increase. A general challenge was being looked at as the LGSCO was proposing payments of £100 monthly for every month an EHCP is overdue.
3. The Customer Relations Team Manager noted that in Adult Social Care (ASC) a new administrative support role had been recruited to. In CFLL reviews had been completed regarding access by children with medical or other challenges to

education, there had been significant Cabinet investment in reducing delays in EHCPs, four leads appointed in Education Services to address the first stage of the complaints process, the CFLL Customer Relations Steering Group was developing proactive communications with families. Noted the continued focus on early resolution across all three teams and 18 months of restorative practice training in CFLL. The Customer Relations team had resources for new officers one of whom was working with Members regarding contacts outside of the formal complaints procedure. In Corporate the replacement team manager would start in January, she reiterated the recruitment of the senior practice lead.

4. The Customer Relations Team Manager noted that once she started her role she reviewed the recovery plan and the team had managed to reduce the volume of complaints awaiting investigation at stage two in that period from 26 to 5, expected to be up to date by 31 December. This year a training package had been developed for colleagues in operational services, looking at the timeliness, quality and consistency of responses. The team was exploring the joint code proposed by the two LGSCO services to further improve complaint handling mechanisms.
5. A Committee member referred to the £35,000 paid out this year in financial remedies, which would continue to increase and asked what that figure might be. The Customer Relations Team Manager noted that figure was reactive dependent on how the operational frontline delivers its services. The Council tended to look at previous decisions from the LGSCO when making its recommendations to the frontline in terms of remedies. Noting the challenges faced nationally in delivering frontline services particularly in education, based on her experience she would not be surprised if that figure doubled.
6. Referring to the recruitment of a senior practice lead to work on improvement, the Chairman asked what the point of their recruitment was if as the report notes that matters around complaints would get worse anyway; and what would they be doing. The Head of Customer Services noted that the senior practice lead would be undertaking proactive work at stage one with the services to reduce escalations, some of which were unnecessary around poor quality communication.
7. A Committee member referring to that extra capacity to do proactive work and triage items at stage one, assumed that there was a business case for the senior practice lead to improve the numbers in that area. The Head of Customer Services noted that the team did not have to put a business case forward for that role as it already existed in the structure but had been missing for a few years and was being filled unofficially. She expected to see that reduction and improvement once that required post was recruited to. The Customer Relations Team Manager added that the LGSCO made that business case through dictating that the role of the link officer includes that practice lead element.
8. As a supplementary question the Committee member noted concern that someone had been filling that senior practice lead role unofficially for the past few years and asked how and why it happened. Particularly as there was an increasing number of complaints and having adequate resources would ensure the triaging of complaints and addressing those at stage one before escalation. He asked what the council and Committee could do to support the recruitment of that role. The Head of Customer Services explained that the person who had been fulfilling that role could no longer do so due to the gradual increase in responsibilities in their usual role, whilst acknowledging the budgetary constraint it had been agreed that the role be recruited to.
9. As a supplementary question the Committee member noted that if that head count existed then surely it was a matter of recruiting to that post, not backfilling that with an existing position. The Head of Customer Services noted that all services were operating under budgetary constraints, the situation had changed in that there was a need to fill that role and that would be funded through the service budgets. The Committee member looked forward to seeing those improvements but noted that

the two complaints items pointed to deficiencies and that more resource to undertake proactive work at stage one would stop many escalations. He queried what the Committee could do to help; the Head of Customer Services welcomed the Committee's support.

