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To: MEMBER OF THE AUDIT & SCRUTINY COMMITTEE
Councillors Langton (Chair), Allen (Vice-Chair), Bloore,
Crane, Davies, Dennis, Flower, Gray, O'Driscoll and
C.White

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Substitute Councillors: Botten, Cooper, Pursehouse and
N.White

C.C. All Other Members of the Council

14 March 2022

Dear Sir/Madam

AUDIT & SCRUTINY COMMITTEE TUESDAY, 22ND MARCH, 2022 AT 7.30 PM

The agenda for this meeting of the Committee to be held in the Council Chamber - Council Offices is set out below. If a member of the Committee is unable to attend the meeting, please notify officers accordingly.

Should members require clarification about any item of business, they are urged to contact officers before the meeting. In this respect, reports contain authors' names and contact details.

If a Member of the Council, not being a member of the Committee, proposes to attend the meeting, please let the officers know by no later than noon on the day of the meeting.

Yours faithfully,

David Ford
Chief Executive

AGENDA

- 1. Apologies for absence (if any)**
- 2. Declarations of interest**

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- (i) any Disclosable Pecuniary Interests (DPIs) and/or
- (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or her staff prior to the meeting.

- 3. Minutes of the meeting held on the 27th January 2022 (Pages 3 - 12)**
- 4. To deal with any question submitted under Standing Order 30**

- 5. To deal with any issues 'Called In' under Part F of the Council's constitution**
- 6. External Audit Update - 20/21 Accounts Update**
To receive a verbal update.
- 7. Internal Audit Progress Report - March 2022** (Pages 13 - 26)
- 8. Internal Audit Charter 2022-23** (Pages 27 - 40)
- 9. Internal Audit Plan 2022-23** (Pages 41 - 54)
- 10. Finance Transformation Programme update - March 2022**
To receive a verbal update.
- 11. 2019/20 Audit Findings Report** (Pages 55 - 84)
- 12. Annual Governance Statement action plan update - March 2022** (Pages 85 - 118)
- 13. Future Tandridge Programme Update**
To receive a verbal update.
- 14. Project Management Review - March 2022 Update** (Pages 119 - 124)
- 15. Complaints and Freedom of Information Requests update** (Pages 125 - 134)
- 16. Any other business which, in the opinion of the Chair, should be considered as a matter of urgency**

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 27th January 2022 at 7.30pm.

PRESENT: Councillors Langton (Chair), Allen (Vice-Chair), Bloore, Crane, Davies, Dennis**, Flower, Gray**, O'Driscoll and C.White

ALSO PRESENT: Councillors Sayer, Farr*, Gillman*, Jones*, Lockwood*, Mills*, Moore and N.White

* Councillors joined the meeting remotely via Zoom.

** Councillors Dennis and Gray participated via Zoom in a non-voting capacity.

244. MINUTES OF THE MEETING HELD ON THE 2ND NOVEMBER 2021

The minutes were confirmed and signed as a correct record.

The actions arising from the meeting on 2 November 2021 were reviewed and it was noted that:

- SIAP had provided a paper outlining the standards that they had to comply with in respect of internal audit planning and the role of the Committee in that process. This action had been resolved and the paper circulated to the Committee.
- 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.
- It was noted that there may be a requirement to revisit the underlying reasons for the late closure of internal audit actions. This was dependant on the outcome of agenda item 9 (minute 248).
- It was noted that the actions arising from the Grant Thornton Review were now included within the Finance Transformation Programme.
- The action relating to the provision of cost and statistical information relating to the PSAA agenda item had been resolved.
- Both outstanding actions contained in minute 171 (External Audit update) had been resolved.
- In respect of minute 172, it was noted that the external auditors can only confirm that the audit was completed in line with the Annual Governance Statement ("AGS"). They are unable to comment on the standard of the AGS itself. However, if there were shortfalls with the AGS, this would be apparent from the contents of their final report.

- In respect of minute 173, it was noted that the action to provide further information on recorded complaints and any compensation details would be included in the next report to the Committee.
- The Chair will circulate an update to the Committee in respect of minute 174 (Residents' Survey 2021).
- Changes to the method for reviewing the performance exception report had been made and would be dealt with under agenda item 12 (minute 251).

ACTIONS:

	Action	Responsible Person	Deadline
1.	To allocate the task of providing information (subject to possible confidentiality issues) relating to payments made to staff in employment cases.	David Ford	TBC
2.	To circulate an update on the Resident's Survey received from Giuseppina Valenza	Councillor Langton	TBC

245. COMMUNITY SAFETY REVIEW

The Community Safety and Partnerships Specialist presented a report which updated Members about community safety activities in the District. The report focused on the work of the Tandridge Community Safety Partnership Board ("TCSPB"), their priorities for 2021/22 and the outcomes from the 2021 Action Plan. A summary of other notable achievements from the last year was also provided.

A presentation was also given by Inspector Karen Hughes (Surrey Police - Borough Commander) which included:

- an overview of the current Tandridge Borough policing team
- a summary of the 2021 highlights, which included:
 - successfully obtaining Safer Streets funding
 - enhanced response to Rural Crime
 - improving response to Anti-Social Behaviour
 - a review of the work of the Serious Organised Crime Joint Action Group
- a presentation of Tandridge Crime Data for 2020/2021

- a summary of the Tandridge Borough Priorities for 2022, which included:
 - protecting those most vulnerable in the community;
 - reducing Anti-Social Behaviour
 - reducing burglaries
 - reducing rural crime
 - increasing work in respect of violence against women and girls

A concern was raised that the report did not include any statistical information on how the TCSPB priorities were agreed and that it did not appear to reflect the concerns felt by residents within the District. It was explained that priorities were set using data from TCSPB partner agencies and that data is not always available to evidence the presence of Serious Organised Crime. Inspector Hughes offered to meet outside of the meeting to discuss the type of data that the Committee would find useful. It was noted that the level of resourcing in the Communities Team was significantly less than in other authorities across the County.

The discussion also commented on the creation of the Frauds and Scams Working Group which was an area of concern in the District following an increase of this offence during Covid. It was noted that this was a challenging area to police and resource. There was a need to increase awareness of the issue, particularly in areas where door knocking scams were taking place. It was noted that the Working Group would review whether any funding routes were available to the Council to enable further work in the area.

In response to a question about improved collation of community intelligence, it was noted that the Police had started engaging Communities in problem solving incidents in their area, the aim of which was to increase engagement from the public. The Police were keen to increase public confidence so incidents are reported when they happen. It was noted that Inspector Hughes would welcome more regular meetings with Councillors to try and make sure the correct messages about crime reporting is being circulated to residents.

It was noted that Officers had received training on Community Protection Warnings and Notices, which could be used by Council Officers to tackle low level Anti-Social Behaviour within the District.

The issue of CCTV was raised and a question was asked as to the Police's views on CCTV and whether there was any funding available to help with its installation. Inspector Hughes could raise this with the PCC but it was understood that there appeared to be a move away from funding the installation of CCTV. However, there may be the possibility to obtain funding via the Safer Streets initiative in order to improve safety for women and girls in the District.

In response to a question about the best method for contacting the Police locally, it was noted that information could be shared both on social media and in the next Tandridge District Magazine.

It was noted that, in relation to knife crime, an 'intensification week' was planned during which there would be dedicated publicity campaign and amnesty bins in the District. Inspector Hughes would confirm the date of this campaign after the meeting.

Due to some concerns raised about the contents of the reports to the Committee and the flow of information from the Community Safety Partnerships Board and the Police and Crime Panel, the Chairman proposed a future meeting with relevant Officers and Councillors to discuss further. It was noted that Councillor Gillman sits on the Community Safety Partnerships Board and the Police and Crime Panel for the Police and Crime Commissioner and should be the liaison for Councillors as to the contents of the briefings.

