

## TANDRIDGE DISTRICT COUNCIL

### AUDIT & SCRUTINY COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 2nd November 2021 at 7.30pm.

**PRESENT:** Councillors Langton (Chair), Allen (Vice-Chair), Botten (substitute in place of Dennis), Crane, Davies, Flower and O'Driscoll and N.White

**ALSO PRESENT:** Councillors Farr and Lockwood

**APOLOGIES FOR ABSENCE:** Councillors Bloore, Dennis, Gray and C.White

### 167. MINUTES OF THE MEETING HELD ON THE 30TH SEPTEMBER 2021

The actions in the minutes of the meeting of 30 September 2021 (unless otherwise stated) were reviewed and it was noted that:

- (from meeting on 8 July 2021) SIAP would produce a paper for the next meeting that would outline the standards that SIAP had to comply with in respect of internal audit planning and the role of the Committee in that process – **Update:** Neil Pitman would prepare and circulate the report to Members and take questions in relation to the same on 27 January 2022;
- (from meeting on 8 July 2021) It was confirmed that the Anti-Fraud Policy had been circulated during the meeting on 30 September 2021;
- A written update had been provided to the Committee in relation to phishing and cyber security;
- The interim Chief Planning Officer was in attendance to answer questions in respect of Building Control issues;
- It was confirmed that the current document deletion policy had been circulated as requested;
- A note had been circulated to Councillors on how the Council uses complaints to improve its services;
- Information relating to payments made to staff in employment cases was still outstanding and must be allocated to the relevant member of staff to complete.

Any actions relating to the resolutions from the last meeting are contained in the relevant minute.

Taking into account these responses, the minutes from the meeting were agreed.

## 168. INTERNAL AUDIT - REVIEW AND UPDATE

The Chief Executive presented a report setting out the underlying reasons for the late closure of internal audit actions set by the Southern Internal Audit Partnership (“SIAP”) and the steps being taken to address them. Steps to increase the number of closed actions included:

- monthly discussions with SIAP and Executive Leadership Team (ELT) to review and monitor outstanding actions;
- review and realignment of the ELT;
- review and reconsider the working arrangements between the Senior Leadership Team and ELT and the role of each group;
- introduce appropriate arrangements and good principles of project and programme management; and
- baselining of all of our actions on improvement activities associated with, Internal Audit, Corporate Improvement and the Annual Governance Statement.

Some of these proposed actions had already commenced. It was also proposed that the Committee would be regularly updated on progress against the actions set out in the report.

The Committee also received an update on the progress of the Disaster Recovery Plan, including the works taking place at the Warren Lane depot.

Councillor Langton proposed an a slightly amended recommendation which was seconded by Councillor O’Driscoll.

***RESOLVED*** – that Members note the report and that progress on addressing the underlying reasons for the late closure of internal audit actions is reviewed at future Audit & Scrutiny Committee meetings.

## 169. GRANT THORNTON UPDATE

The Chief Finance Officer presented an update to the Committee on the Grant Thornton report recommendations, previously presented to the Committee on 30 September. The update also provided information on the actions necessary to:

- provide confidence in the underlying position for a budget to be set for financial year 2022/23
- finalise and present the 2021 outturn position to the Strategy & Resources Committee on 2 December; and
- finalise and sign off the 2021 accounts (subject to audit)

Work on these actions had commenced and was still in progress due to the complex nature of the situation. A proposed three phase progress timeline for completion of the actions was set out in Appendix 1 to the report and a summary of the tasks involved was provided.

An overall transformation plan would be provided in the future setting out all of the ongoing tasks with owners and timelines to allow the Committee to determine progress.

It was noted that the Grant Thornton recommendations were only a small part of the Finance transformation programme and other activities were ongoing to ensure delivery of the objectives set out above.