10. The Chairman asked how many full-time equivalent (FTE) staff were in the team compared to last year; he requested that head count for the next Committee meeting. The Head of Customer Services noted that regarding Corporate complaints the head count had increased to address the increased complaint volumes and dip in response times due to vacancies. There was another FTE in her team and additional staff in both the CFLL and ASC teams. The Customer Relations Team Manager added that the CFLL team had doubled the number of customer relations officers who support stage two investigations, and work with services looking to improve the quality of stage one complaints. Regarding administrative support, ASC had taken on extra support and CFLL had taken on an extra two FTEs. She estimated the increase to be between 40 and 50% in total.
11. A Committee member referred to paragraph 5.3.3 whereby the new team manager focused on training and developing a recovery plan, and elsewhere the report notes that in October the new Customer Relations Team Manager took up post and the officer on long-term absence returned; it read as though there was no recovery plan or proactive steps taken to make improvements prior to that. The Customer Relations Team Manager noted that when her predecessor left in April, there was a recognised gap; for several months before she took up the role permanently she was covering both areas. She worked with officers to address the increasing volumes of out of time investigations by reviewing the complaints procedure and remit, changing the approach at stage two by focusing on areas of quick wins and that meant greater proactive communication with families. The Head of Customer Services noted that the team had been actively recruiting into that role before that person left but had not been successful, and were also trying to recruit in other areas too; all those people were now in place.
12. As a supplementary question the Committee member again referred to 5.3.3 whereby it was anticipated that with that revised approach complaint reviews at the second stage of a complaint process would be up to date by 31 December. He noted that implied that the second stage complaints were not up to date and if that was the case what was the figure. The Customer Relations Team Manager noted that when she took up her role there were 26 out of date complaints at stage two and one officer was investigating, since then two trainees had been recruited and the officer on long-term absence had returned. That number had decreased to five in six weeks, the team now had the capacity and resources to meet that deadline even with additional complaints being received.

RESOLVED:

That the Committee noted the report.

Actions/further information to be provided:

1. A37/23 - The Customer Relations Team Manager / Head of Customer Services will for the next Committee meeting provide the head count of how many FTE staff are in the team (across the three services) compared to last year.

66/23 ANNUAL GOVERNANCE STATEMENT HALF YEAR UPDATE [Item 8]

Witnesses:

Paul Evans, Director - Law and Governance
Nikki O'Connor, Strategic Finance Business Partner

Key points raised in the discussion:

1. The Director - Law and Governance introduced the report and annexes which outlined the activity that had taken place and was planned, and provided assurance that those areas of high risk picked up in the Annual Governance Statement (AGS) were being undertaken. He summarised the updates on activity regarding the several issues identified:
 - DB&I programme – MySurrey: variety of panels and boards moving from an intense emergency response post go live towards business as usual by 2024.
 - Special Educational Needs (SEN): due to the level of risk in relation to the delivery of the SEN service, the Children, Families, Lifelong Learning and Culture Select Committee received an update report in October.
 - Home to School Travel Assistance: the Committee received a full update report in September.
 - Subject Access Requests: the performance was picked up by the Information Commissioner's Office (ICO) as a risk and since it was identified the performance rose from 72% to 94%; last month the ICO confirmed that it would not require Surrey to provide informal monitoring information to them.
 - Planning Committee procedures: a full review was undertaken and a piece of work was reported to Council in October to improve the procedures.
 - Adult Social Care: whilst the risk was not particularly well-defined, the reshaping of the management structure had started; work was underway with external organisations to provide assurance identifying areas for improvement.
2. The Chairman referred to the section on health integration within the AGS on page 75 noting that he could not clearly see what the improvement was since last year and whether it required any improvement. The Director - Law and Governance noted that the AGS included a narrative about work being undertaken in a variety of areas, not all those areas were identified as significant risks needing to be focused on by the Committee. He would provide an update on health integration. He noted that officers next month would begin the process of next year's AGS next month, a large amount of work would be underway in the spring.
3. A Committee member noted that according to the AGS Grant Thornton was going to do some additional testing for the Council's Pension Fund valuations and she asked for an update. The Strategic Finance Business Partner noted that related to the sign-off of the 2021/22 Statement of Accounts at item 9, there was a national issue regarding unsigned accounts where there was a release for the triennial valuation of the pension fund and that review had been undertaken.
4. A Committee member referred to page 81 of the AGS, regarding the DB&I Programme under the remit of the Resources and Performance Select Committee which had a Task and Finish Group starting on that. The Intelligent Client Function (ICF) had been developed reporting into the Finance Directorate, he asked whether it remained the case that the piece of work would be completed by the end of December. The Strategic Finance Business Partner noted that interviews were underway for senior posts within the ICF. The Committee member noted the need to work out what officers' understanding was of the completion of the ICF.

RESOLVED:

That the Committee confirmed that it was satisfied with the progress made so far.