ACTIONS:

	Action	Responsible Person	Deadline
1.	To arrange a meeting to discuss the provision of data that evidences the TCSPB priorities and targets for 2021/22.	Councillor Langton / Inspector Hughes / Amanda Bird	TBC
2.	To explore possible funding opportunities to assist in the preventing of fraud and scams in the District.	Fraud and Scams Working Group	TBC

246. EXTERNAL AUDIT UPDATE - 20/21 ACCOUNTS UPDATE

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

It was confirmed that the 2019/20 accounts had been signed and the audit opinion was ready to be sent. It was acknowledged that this had taken a long time but this was a positive step in terms of the current position of the Council's external audit.

Progress was now being made on the 2020/21 accounts. A clear plan for the audit process was being prepared from the current position of the audit up to a signing date. The plan and sign off date would be shared with Councillors once it had been agreed with the Finance Team. No provisional date for sign off would be provided now in order to avoid missed deadlines and to rebuild credibility with the Council. It was noted that Tandridge District Council was a priority audit and the intention was to sign off the 2020/21 accounts as soon as possible.

RESOLVED – to note the update from Deloitte and that authority be delegated to the Council's Section 151 Officer, in consultation with the Chair of the Audit & Scrutiny Committee to give final approval to those accounts.

247. APPOINTMENT OF EXTERNAL AUDITORS

A report was presented which sought approval for appointing Public Sector Audit Appointments ("PSAA") to undertake the appointment of the Council's external auditor for 2023/24 to 2027/28. The report had been deferred from the 2 November 2021 committee meeting so further statistical and cost information could be provided to the Committee to assist with making the decision.

A briefing note annexed to the report confirmed that:

- during the last appointment process in 2018/19, only ten authorities had made local arrangements and opted out of the PSAA process;
- only limited comparable information was available as only two of these authorities were similar to the Council;

- the information showed that the audit base fee for the Council had reduced during the last external audit contract whilst one of the comparators had increased and the other marginally decreased.

During the debate, Members reiterated concerns that the information provided did not overcome concerns about the performance of the current external auditors and that the information did not assist with making the decision to opt in. The Committee was advised that the appointment process was complicated and resource intensive and if the Committee decided to opt out, it would be more expensive in the long term. Therefore, the Committee was advised that opting into the PSAA scheme was the correct decision.

In response to Member’s questions, the Committee was advised that once auditors had been appointed under the PSAA process Local Authorities would have a chance to discuss the appointment, although it was unclear at present how this would take place.

It was also noted that the 2019/20 audit was complicated by both issues on the part of the Council and Deloitte which were further enhanced by the Covid pandemic. However, the Council was confident that the 2020/21 process will be greatly improved. The Committee noted that it had not received a written response to their recent letter of complaint. The Chair confirmed that he would raise this point with the relevant Partner at Deloitte.

Upon being put to the vote, the recommendation was carried.

In accordance with Standing Order 25(3), Councillor O’Driscoll wished it to be recorded that he abstained from voting on this item.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the Committee accepts PSAA’s invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 1st April 2023.

ACTION:

	Action	Responsible Person	Deadline
1.	To speak to the Partner in Charge at Deloitte regarding a written response to the Committee’s complaint.	Councillor Langton	TBC

248. INTERNAL AUDIT PROGRESS REPORT - JANUARY 2022

Natalie Jerams presented a report which provided an overview of:

- the current status of live internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and

- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

The subsequent discussion on these reports included reference to the following issues:

- It was noted that some overdue internal actions were now included within the wider transformation programmes currently ongoing at the Council and have therefore been superseded.
- A comparison of overdue items from August 2021 to January 2022 appears to indicate that the closure of internal audit actions had worsened. However, as the audit continues, new actions had been added and closed which may have distorted the position.
- The underlying reasons for the delay in closing internal audit actions had been built into both the Finance Transformation Programme and the Future Tandridge Programme. Consequently, the root causes for delays in the closure of internal audit items should be addressed.
- An update on the 2020/21 Annual Governance Statement and Code of Governance, which has received a limited assurance opinion, would be brought to the next committee meeting on 22 March 2022 for discussion.
- An update was given on the outstanding Health and Safety management actions. It was confirmed that the current action plan to address these issues was nearing completion.
- Due to its technical nature, a third party partner would be assisting with the production of the Disaster Recovery Plan. Work on this would continue once the data site had been completed and signed off.
- It was strongly recommended that Agresso be maintained as the Council's general ledger system.
- Any current 'No Assurance' reports would be included in the 2022/23 internal audit plan.

It was also noted that Internal Audit's Annual Report would come to the July 2022 Audit & Scrutiny committee meeting.

RESOLVED – that the Internal Audit Progress Report be noted.

ACTION:

	Action	Responsible Person	Deadline
1.	To update the Internal Audit Actions spreadsheet to reflect the same order as SIAP's and include forecast completion dates and task owners.	Melanie Thompson	TBC

249. FINANCE TRANSFORMATION PROJECT

The Committee received a verbal update on the progress of the Finance Transformation Project (“FTP”). It was noted that the outstanding internal audit actions, such as Accounts Receivable and Exchequer Services, referred to in agenda item 9 (minute 248) were now part of the FTP.

It was confirmed that the Grant Thornton (“GT”) recommendations previously reported to the Committee were also included in the FTP. In addition, the recent 2021/22 line by line accounts review that had been sent to Members provided reassurance that the issues highlight by GT had not been repeated. An independent review of Tandridge District Council’s financial management and reporting arrangements had also been completed by Laura Rowley. Her report had been included in the papers for the Strategy and Resources agenda for 1 February 2022. The Committee was assured that the Council felt that a stable financial foundation was now in place upon which to the FTP would be built on.

It was agreed that a short report would be brought to the next committee meeting which would include a summary of the details that would be discussed at the Strategy and Resources Committee.

250. PROJECT MANAGEMENT REVIEW

The Committee considered a report which provided an overview of project management at the Council through recent governance change and what steps were being taken to improve the running of future projects.

Improvements introduced in the last 12 months included:

- the introduction of a Project Management Group;
- the reintroduction of Committee Project Boards;
- a review of governance arrangements; and
- the updating of a project management handbook for Officers.

It was noted that work was ongoing in order to achieve a consistent approach across all Council projects.

The Committee asked for information to be provided on the level of project management training within the Council. It was agreed that the information would be provided after the meeting. It was noted by the Chief Executive that a skills audit needed to be undertaken as part of the Tandridge Future Programme to make sure staff are properly equipped to undertake their roles.

In response to the Committee’s concern that the excerpts from the Internal Action Tracker and Corporate Improvement Plan set out in Appendix A to the report did not contain dates for completion, it was confirmed that the documents were now part of the Future Tandridge Programme and would be reviewed as part of this project. It was noted that end dates were required in order to be able to allocate resources effectively and to allow Members to monitor progress.

In response to a request from the Committee, Officers agreed to circulate a list of current ongoing projects and to provide a copy of the completed Project Management Handbook to Committee once it had been signed off by the Project Management Group.

Councillor Langton requested an addition to the recommendation which asked for a project management plan be provided by the next committee meeting. The addition was seconded by Councillor O'Driscoll.

RESOLVED – that:

- A. the Committee notes and agrees the report and that updates be brought to all future Audit & Scrutiny meetings, either written or verbal, until such time that the Committee is satisfied that project management has improved at the Council; and
- B. a project management plan, with a list of priority actions, to be provided at the next Audit & Scrutiny Committee, with each item specified with project owners and dates.

ACTIONS:

	Action	Responsible Person	Deadline
1.	To provide details of how many Officers are trained in, or hold qualifications in Project Management.	Alison Boote	TBC
2.	To provide the Committee with a copy of the Project Management handbook once it had been signed off and approved.	Yvonne Morland	TBC
3.	To provide the Committee with a list of all current ongoing projects.	Yvonne Morland	TBC
4.	A project management plan to be produced as per the recommendation above.	To be confirmed	08.03.22

251. PERFORMANCE EXCEPTIONS REPORT

The Committee received an exceptions report which set out the performance and risk headlines from the performance and risk reports which had already been reported to the four main policy committees earlier in the committee cycle.