Further information was provided in respect of the 2020/21 outturn and accounts and a possible surplus amount of approximately £800,000 although work was still ongoing to confirm this position. It was also noted that currently there was an estimated gap of £1.7 million in the 2022/23 budget and this was being addressed in the current work being undertaken by the Council and Impower.

The Committee noted that it would expect to see a Medium Term Financial Strategy which would help identify any underlying cost issues on a year by year basis. It was expected that the ongoing work with Impower would assist in providing a medium term view of the Council's financial position. However, the current focus was on provided a balance budget for 2022/23.

In response to concerns raised about the strength of processes, systems and future planning, it was noted the that transformation project included a training element to provide key staff with the ability to understand budgets and associated processes. In addition, process and system were being reviewed to improve governance and efficiency.

Councillor Langton proposed an a slightly amended recommendation which was seconded by Councillor O'Driscoll.

**R E S O L V E D** – that the Committee approve the urgent actions (with associated owners and timelines) to be addressed as Phase 1 of the response to the Grant Thornton review along with the other actions identified to allow the Council to be confident in setting a budget for 2022/23 and that a review of the progress of the transformation plan be undertaken in future Audit & Scrutiny and Strategy & Resources Committee meetings.

## **170. APPOINTMENT OF EXTERNAL AUDITORS**

Barry Stratfull, Chief Accountant (Corporate) at Surrey County Council, presented a report relating to the appointment of the Council's external auditor for the period from 2023/24 to 2027/28.

It was recommended that the proposed appointment be made under the national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) rather than the Council arranging its own procurement or joining with other authorities to establish a joint auditor panel. The report set out the advantages to appointing with PSAA. It was also noted that 98% of Local Authorities utilise PSAA for their external auditor appointment.

The Committee was concerned that there were no comparative cost or statistical information to identify any savings obtain by using PSAA's services rather than the Council undertaking its own procurement process. There were also concerns regarding whether the Council would be able to provide input to the PSAA before an appointment of the external auditor was finalised.

It was acknowledged that it may be possible to obtain cost and statistical information from when the process was last undertaken by PSAA five years ago to assist with the decision making process. However, concerns were raised as to whether the historic data could be relied upon as it may not reflect current market conditions.

However, it was agreed that such information be sent to the Chair and Vice Chair before January's Audit and Scrutiny meeting. It was also highlighted that there would be a strain on internal capacity if the Council opted to undertake its own procurement exercise.

Due to these concerns it was suggested that the decision be deferred to the Audit & Scrutiny meeting on 27 January 2022, when the requested information from Mr Stratfull is available. Any decision of the Committee could then be voted on at Full Council on 10 February 2022.

Councillor Langton proposed an alternative recommendation which was seconded by Councillor O'Driscoll.

**RESOLVED** – that the report be deferred to the Audit & Scrutiny Committee on 27 January 2022 to allow further statistical and cost information to be provided to assist with the decision making process.

**ACTIONS** –

		<b>Officer responsible for ensuring completion</b>	<b>Deadline</b>
1	Cost and statistical information relating to the PSAA external audit tender be sent to the Chair and Vice Chair before January's Audit and Scrutiny meeting.	Barry Stratfull (Chief Accountant (Corporate) at Surrey County Council	Before the next Committee

## 171. EXTERNAL AUDIT - 19/20 ACCOUNTS UPDATE

Laura Rogers and Michelle Hopton from the Council's external auditor Deloitte provided a verbal update on the current position of the outstanding audits.

It was confirmed that the 2019/20 accounts had not yet been signed off but work was ongoing to get this completed. The reasons this was still outstanding included account reconciliation issues, resignations within the team and the impact of Covid. There was also a wider issue relating to the provision of auditing service to Local Authorities that was not Deloitte specific. The Committee was assured that the Tandridge audit was being prioritised and additional resources had been allocated to the team. The main tasks outstanding was to complete the reconciliation and finalising testing.