Actions/further information to be provided:

1. A38/23 - The Director - Law and Governance will provide an update on health integration and how it was improving.

67/23 STATEMENT OF ACCOUNTS 2021/22 [Item 9]**Witnesses:**

Barry Stratfull, Chief Accountant (Corporate)

Key points raised in the discussion:

1. The Chief Accountant (Corporate) introduced the report which had been received by the Committee earlier in the year but was now the final audited and signed 2021/22 Statement of Accounts - published online. The audit had taken longer than anticipated due to several reasons such as: the triennial valuation of the pension fund, an issue with accounting for Infrastructure Assets, increased substantive testing in audits and working on the 2021/22 audit at the same time as the 2022/23 audit. Nationally, by the end of September there were 456 outstanding audits from 2021/22 and before. Lessons learned by the Council and Grant Thornton would be incorporated for the 2022/23 audit and onwards.

RESOLVED:

1. Noted the unqualified opinion of both the Council's and Pension Fund accounts.
2. Noted the contents of the Audit Findings Report (Annex A).
3. Noted the 2021/22 Statement of Accounts (Annex B) as published on the council's website.
4. Noted the Executive Director of Resources' letter of representation (Annex C).
5. Noted the Pension Fund letter of representation (Annex D).

Actions/further information to be provided:

None.

68/23 EXTERNAL AUDIT 2022/23 - PROGRESS REPORT [Item 10]**Witnesses:**

Paul Dossett, Grant Thornton
Nikki O'Connor, Strategic Finance Business Partner
Ade Oyerinde, Grant Thornton

Key points raised in the discussion:

1. The Grant Thornton representative introduced the report and noted that it provided assurance that the audit was progressing and it outlined the sampling approach. The ambition was to bring the audit findings report to January's Committee. Noted the unprecedented delay in audits caused by national issues, as at 1 October, 900 audits had been delayed. Explained that a possible solution proposed by the Department for Levelling Up, Housing and Communities (DLUHC) and other players was a backstop; a possible cut-off date of 31 March 2024 whereby no audits from 2022/23 and earlier could continue after that. Those audits would be closed on a statutory basis to allow auditors to move on to 2023/24 audits, audits closed that way might be problematic regarding councils' opening balances. Grant Thornton and the Council was clear that the ambition was to get the 2022/23 Statement of Accounts signed before the introduction of a backstop.
2. The Strategic Finance Business Partner reiterated that the backstop was unconfirmed and she believed it to be an option of last resort, work was underway to avoid the need for it. The current position was more positive regarding the

2022/23 Statement of Accounts compared to last year's accounts, final queries were being addressed and technical reviews were underway. She noted that as of last week only seven local authority accounts for 2022/23 had been signed off.

3. The Chairman noted that the previous Grant Thornton representative stated at September's Committee meeting that sign-off would happen within four weeks, however whilst it had not been he was pleased with the progress made and asked whether there were any major areas that still required auditing that might cause a delay. The Grant Thornton representative noted that valuations was a key area whereby engagement of the experts and conversations between them took time and that was being addressed through chasing queries weekly; Grant Thornton was working closely with the Finance team to resolve outstanding issues.
4. The Strategic Finance Business Partner noted that she would update the Committee if there was to be any change in the expectation to bring the final 2022/23 Statement of Accounts to the January Committee meeting.

RESOLVED:

Noted the progress update provided by Grant Thornton.

Actions/further information to be provided:

None.

69/23 TREASURY MANAGEMENT MID YEAR REPORT 2023/24 [Item 11]

Witnesses:

Rishi Sharma, Strategic Capital Accountant
Nikki O'Connor, Strategic Finance Business Partner

Key points raised in the discussion:

1. The Strategic Capital Accountant introduced the report, outlining the Council's borrowing and investment activity and confirming compliance with agreed treasury management prudential indicators. The report also highlighted Arlingclose's commentary and forecast that the Bank Rate was at its peak and was expected to steadily reduce from June 2024 up until mid-2026. Noted that as at the end of September the Council's net borrowing was £591 million, there had been no further long-term borrowing taken out this financial year and internal borrowing was being maximised through using surplus cash balances. Noted that the Council's investments were in short-term money market funds and the weighted average return was just over 5%. Regarding treasury performance, the overspend projected on interest payable was offset by increased returns from money market funds. The Committee in January would receive the 2024/25 strategy.
2. The Strategic Finance Business Partner highlighted that a joint training session for the Committee, and the Resources and Performance Select Committee would be provided in January on the 2024/25 strategy by Council officers and Arlingclose.
3. A Committee member asked for detail on the Council's management of the Police and Crime Commissioner for Surrey's (PCC) funds - the balance was £43 million. The Strategic Finance Business Partner explained that the Council carried out the daily treasury management activities on behalf of the PCC, managing their cash flow, this was treated as short term borrowing by the Council and interest was paid quarterly on the balances held on their behalf.
4. The Chairman asked whether the Council reviewed its investment returns via benchmarking to see whether the weighted average of return was reasonable. The Strategic Finance Business Partner noted that was the case, however she

explained that the Council's investment strategy prioritised the liquidity and security of its investments over yield as exemplified by the investment in money market funds and keeping cash balances as low as possible.

RESOLVED:

Noted the content of the Treasury Management Mid-Year Report for 2023/24.

Actions/further information to be provided:

None.

70/23 INTERNAL AUDIT PROGRESS REPORT - QUARTER 2 [Item 12]

Witnesses:

David John, Audit Manager

Key points raised in the discussion:

1. The Audit Manager introduced the report which covered a breadth of areas, there was reasonably high assurance throughout. Noted that the Health and Safety Governance Arrangements had the only Partial Assurance opinion, Internal Audit had been asked to undertake that audit by the service itself which was in transition between directorates. Whilst it was a borderline opinion Internal Audit was confident that actions were underway to address weaknesses. A follow-up audit would be undertaken in quarter one next year. Noted the Home to School Travel Assistance follow-up audit with the improved opinion of Reasonable Assurance, as a result of the transformation programme the level of control and accountability had improved; it however remained an area of budgetary pressure driven by volume and market forces. Noted the updates to the Annual Plan as per its flexibility. Highlighted that the Key Performance Indicators were rated Green.
2. Referring to the School Audits, a Committee member sought confirmation that where opinions of Reasonable Assurance were given, there were no high priority actions that were assigned to those schools and asked how Internal Audit managed actions issued when Reasonable Assurance opinions were given. The Audit Manager noted that there could be a high priority action within a Reasonable Assurance opinion, as it was dependent on what the area was such as a control weakness and for example if it was safeguarding then the assurance would be lower. The Committee member requested a copy of Internal Audit's methodology, the Audit Manager was happy for that to be circulated to the Committee.
3. The Chairman asked for an update on the Selecta Catering Contract. The Audit Manager noted that it was a strange time to let a contract, the building was occupied mid Covid-19 and the footfall was unknown and that inhibited potential bidders. With hindsight there would have been alternative ways of doing it, but at the time the processes were followed correctly; management took on board feedback from service users, it continued to evolve going forward.
4. A Committee member referred to the Support to the Digital Business & Insights (DB&I) Programme, seeking detail on paragraph about what the revised focus of Internal Audit's activity was and the controls assurance. He asked what role Internal Audit had regarding the Transition to Business-As-Usual Steering Group. The Audit Manager explained that Internal Audit had agreed with management to undertake audits in three fundamental areas: accounts payable and accounts receivable in the current quarter, an audit of payroll in quarter four, and looking at the systems that integrate with MySurrey; other audits could be added depending on capacity and risk. The Audit Manager noted that Internal Audit's role regarding

that Steering Group was to be aware of the issues and risks being flagged - which informed their audit work - and triangulating that with issues they identified.

RESOLVED:

That the Committee noted the report.

Actions/further information to be provided:

1. A39/23 - The Audit Manager will liaise with the Committee Manager to circulate Internal Audit's methodology regarding school audits to the Committee.

71/23 DATE OF NEXT MEETING [Item 13]

The date of the next meeting of the Committee was noted as 17 January 2024.

The Chairman reminded Committee members that they had received an invite to attend Treasury Management Strategy Training on Wednesday 10 January, 11am-12.30pm.

Meeting ended at: 11.30 am

Chairman