The report presentation made reference to the following issues:

- KPI CS 5 had been discussed by the Community Services Committee as it no longer reflected the performance of the Joint Environmental Health Team. It was noted that the KPI would be reported annually in the future.
- The Planning Policy Committee had discussed the challenges associated with producing quality and timely performance data. It was noted that the current regime and some of the key risks identified on the Planning Policy Risk Register were being addressed as part of the Planning Transformation Project.
- The number of people in urgent need on the housing register continues to be high despite the council house building programme that is in place.
- The time taken to re-let Local Authority sheltered housing property was delayed over the past year due to issues related to Covid.
- Customer Services were continuing to be impacted by the number of calls received from residents. Ongoing efforts are being made to direct residents to the website where possible.
- Responding to Freedom of Information requests was still a concern however ongoing work on policy training and systems was in place to improve the Council's performance in this area. A review was being undertaken of FOI requests to minimise spurious, repeated and dubious requests.
- It was noted that the Future Tandridge Programme would seek to address long standing resource and capacity issues and redesigning the delivery of services.

Three key risk areas from the report were highlighted by the Chair for further scrutiny by the Committee:

Planning Transformation and Capacity (4.11 in the report)

This is a title to represent several risks under the Planning Policy Committee. The Committee felt the suggested actions put in place by the Planning Policy Committee to deal with ongoing issues in the Planning Department were adequate but a concern remained regarding the defending of planning appeals and associated applications for costs. It was suggested that the Council, in partnership with other Local Authorities, could recruit expertise to counter advice from statutory consultees where it is felt that the advice received is not complete or satisfactory. It was noted that there were insufficient costs in the budget to defend such cases and this should be reviewed.

The Chair was of the view that because the current budget may be insufficient to address an eventuality, as soon as should one arise, the likely cost implications must immediately be flagged up giving time to identify a possible funding source.

Inability to make savings as identified in the Medium Term Financial Strategy and to balance the Council budget (4.9 in the report)

It was noted that all policy committees were in the process of agreeing their separate budgets for the next year.

The Chair felt that actions were in place to make sure that the Council makes the required savings and no further action needed to be taken by the Committee. This was subject to the proviso that if any proposed savings were rejected, the relevant Committee would have to find a replacement saving from within its own budget.

A concern was raised about a recent suggestion to use reserves rather than finding budget savings. It was suggested that this practice should not be considered in the future.

Inability to maintain high standards for delivery of statutory services (4.13 of the report)

It was assessed that the Future Tandridge Programme comprised elements that were addressing this risk and no further action could be taken at this time. It was noted that staff sickness levels should be reviewed at a future committee meeting as they constituted to over 1750 lost working days and the matter was long overdue to be resolved.

Following a request by the Committee, an update had been provided on the Council's current debt management position. It was noted that the Council could consider selling its debt to a third party in order to release an immediate fund of money. However, this would require careful consideration. It was confirmed that debt collection agencies are already used by the Council for Council Tax and Business Rates recovery. A question was asked about repeat debt offenders and whether steps are being taken to prevent such situations occurring. It was agreed that this could be happening and this was likely to be discussed in the debt report that was on the Strategy & Resources Committee agenda for 1st February 2022.

RESOLVED – that the Committee accepts the report.

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

The Chair asked the Committee to consider how it should review the progress of the Future Tandridge Programme at the next meeting.

Rising 10.38 pm

Internal Audit Progress Report (February 2022)

Audit & Scrutiny Committee – Tuesday 22 March 2022

Report of: Neil Pitman – Head of Southern Internal Audit Partnership
Neil.pitman@hants.gov.uk

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report provides an overview of internal audit activity against assurance work completed in accordance with the approved audit plan (2021-22) and to provide an overview of the outstanding management actions.

This report supports the Council's priority of: Building a better Council

Contact officer Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer ADAlessandro@tandridge.gov.uk

Recommendation to Committee:

That the Committee notes the Internal Audit Progress Report – February 2022

Reason for recommendation:

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee

Introduction and background

- 1 Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
 - ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
 - undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.

- 2 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee, summarising:
 - The status of 'live' internal audit reports (outstanding management actions);
 - an update on progress against the annual audit plan;
 - a summary of internal audit performance, planning and resourcing issues; and a summary of significant issues that may impact on the Chief Internal Auditor's annual opinion.

- 3 Appendix A summarises the activities of internal audit for the period up to February 2022.

- 4 The progress report provides a clear and transparent articulation of internal audit activity, performance, and outcomes during the period up to February 2022.

- 5 Due to ongoing transformational projects across the finance team the management actions relating the Treasury Management and Accounts Receivable have now become obsolete and consequently removed from section 4 of the progress report. Full end-to end audits of these services have been included in the 2022-23 internal audit plan to provide assurance over the new control framework(s) in place.

Key implications

Comments of the Chief Finance Officer

The Progress Report on Internal Audit provides the Council an important insight into areas of risk for the Council where its key processes are not functioning effectively, and their improvement must be prioritised. There are however no direct financial implications of this report.

Comments of the Head of Legal Services

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Progress Report on Internal Audit is intended to ensure that effective systems of internal control are in place. This protects the Council and its Officers and provides an assurance to stakeholders and residents regarding the security of the Council's operations.

Equality

In consideration of impacts under the Public-Sector Equality Duty the proposal within this report do not have the potential to disadvantage or discriminate against different groups on the community.

Climate change

There are no environmental / sustainability implications associated with this report.

Appendices

Appendix 'A' – Internal Audit Progress Report – February 2022

Background papers

None.

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Internal Audit Progress Report

February 2022

Tandridge District Council



**Southern Internal
Audit Partnership**

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7
6.	Planning and resourcing	7
7.	Rolling work programme	7-8
8.	Adjustments to the Plan	9
	Annex 1 – Previous TDC Assurance Opinions	10

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

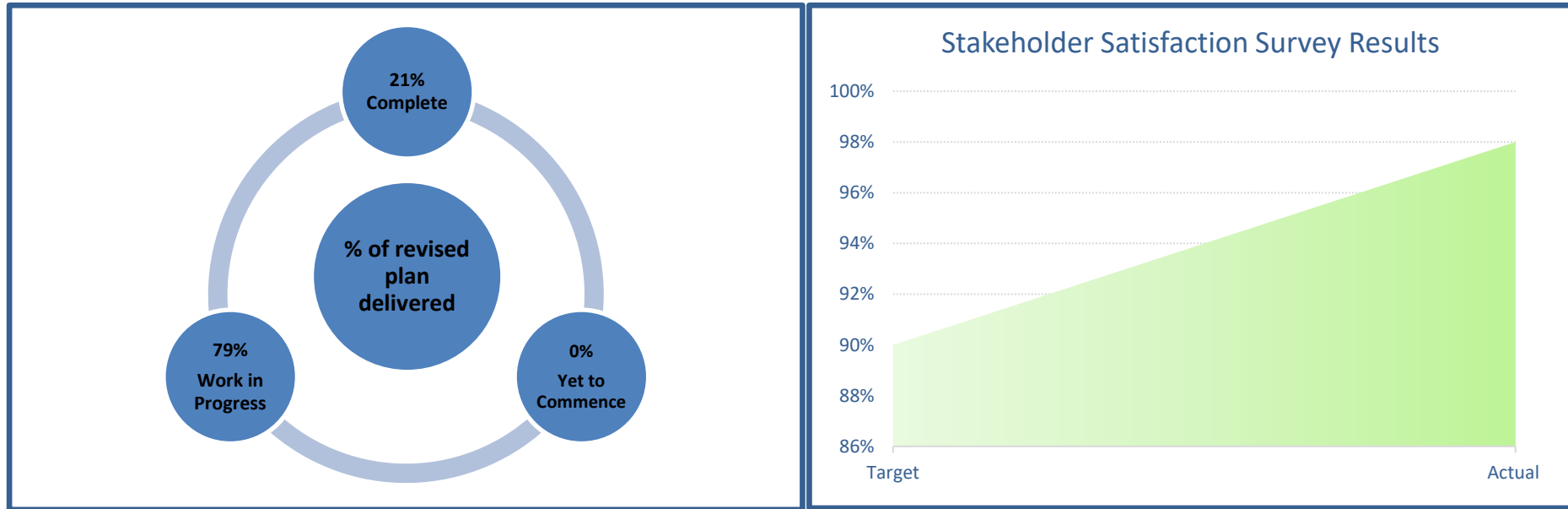
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