It was suggested that Deloitte provide the Finance Team with a granular plan with time allocated to show when the audit will be finished. This could be provided week commencing 8 November 2021. It was confirmed that the 2021 audit had already started and there was more resource available to ensure a better process. It was acknowledged by the Chief Finance Officer that there had been a noticeable difference with the 2021 audit process and hoped that similar issues would not be repeated in the future. The Committee was also assured that no further audit planning would be commenced within Deloitte until Local Authority backlogs were cleared.

The Committee expressed its surprise that Deloitte had been unable to provide additional resource to cover staff illness and was disappointed that the recommendations had not be actioned and that a plan had not been put in place sooner. In addition, the Committee was frustrated that no details, timelines or statistics had been provided to evidence when the audit would be completed. It was therefore proposed that a formal complaint should be submitted to a Senior Partner at Deloitte expressing the Council's serious reservations about the standard of the service received during the course of the audit.

Councillor Langton proposed an alternative recommendation which was seconded by Councillor O'Driscoll.

**RESOLVED** – that

- A. the Chair and Vice Chair, in conjunction with the relevant Council officers, write a formal letter of complaint to Deloitte, which will be made public, in relation to the preparation of the 19/20 accounts; and
- B. Deloitte to prepare the information requested at the 30 September meeting of the Committee and supply the information by 12 November 2021.

## **172. ANNUAL GOVERNANCE STATEMENT 2020 - 2021**

The Head of Legal Services presented a report setting out the final version of the Annual Governance Statement ("AGS") that had previously been presented to the Committee in draft on 30 September 2021.

It was noted that the AGS action plan had been amended to include a prioritised action plan which identified action owners and completion dates. Additional minor amendments has been made in consultation with the Chair and Vice Chair. It was noted that the format of the AGS would be simplified in 2022 to represent key items only.

In response to questions raised by the Committee it was explained that the AGS is written by Officers as a summary of how the Council governs itself and is a document which Councillors can assess the processes and decide whether it is fit for purpose. It was noted that external audit also reviews the document and it was requested that confirmation of this be provided in writing.

Concerns were raised about whether the document was fit for purpose and the Committee presented differing views on this issue. It was explained that the purpose of the AGS was to set out the Council's governance and to show compliance with the CIPFAs regulations and guidance and to show publicly the internal checks and balances in place, which the document achieved. It was suggested that some improvement was still required to increase public confidence in the Council.

It was noted that the Committee would continue to review the AGS at future committee meetings.

Councillor Langton proposed an alternative recommendation which was seconded by Councillor Botten.

**RESOLVED** – that the Committee approve the updated Annual Governance Statement and that the priority actions be reviewed at each future Audit & Scrutiny meeting. Further external audit will be asked to provide confirmation in writing that the AGS is satisfactory.

**ACTIONS:**

		<b>Officer responsible for ensuring completion</b>	<b>Deadline</b>
1	To obtain written confirmation from the external auditors that the AGS is satisfactory.	Lidia Harrison (Head of Legal Services & Monitoring Officer)	27.01.22

## 173. COMPLAINTS UPDATE

The Head of Communications & Customer Experience presented an update report on the Council's approach to managing complaints and Freedom of Information ("FOI") requests. A summary of the number of complaints and FOIs received was provided which was supplemented by a briefing note which has been circulated to the Committee in advance of the meeting.

The Committee welcomed the further information provided in the report but requested that further information be provided on each complaint so that Councillors had an understanding as to the nature of each complaint. Additional information was also requested in respect of internal steps take in cases where compensation had been paid to complainants along with the amount paid. It was noted that work was being undertaken on the system to provide the requested information as soon as possible as this could currently only be provided by manually working through the system which was time consuming.

The Committee noted and welcomed that fact that compliments had been received for excellent customer service by a number of staff. However, it was noted that a number of complaints had been raised in respect of Council Tax in relation to the setting up of direct debits and the receipt of Liability Orders. It was recommended that any complaints be directed to the Council so that any issues can be rectified as soon as possible.

