



Audit & Governance Committee
17 January 2024

2022/23 Audit Reports and Annual Statement of Accounts for subsidiaries of Surrey County Council

Purpose of the report:

This report provides the Audit & Governance Committee with the outcome and findings of the external audits of the 2022/23 financial statements of Hendeca Group Ltd, Surrey Choices Ltd, Halsey Garton Residential Ltd, Halsey Garton Property Ltd, and Surrey and Kent Commercial Services LLP (trading as Connect 2 Surrey).

Recommendations:

It is recommended that the Audit and Governance Committee consider the contents of the 2022/23 Audit Reports for the entities referred to above. The Financial Statements for each company are shared as background information.

Introduction:

1. The Council has four wholly owned Local Authority Trading Companies:

- Hendeca Group Ltd
- Surrey Choices Ltd
- Halsey Garton Residential Ltd
- Halsey Garton Property Ltd

The Council also has one 50% owned Limited Liability Partnership:

- Surrey and Kent Commercial Services LLP

2. The oversight of these companies is provided by the Council's Shareholder and Investment Panel (SHIP), an Officer Panel) and the Strategic Investment Board (SIB), a Member-led Board). It has been established in accordance with best practice governance principles to ensure effective over-sight and alignment with the strategic objectives and values of the Council. The Board's responsibilities and powers include:

- appointing and removing directors
- approval of annual business plans

- reviewing the financial and overall performance of trading companies
3. The SHIP and SIB both safeguard the Council's interest and takes decisions in matters that require the approval of the Council as owner or a shareholder of a company. Shareholder control is exercised over all companies owned by the Council, and in relation to any shares held whether the purpose is trading, service provision, or investment. Decisions in relation to the day-to-day operation of companies are taken by the directors of each company.
 4. The SIB provides an Annual and Mid-Year Report which is considered by Cabinet.
 5. The Audit Reports and Financial Statements for the council's wholly owned companies are shared with the Audit & Governance Committee for information. The following documents are included:
 - Annex A – Hendeca Group audit report by Kreston Reeves 22-23
 - Annex B – Hendeca Group financial statements 22-23
 - Annex C – Surrey Choices audit report by UHY 22-23
 - Annex D – Surrey Choices financial statements 22-23
 - Annex E – Halsey Garton Residential audit report by Kreston Reeves 22-23
 - Annex F – Halsey Garton Residential financial statements 22-23
 - Annex G – Halsey Garton Property audit report by UHY 22-23
 - Annex H – Halsey Garton Property financial statements 22-23
 - Annex I – Surrey and Kent Commercial Services audit report by Bishops Fleming 22-23
 - Annex J – Surrey and Kent Commercial Services financial statements 22-23

Audit Findings

6. The Directors of the companies approved the 2022/23 Financial Statements as presenting a true and fair view of their respective company's financial position as at the 31 March 2022.
7. The audit reports summarise the findings of the 2022/23 audits undertaken by various auditors. The reports set out a summary of the work carried out and the conclusions reached.
8. At the beginning of each audit an Audit Plan was shared with the company Directors, which identified areas of significant risk and other risks of material misstatement. The Audit Reports summarise the work completed in relation to these areas.

Conclusions:

9. The Audit Reports are presented to this Committee for information.

Financial and value for money implications

10. None.

Equalities and Diversity Implications

11. There are no direct equalities and diversity implications from this report.

Risk Management Implications

12. The risk management implications are contained within the annexes of the report relating to the individual companies.

Next steps:

13. Identification of future actions and dates.

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Sources/background papers:

None

Annexes/Appendices:

See paragraph 5

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