3. Performance dashboard



Page 21

Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete *	Overdue		
							L	M	H
HR – Policies and Procedures	04.06.20	EHofCR	Limited	5(5)	0(0)	0(0)			5
IT Disaster Recovery & Business Continuity	06.07.20	EHofCR	No Assurance	11(11)	0(0)	7(7)			4
Council Tax	02.10.20	EHofC	Adequate	5(2)	1(0)	4(2)			
NNDR	20.10.20	EHofC	Limited	7(3)	1(0)	4(3)		2	
Customer First	17.02.21	EHofCR	No Assurance	18(11)	0(0)	10(9)		6	2
Procurement	18.05.21	HofLS	Reasonable	3(0)	0(0)	2(0)		1	
IT Asset Management	14.06.21	EHofCR	Limited	9(0)	5(0)	4(0)			
Housing Benefits	21.07.21	EHofCR	Reasonable	10(2)	0(0)	9(2)		1	
Building Control	28.07.21	CPO	Limited	20(13)	6(3)	9(6)		1	4
Information Governance	11.08.21	EHofCR	Limited	14(7)	0(0)	9(4)		2	3
Grants Register	18.08.21	EHofC & CFO	No Assurance	5(5)	0(0)	0(0)			5
Health & Safety	27.08.21	EHofCR & EHofC	No Assurance	26(17)	3(0)	16(11)		1	6
Annual Governance Statement	02.12.21	HofLS	Limited	8(7)	0(0)	5(5)		1	2
Total				141(83)	16(3)	79(49)	0	15	31

*Total number of actions (total number of high priority actions)

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no new reports published concluding a “limited” assurance opinion since our last progress report in January 2022.

6. Planning & Resourcing

The internal audit plan for 2021/22 was presented to the Executive Leadership Team and the Audit & Scrutiny Committee in March 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Corporate Governance								
HR & OD - Follow Up	EHofCR	✓	✓	✓				
Safeguarding	EHofCR	✓	✓	✓				
Financial Resilience	CFO	✓	✓	✓				
Contract Management	HofLS	✓	✓	✓				Close of audit held on 24/2/2022. Report pending.
Risk Management	EHofCR	✓	✓	✓	✓	✓	Position Statement	
Fraud & Irregularities	CFO	✓	✓	✓	✓			Awaiting management response
Business Continuity & Emergency Planning	EHofCR	✓						
Annual Governance Statement	HofLS	✓	✓	✓	✓	✓	Limited	
Programme/Project Management	EHofCR	✓						

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Financial Management								
Housing Rents	EHofC	✓	✓	✓				
Accounts Payable	CFO	✓	✓	✓				
Accounts Receivable/Debt Management	CFO	✓	✓	✓				
Income Collection	CFO	✓	✓	✓				
LGCS	CFO	✓	✓	✓	✓	✓	n/a	Grant certification
Compliance & Enforcement Grant	CFO	✓	✓	✓	✓	✓	n/a	Grant certification
Information Technology								
IT Governance	EHofCR	✓	✓	✓				
Data Management	EHofCR	✓	✓	✓				
Service Reviews								
Waste, recycling & street cleansing	EHofC	✓	✓	✓				Incorporated as part of the Contract Management review
Development Management	CPO	✓	✓					

Audit Sponsor					
CE	Chief Executive	CFO	Chief Finance Officer	HofL	Head of Legal Services & Monitoring Officer
EHofCR	Exec Head of Corporate Resources	EHofC	Exec Head of Communities	CPO	Chief Planning Officer

8. Adjustment to the Internal Audit Plan

There has been the following amendment to the plan:

Plan Variations for 2021/22	
Removed from the plan	Reason
Main Accounting	Deferred until Q2 2022/23 at the request of the Chief Finance Officer, due to capacity issues within the team to accommodate the review.

Tandridge District Council Assurance Opinions (Pre 2020-21)

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

Internal Audit Charter 2022-23

Audit & Scrutiny Committee – Tuesday 22 March 2022

Report of: Neil Pitman – Head of Southern Internal Audit Partnership
Neil.pitman@hants.gov.uk

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the Internal Audit Charter 2022-23 in accordance with the requirements of the Public Sector Internal Audit Standards.

This report supports the Council's priority of: Building a better Council

Contact officer Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer ADAlessandro@tandridge.gov.uk

Recommendation to Committee:

That the Committee approves the Internal Audit Charter 2022-23

Reason for recommendation:

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to produce an Internal Audit Charter for approval by Senior Management and the Audit & Scrutiny Committee.

Introduction and background

- 1 The Accounts and Audit (England) Regulations 2015 state:

'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 2 The Public Sector Internal Audit Standards (attribute standard 1000) requires that all internal audit activities maintain an 'internal audit charter'.
- 3 The charter is a formal document that defines the internal audit activity's purpose, authority and responsibility consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 4 The internal audit charter establishes internal audits position within the organisation including:
 - Recognising the mandatory nature of the Public Sector Internal Audit Standards
 - Defining the scope of internal audit responsibilities.
 - Establishing the responsibilities and objectives of internal audit.
 - Establishing the organisational independence of internal audit.
 - Establishing accountability and reporting lines (functional and administrative).
 - Setting out the responsibilities of the board and the role of statutory officers with regard to internal audit.
 - Arrangements that exist with regard anti-fraud and anti-corruption.
 - Establishing internal audit rights of access.
 - Defining the terms 'board' and 'senior management' for the purpose of internal audit; and
 - Arrangements in place for avoiding conflicts of interest.
- 5 In accordance with the Standards the internal audit charter should be reviewed annually (minimum) and approved by senior management and the Audit & Scrutiny Committee.
- 6 Appendix A provides a draft copy of the Internal Audit Charter 2022-23 for review and comment.

Key implications

Comments of the Chief Finance Officer

The Internal Audit Charter provides clarity over the role and expectations of internal audit with particular regard to their independence and reporting lines within the Council. There are no direct financial implications of this report.

Comments of the Head of Legal Services

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Internal Audit Charter is intended to provide an overview of internal audits purpose, authority and responsibility. An effective internal audit protects the Council and its Officers and provides an assurance to stakeholders and residents regarding the security of the Council's operations.

Equality

In consideration of impacts under the Public-Sector Equality Duty the proposal within this report do not have the potential to disadvantage or discriminate against different groups on the community.

Climate change

There are no environmental / sustainability implications associated with this report.

Appendices

Appendix 'A' – Internal Audit Charter 2022-23

Background papers

None.

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Internal Audit Charter – 2022/23

Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes:

- the mission;
- core principles;
- definition of internal audit; and
- Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'.



The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility.

Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

Authority

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which state that a relevant body must:

‘undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’.

The standards for ‘proper practices’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

Purpose

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

This is achieved through internal audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

The role of internal audit is best summarised through its definition within the Standards, as an:

‘independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within Tandridge District Council lies with the Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the ‘Mission’, ‘Core Principles’, ‘Definition of Internal Auditing’, the ‘Code of Ethics’ and ‘the Standards’.

Definitions

For the purposes of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Scrutiny Committee.

Senior Management – those responsible for the leadership and direction of the Council. At the Council this shall mean the Executive Leadership Team.