In respect of FOI requests, the Committee requested information in respect of the Council's legal obligation to reply to all requests received, as a vast majority related to commercial enquires. It was noted that the Council had to focus on the legitimate FOI requests received and should attempt to provide responses to commercial FOI requests by reference to information provided on the Council website. This would hopefully save money and prevent repeat requests.

**RESOLVED** – that the Committee notes and accepts the report.

**ACTIONS:**

		<b>Officer responsible for ensuring completion</b>	<b>Deadline</b>
1	Further information to be provided for each recorded complaint and compensation details to be provided to Committee	Giuseppina Valenza (Head of Communications & Customer Experience)	TBC

## 174. RESIDENTS' SURVEY 2021

The Head of Communications & Customer Experience presented a report on the results of the Resident's Survey that was carried out in July and August 2021. The key findings of the results included:

- 82% of respondents are satisfied with the area as a place to live and 57% with the way the Council runs things.
- 33% agree the Council provides value for money, while 33% neither agree nor disagree.
- 75% strongly feel they belong to their local area
- 57% trust the Council

In response to the findings, the Council wanted to develop a communications campaign to increase residents' awareness about services and initiatives. In addition, it was proposed that further research, including focus groups, should be carried out to supplement the results and inform any future prioritisation work.

The Committee noted the need to obtain the views of younger people in the District as they were under represented in the results. It was confirmed that local schools and colleges had been contacted to promote the survey to attempt to increase participation. Social media had also been used to promote the survey to all ages groups.

A concern was raised that three quarters of the survey results for the Council fell below the LGA average results. It was noted that developments to the Strategic Plan and improvement of services would be communicated to residents to attempt to address and improve the public perception of the Council. It was noted that the survey results identified that Council communication with residents was above the LGA average and that this should be commended. The Committee however queried whether a further communications campaign and further research was required. It was suggested that a more targeted communications campaign could be more beneficial and existing data could be used to undertake this task.

The Committee also suggested a further recommendation that a further communications be put out by the Council signposting residents to the Council website rather than contacting by telephone.

Councillor Langton proposed an alternative recommendation which was seconded by Councillor O'Driscoll.

**RESOLVED** – that

- A. a selective communications campaign is developed to increase residents' awareness about services (including the Council website) and initiatives as well as to demonstrate value for money; and
- B. further research, including selective focus groups, is carried out to supplement the results and inform any future prioritisation work.

## **175. PERFORMANCE EXCEPTIONS REPORT - VERBAL UPDATE**

The Programme Management Officer provided a verbal update on the changes to the performance exception report that has been in development for a number of months. The reports had recently been refined to include targets that had not been met for at least two Quarters or if a risk has remained 'red' on one of the Council's committee published risk registers for at least two Quarters. At the last meeting, the Committee had asked for the report to be further refined and a subsequent meeting had been held with the Chair and Vice Chair to discuss the changes.

The process for preparing the report was explained to the Committee. The following points were highlighted:

- 'Red risks' would remain in the report;
- KPI's would only be included in the report following an assessment against the Council's risk management strategy;
- It was suggested that the Audit & Scrutiny Committee could put forward indicators that the policy committees would have to formally respond to. This indicator could then form part of the next policy committee exception report. In turn, the response would then be fed back to the Audit & Scrutiny Committee.

**R E S O L V E D** – that the Committee notes the progress of the development of the exceptions report in advance of the formal written report due at the Audit & Scrutiny Committee on 27 January 2022.

## **176. ANY OTHER BUSINESS WHICH, IN THE OPINION OF THE CHAIR, SHOULD BE CONSIDERED AS A MATTER OF URGENCY**

The Chair of the Committee raised a concern regarding the weakness of project management within the Council. It was noted that a draft report had already been produced and circulated to the Chair and Vice Chair for consideration. The report would be finalised and placed on the agenda for the next meeting of the Committee.

Rising 10.15 pm