Position in the organisation

The Chief Internal Auditor reports functionally to the Board, and organisationally to the Chief Finance Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit and Scrutiny Committee).

Internal audit resources

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The Chief Finance Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit plan.

The Internal Audit plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

'Senior Management' and 'the Board' will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The Internal Audit plan will be submitted to 'senior management' and 'the Board', for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to 'senior management' and 'the Board'.

If the Chief Internal Auditor, 'the Board' or 'Senior Management' consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the Deputy Chief Executive accordingly.

Independence and objectivity

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to 'senior management' and 'the Board';
- reports functionally to 'the Board';
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team; and
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to *'Senior Management'* and *'the Board'*. The nature of the disclosure will depend upon the impairment.

Due professional care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the *'Mission', Core Principles', Definition of Internal Auditing'*, the *'Code of Ethics'* and the *'Standards'* and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported in accordance with the Council's Anti-fraud and Corruption Policy.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

Access to relevant personnel and records

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

Scope of Internal Audit activities

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Council assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the SIAP. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Managing the risk of fraud is the responsibility of line management and strategic responsibility for reactive and proactive fraud work sits with the S151 Officer who would ensure any suspected or detected fraud or corruption was investigated.

The Council participates in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other local authorities and external agencies to detect potential fraudulent activity.

The S151 Officer will notify SIAP of any suspected or detected fraud to inform their opinion. They will instruct either SIAP or an external provider to undertake any investigations or reviews as required. SIAP will review the governance arrangement to prevent, detect and investigate fraud and irregularities on a cyclical basis.

Reporting

Chief Internal Auditor's Annual Report and Opinion

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report will incorporate as a minimum:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Senior Management

As those responsible for the leadership and direction of the Council. It is imperative that the Corporate Management Team are engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

The Board

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

Review of the internal audit charter

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to 'Senior Management' and 'the Board' for approval.

Southern Internal Audit Partnership – Client Portfolio

Strategic Partners:	Hampshire County Council
Key Stakeholder Partners:	West Sussex County Council Havant Borough Council East Hampshire District Council Winchester City Council New Forest District Council Mole Valley District Council Epsom & Ewell Borough Council Reigate & Banstead Borough Council Tandridge District Council Crawley Borough Council Hampshire Fire & Rescue Authority Office of the Hampshire Police & Crime Commissioner / Hampshire Constabulary Office of the Sussex Police & Crime Commissioner / Sussex Police Force Office of the Surrey Police & Crime Commissioner / Surrey Police Force
External clients:	Waverley Borough Council Hampshire Pension Fund West Sussex Pension Fund New Forest National Park Authority Ringwood Town Council Lymington & Pennington Town Council Langstone Harbour Authority Chichester Harbour Authority Isle of Wight College

Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which:
 - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

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Internal Audit Plan 2022-23

Audit & Scrutiny Committee – Tuesday 22 March 2022

Report of: Neil Pitman – Head of Southern Internal Audit Partnership
Neil.pitman@hants.gov.uk

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the Internal Audit Plan 2022-23 (Draft) providing an overview of intended use of internal audit resource.

This report supports the Council's priority of: Building a better Council

Contact officer Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer ADAlessandro@tandridge.gov.uk

Recommendation to Committee:

That the Committee approves the Internal Audit Plan 2022-23

Reason for recommendation:

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to produce an Internal Audit Plan for approval by Senior Management and the Audit & Scrutiny Committee.

Introduction and background

- 1 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:
 - The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.
- 2 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. Internal audit focus should remain proportionate and appropriately aligned to key areas of organisational risk.
- 3 All auditable areas of review remain within the audit universe and are subject to ongoing assessment. The audit plan will remain fluid to ensure internal audits ability to react to the changing needs of the Council.
- 4 Other reviews, based on criteria other than risk, may also be built into the work plan. These may include 'mandatory' audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.
- 5 Appendix A provides a copy of the Internal Audit Plan 2022-23 (draft) for review and comment.

Key implications

Comments of the Chief Finance Officer

The Internal Plan provides an overview of the audit work to be undertaken on which the Chief Internal Audit will base his annual report and opinion and to inform the Council's Annual Governance Statement. There are no direct financial implications of this report.

Comments of the Head of Legal Services

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Internal Audit Plan provides an overview of internal audit activity to enable assurance over the Council's framework of risk, control and governance.

Equality

In consideration of impacts under the Public-Sector Equality Duty the proposal within this report do not have the potential to disadvantage or discriminate against different groups on the community.

Climate change

There are no environmental / sustainability implications associated with this report.

Appendices

Appendix 'A' – Internal Audit Plan 2022-23

Background papers

None.

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Internal Audit Plan

2022-23

Tandridge District Council

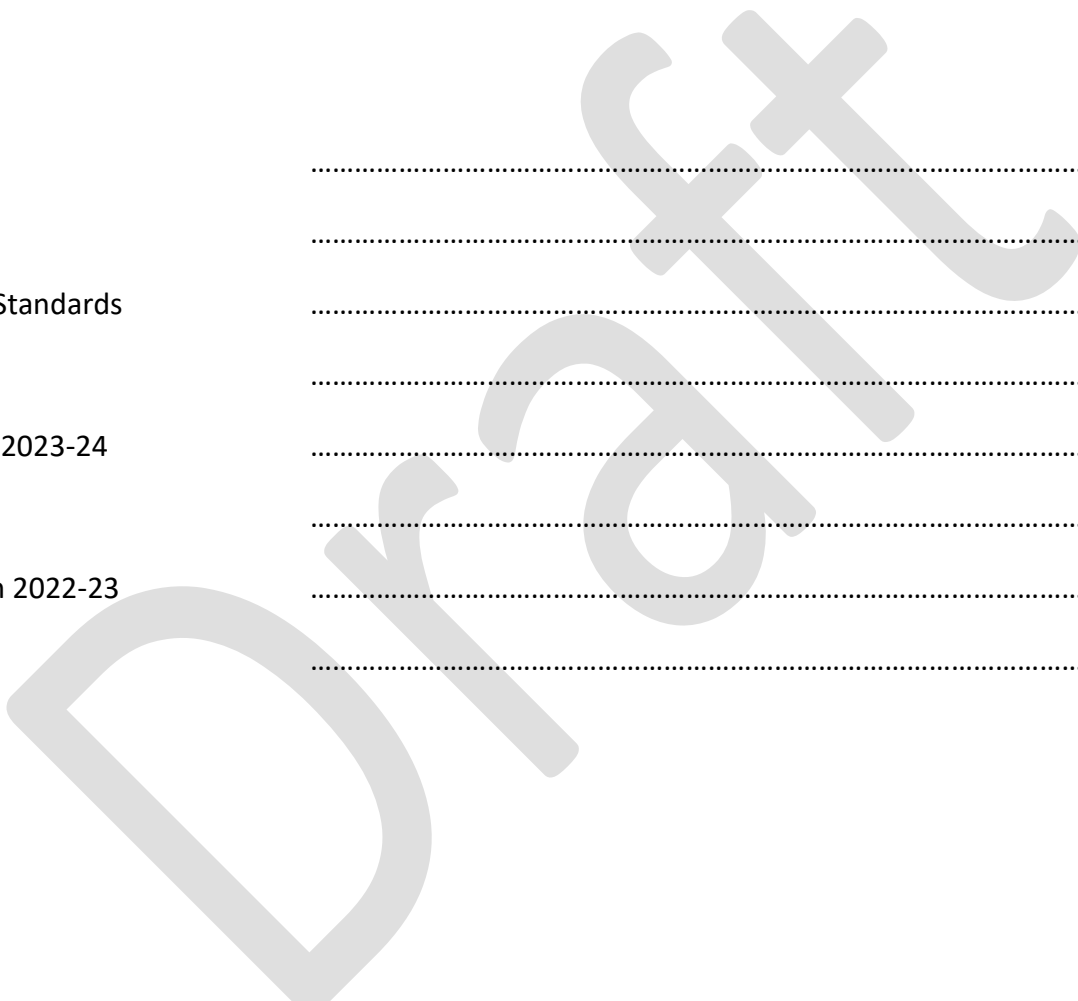


**Southern Internal
Audit Partnership**

Contents

Introduction	.....	3
Your Internal Audit Team	.....	4
Conformance with Internal Audit Standards	.....	4
Conflicts of Interest	.....	4
Council’s Strategic Plan 2020-21 / 2023-24	.....	5
Council’s Strategic Risks	.....	5
Developing the Internal Audit Plan 2022-23	.....	6
Internal Audit Plan 2022-23	.....	7 - 9

Page 16



Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the Corporate Management Team and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership and Natalie Jerams, Deputy Head of Southern Internal Audit Partnership, supported by Joanne Barrett, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020, the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

considering all sources of evidence the external assessment team concluded:

'It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Council Strategic Plan 2020-21 / 2023-24

Tandridge District Council have developed a Strategic Plan for 2020-21 to 2023-24 setting out four key priorities:

1. **Building a better Council** - making the Council financially sustainable and providing residents with the best possible services.
2. **Creating the homes, infrastructure and environment we need** – both now and in the future.
3. **Supporting economic recovery in Tandridge** – from lockdown to growth that everyone benefits from.
4. **Becoming a greener, more sustainable District** – tackling climate change.

Council Risk

The corporate risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the corporate risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Score	Risk Description
16	P2- Local plan is found unsound by the Inspector.
16	SR1 - Lack of resources constrains the Council's "business as usual" capacity.
16	P3 - Lack of capacity in Planning Department negatively impacts performance and delivery of service, such as determining applications in statutory timeframes and managing complaints and FOIs.
12	SR3 - Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23.
12	6 - Inability to carry out waste collection service in-line with the performance management framework.
12	SR4 - Resources unavailable to progress climate change action plan in set timescales.
9	SR5 - Senior management vacancies inhibit corporate performance and improvement.
8	P17 - The Planning Transformation fails to deliver its objectives within set timescales.
8	SR10 - Lack of robust and up-to-date safeguarding policies and procedures in place.
8	SR9 - The Tandridge Financial Transformation fails to deliver its objectives.
8	SR16 - The Council fails to improve its governance framework in line with internal audit observations and other planned improvements to corporate governance.
4	SR14 - Loss of some ICT systems and data due to disaster recovery solution not being in place.

*Corporate Risks as of January 2022

Developing the Internal Audit Plan 2022-23

We have used various sources of information and discussed priorities for internal audit with the following groups:

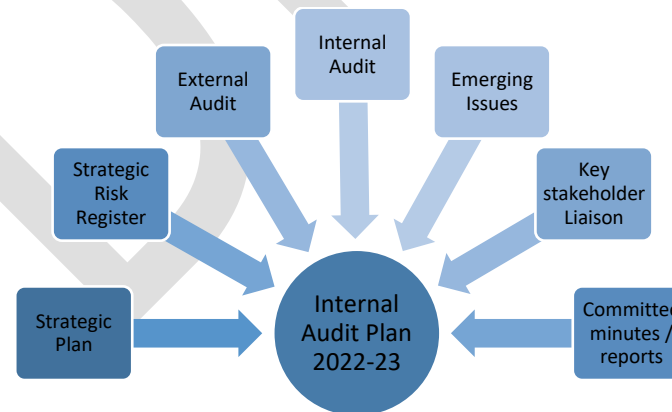
- Extended Management Team
- Chief Finance Officer (S151 Officer)
- Executive Heads of Service
- Audit & Scrutiny Committee
- Other key stakeholders as required

In accordance with the Public Sector Internal Audit Standards there is a requirement that Internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.

Based on conversations with key stakeholders, review of key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed an audit plan for 2022-23.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



Internal Audit Plan

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Proposed Timing
Governance				
Savings Realisation	CFO	To assess realisation and delivery of savings target / initiatives.	SR1, SR9, SR3	Q4
Health and Safety	EHofC	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution. To incorporate statutory checks.	SR16	Q3
Risk Management	EHofCR	Assurance over the risk management framework including governance, transparency and maturity.	SR16, SR5	Q4
Human Resources & Organisational Development	EHofCR	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity. Assurances over the audit cycle: <ul style="list-style-type: none"> • Performance Management • Absence management • Recruitment and induction • Training & Development • Workforce Strategy / Development • Flexible Working • HR policies and procedures • Agency staff, volunteers. • Staff wellbeing & mental health 2022/23 focus to include recruitment & induction and workforce strategy/development.	SR5, SR1	Q2
Annual Governance Statement	HofL	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.	SR16	Q3

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Proposed Timing
IT				
IT Business Continuity	EHofCR	Disaster recovery, system resilience.	SR14	Q2
Core Financial Reviews				
Accounts Payable	CFO	Cyclical review of core financial systems		Q3
Accounts Receivable/Debt Management	CFO			Q3
Main Accounting	CFO			Q2
Payroll	EHofCR			Q4
Treasury Management	CFO			To review the new Treasury Management arrangements with SCC.	Q1
Service Reviews				
Operational Services	EHofC	To review arrangements for the management of the Depot (including stock control), street cleansing, grounds maintenance, parks & open spaces etc. 2022/23 scope to be grounds maintenance.	SR1	Q2
Environmental Health & Licensing	EHofC	Shared Service with MVDC. Assurance over governance and accountability.		Q1
Disabled Facility Grants	EHofC	Administration and compliance with local / legislative requirements.		Q1
Other				
Follow up		To follow up on the key observations raised for a number of “limited assurance” reviews to ensure actions have been fully implemented and embedded. Reviews will include: <ul style="list-style-type: none"> • Cyber Security • IT Asset Management • NNDR 	SR16	Q4

Audit Review	Audit Sponsor	Indicative Scope	Strategic Risks	Proposed Timing
		<ul style="list-style-type: none"> • Building Control • Grants Register • Information Governance. 		
Management		To include annual planning, reporting and attendance at Management Team and Audit & Scrutiny Committee, action tracking, liaison with key stakeholders and annual report and opinion.		Q1-4
Commissioned days				170
Total plan days for 2022/23				160
Plan variation (to take into account additional plan days in 2021/22)				(10)

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2019/20 Audit Findings Report

Audit & Scrutiny Committee Tuesday, 2 November 2021

Report of: Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer ADAlessandro@tandridge.gov.uk

Purpose: This report presents Deloitte's Audit Findings report for the Council for the financial year ended 31 March 2020

Publication status: Unrestricted

Wards affected: All

Executive summary:

The Audit and Performance Committee received confirmation that the Council's external auditors Deloitte had successfully completed their audit of the 2019/20 accounts at its meeting on 27 January 2022. The Committee were also informed that the accounts had been signed. Since that meeting Deloitte have issued their final Audit Findings Report. The report is attached as Appendix 1.

This report supports the Council's priority of: Building a better Council

Contact officer Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer ADAlessandro@tandridge.gov.uk

Recommendation to Committee:

It is recommended that the Committee considers the findings outlined in Deloitte's Audit Findings Reports (Appendix 1).

Reason for recommendation:

The Audit Findings Report summarises the findings of the 2019/20 audit. It includes the messages arising from the audit of the statement of accounts and the results of the external auditor's work undertaken to assess the Council's arrangements to secure value for money in the use of resources.

Introduction and background

- 1 The Local Audit and Accountability Act 2014 normally requires that the Statement of Accounts be published by 31 July, and that they are approved, prior to this date, by the relevant Committee – notably, Audit and Scrutiny Committee. For 2020, the deadline for 2019/20 Accounts was extended to the 30 November 2020 due to the COVID-19 pandemic. The audit was not complete at this date although it was reported that no significant audit adjustments or disclosure deficiencies had been identified on first inspection. Subject to the completion of the audit, Deloitte envisaged issuing an unmodified audit opinion on the financial statements.
- 2 The attached Audit Findings Report is an update to the Committee following the successful finalisation of the audit for the year ended 31 March 2020. Deloitte’s audit report on the financial statements is unmodified. The report also provides an update on the finalisation of matters that were open at the time of the report of 25 November 2020 on the 2019/20 audit, with any updated elements marked in red.
- 3 As reported previously the external auditors have issued a qualified value for money conclusion on the Council’s arrangements to secure economy, efficiency and effectiveness in the use of resources. The reasons for this are as reported previously and set out on page 4 of the report. It is important to note that this report refers to the 2019/20 financial year and so pre-dates the identification of the c£920k pensions budget misstatement in 2020/21 and 2021/22’s budget. This along with the current levels of internal audit assurance are likely to mean that it will take some time for the Council to achieve an unqualified Value For Money report, despite the significant steps taken over the past 12 months to ensure that the Council’s finances are stabilised.
- 4 At the Committee on 27 January 2022, Deloitte provided a verbal update to Members on the current position of the signing off of the Council’s 2019/20 accounts. The 2019/20 accounts had been signed off on that date and the audit opinion was ready to be sent. Appendix 1 details the audit opinion. The audit process is intended to ensure that there are no material misstatements in the accounts and the audit is directed towards forming and expressing an opinion about the financial statements.
- 5 During the audit process some minor misstatements were identified. As can be seen in the Deloitte report there were very few unadjusted items, and these are outlined in the Audit Findings Report Appendix 1 on page 22. These adjustments are not material and have no impact on future Council budgets. The detailed unadjusted misstatements can be seen below.

Unadjusted Item	Why Unadjusted	Affect Revenue Budget	Repeated in 2021/22
Partnership Income Classification and Debtor balance shown as Creditor	Nil overall affect and not material. No impact on year-end balance or future years	No	No
Impact of McCloud Ruling	Adjustment numbers are estimations and not actual	No	No
Assets disposed of but not removed from Fixed Asset Register	Change was not material and whilst affecting a number of accounts and notes in the statements (thereby delaying the signing of the statements) there is no financial affect for the Council. This will be corrected for the 2020/21 and future statements	No	No

6 The Audit report draws attention to Note 4 of the statements. This note describes the effects of the uncertainties created by the Covid-19 pandemic on the property valuation, including the Council's properties, investment properties and investments in property funds. As noted by the external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the Council's properties, investment properties, and investments in property funds at the balance sheet date. Deloitte have not modified their opinion however and have concluded that the net book value of property assets is not materially misstated and the Council's valuation assumptions are reasonable.

7 The report also draws the Committee's attention to some disclosure deficiencies on page 23. These deficiencies have no financial impact. Following this report, the Council is carrying out various exercises to data cleanse, review and improve processes for the 2020/21 statements.

Financial Implications

8 There are no direct financial implications of this report.

10 Conclusions:

9 Deloitte have issued an unqualified opinion on the 2019/20 financial statements.

- 10 The Value for Money assessment is qualified and may remain so for at least two further audits, for well-rehearsed reasons. Officers will continue work to move the Council forward in those areas.

Key implications

Comments of the Chief Finance Officer

- 11 The statements of accounts have been published in line with statutory regulations. Action points raised in the audit report have already been actioned as part of the planning for future years audits.

Comments of the Head of Legal Services

12. The completion, approval and audit of the annual statement of accounts by the statutory deadline are key requirements of the Accounts and Audit Regulations 2015. In this instance, the delay rests with the external auditors, Deloitte. This is of course not ideal and does add to the pressures for 2020/21. Based on Deloitte's assessment, the Council's Chief Finance Officer (Section 151 officer) is fully aware of the challenges the Council faces to deliver its services in the future taking account of the future known risks. Therefore, the Council is a going concern and the 2019/20 Statement of Accounts have been prepared on that basis.

Risk Management Implications

There are no direct risk management implications of this report

Equality

There are no direct equalities implications of this report

Climate change

There are no direct climate change implications of this report

Appendices

Appendix A – Deloitte Audit Findings Report 2020/21

Background papers

Statement of Accounts

----- end of report -----



Tandridge District Council

Update to the Audit Committee following finalisation of the audit for the year ended 31 March 2020

Issued on 27 January 2022

Contents

01 Our final report

Introduction	3
Our audit explained	5
Covid-19 pandemic and its impact on our audit	6
Significant risks	9
Other matters	13
Value for Money	14
Our audit report	18
Your annual report	19
Purpose of our report and responsibility statement	20

02 Appendices

Audit adjustments	22
Fraud responsibilities and representations	24
Independence and fees	25

Introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

This report provides an update on the finalisation of matters that were open at the time of our report of 25 November 2020 on the 2019/20 audit, with the updated elements marked in red.

Status of the audit

Our audit is complete and the matters outstanding at the time of our previous report have been updated. Completion of the work in respect of the items reported by the pension scheme auditor has identified some misstatements which are included in our schedule of unadjusted misstatements. Conclusion on the valuation of newly acquired properties has resulted in an adjustment of £0.9m to the valuation. Completion of work on reserves identified that an adjustment had been recognised in year for the cumulative correction of postings between the revaluation reserve and the capital adjustment account (both unusable reserves) of £4.8m. Following review of the treatment of this adjustment, this has been separately presented as an opening balance adjustment but has not been restated as the impact (adjusting between two unusable reserves, and without impact on the Balance Sheet or Movement in Reserves Statement) is not material to a user of the financial statements. Other procedures in clearing points raised on the financial statements have resulted in amendments to the accounts, or disclosure deficiencies reported in our audit adjustment section. We have included a section in this report providing observations arising from the work on the areas of significant risk and other areas of audit focus reported to you in our audit planning report.

Conclusions from our testing

- The financial statements have been adjusted for changes in property valuations identified through our testing. Other adjustments and disclosure deficiencies are summarised on page 22.
- Our audit report on the financial statements is unmodified, and as previously reported includes an emphasis of matter in relation to property valuations (page 10). As previously reported, we have issued a qualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources (page 14).
- We have considered the impact of the Covid-19 pandemic on our work – we include details on pages 6-8. Further details are included in our work on the property valuation, where management's expert identified a material valuation uncertainty. This is common to 31 March 2020 valuations in the sector. This wording is reflected in our auditor's report. We did not identify any new financial statement or value for money significant risks as a result of the impact of the pandemic.

Introduction

The key messages in this report (continued)

Financial Sustainability and Value for Money

- The Council's 2019/20 budget included £10.4m net expenditure for the provision of services, including £1.8m of savings, £0.8m were from the Customer First programme. The outturn for 2019/20 was an overspend of £1.99m. This has required the unplanned use of £1.6m of reserves. As a result, the Council's total general fund (including earmarked reserves) reserves are £4.0m at 31 March 2020.
- The Council has a relatively low level of General Fund reserves, increasing the risks to financial sustainability, particularly in the context of the pressures from Covid-19 on income and expenditure going forward.
- A funding gap has been identified in the Medium Term Financial Plan ("MFTP").
- Our review of arrangements has concluded that the Council's arrangements in respect of monitoring and managing this funding gap are inadequate. This is discussed in further detail on page 15.
- As discussed on page 15, we considered arrangements around the Council's wider governance arrangements, including considering the findings of internal audit and the Centre for Public Scrutiny report issued in January 2020. In light of these findings, we conclude that governance arrangements at the council during the period were inadequate and did not facilitate informed decision making.

We have issued an adverse Value for Money conclusion. On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, Tandridge District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Page 62

Narrative Report & Annual Governance Statement

- We have reviewed the Council's Annual Report & Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.
- We made recommendations for some changes to the narrative statement and annual governance statement **which are satisfactorily addressed in the final version.**

Duties as public auditor

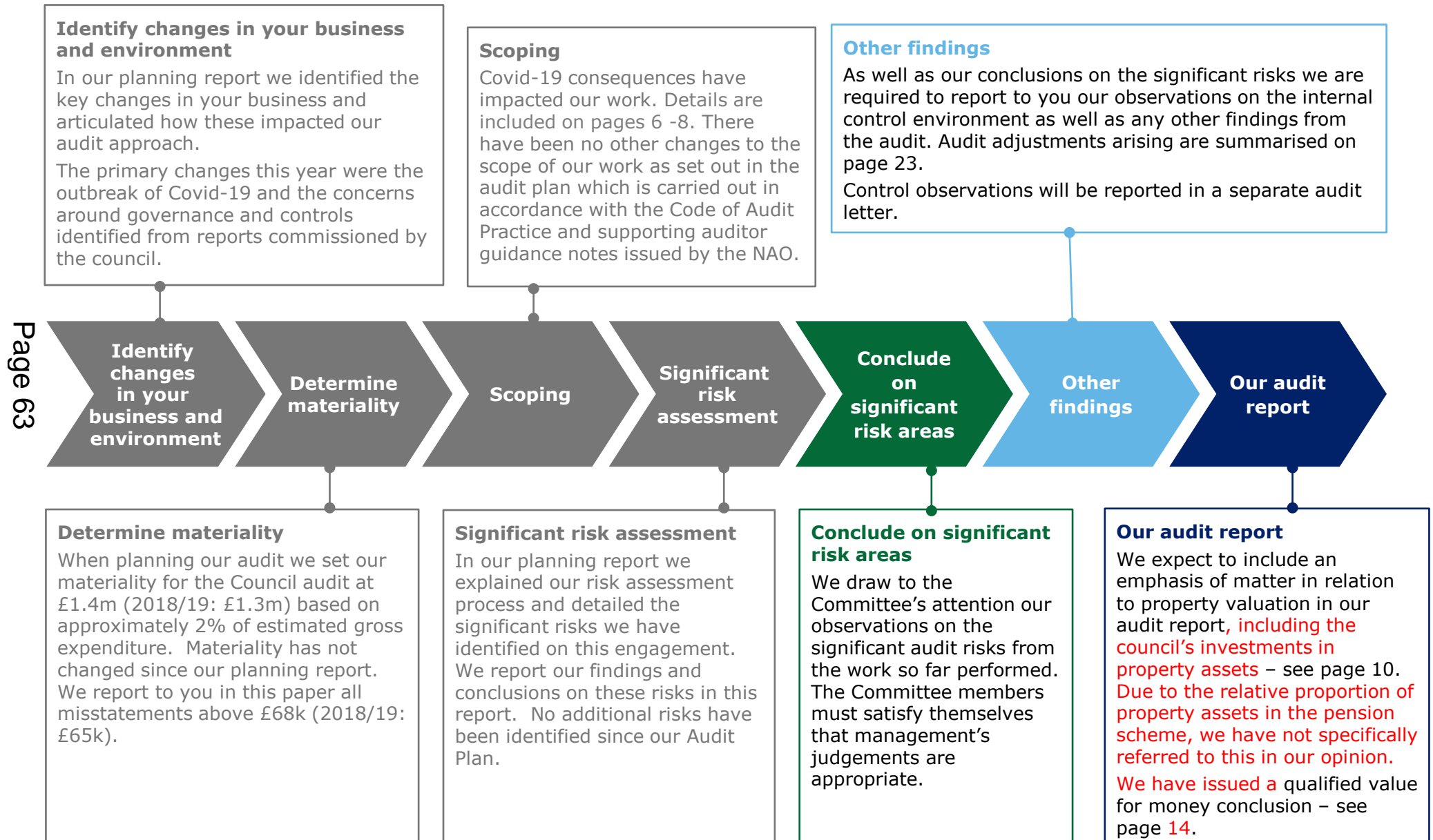
- We did not receive any formal queries or objections from local electors this year.
- We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

Whole of Government Accounts

- We are not a sampled component for WGA reporting.

Our audit explained

We tailor our audit to your organisation



Covid-19 and its impact on our audit

Covid-19 pandemic and its impact on our audit.

Requirements

CIPFA has issued guidance highlighting the importance of considering the impact of Covid-19 in preparation of the 2019/20 financial statements, including communicating risks and governance impacts in narrative reporting. This is consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of Covid-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of Covid-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

As well as the effects upon reserves, financial performance and financial position, examples of areas highlighted by CIPFA include the impact on service provision, changes to the workforce and how they are deployed, impacts upon the supply chain, cash flow management, and plans for recovery. Risks highlighted include those relating to subsidiaries and investments, capital programmes, and resilience of the community including partner organisations and charities.

Actions

A thorough assessment of the current and potential future effects of the Covid-19 pandemic is required including:

- A detailed analysis across the council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position and reserves;
- The economic scenario or scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios);
- Any material uncertainties relating to the council's financial position, the financial sustainability of the Council, and the potential requirement for a section 114 notice; and
- The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible

Page 64

Impact on the Council	Impact on annual report and financial statements	Impact on our audit
<p>We have considered the key impacts on the business such as:</p> <ul style="list-style-type: none"> • Interruptions to service provision. • Supply chain disruptions. • Unavailability of personnel. • Reductions in income. • The closure of facilities and premises. 	<p>We have considered the impact of the outbreak on the annual report and financial statements, discussed further on the next slide including:</p> <ul style="list-style-type: none"> • Principal risk disclosures • Impact on property, plant and equipment • Valuation of commercial or investment properties • Impact on pension fund investment measurement and impairment • Financial sustainability assessment • Events after the reporting period and relevant disclosures • Bad debts provision policy • Narrative reporting • Impairment of non-current assets • Allowance for expected credit losses 	<p>We have considered the impact on the audit including:</p> <ul style="list-style-type: none"> • Resource planning • Timetable of the audit • Impact on our risk assessment • Logistics including meetings with entity personnel.

Covid-19 and its impact on our audit

	Potential Impact on annual report and financial statements	Audit response
Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements. Consequently, this has resulted in an Emphasis of Matter in our audit report.	<p>The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations the Council considered with their valuers the impact that Covid-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020.</p> <p>The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.</p>
Impact on pension fund investment measurement	As a result of the Covid-19 pandemic pension fund investments have been subject to volatility.	<p>We engaged with the Surrey Pension Fund auditor to not only gather information for year-end measurements but to also understand any estimation techniques and any changes to those techniques that may be needed to measure the financial instruments. Where such volatility exists it may mean that the inputs used in the fair value measurement may change and may require a change of measurement technique, and consideration of the level of uncertainty in valuations where there is significantly more estimation.</p> <p>The Surrey Pension Fund auditor included an Emphasis of Matter in respect of property valuations in their opinion.</p> <p>We have concluded that, due to the relative proportion of pension assets within the pension scheme (which is an overall accounting estimate in the accounts of the council), we have not separately made reference to this in our audit report.</p>
Expected credit losses	The Council considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.	The majority of the council's debtors are outside of the scope of IFRS 9. We concluded that management's provisioning for affected balances remained reasonable at 31 March 2020.

Page 65

Covid-19 and its impact on our audit

	Potential Impact on annual report and financial statements	Audit response
Covid related income received pre year end	<p>The council only received £26k of Covid-19 related income pre year end so this does not have a material impact on the 2020 financial statements.</p> <p>The Local Authority Support Grant and S31 Business Rates Relief Grants were received post year end and will impact 2021.</p>	<ul style="list-style-type: none"> • We note that after discussion and reference to guidance these have been treated correctly in the statement of accounts. • The remaining Covid related income receipts received after the year end will be considered as part of the 2020/21 audit.
Narrative and other reporting issues	<p>The following areas need to be considered by local authorities as having being impacted on by the Covid-19 pandemic.</p> <ul style="list-style-type: none"> • Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability. • Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities. 	<p>We note that the narrative report discloses the most significant matters related to Covid-19. We have made some recommendations for improvement in this area, which were satisfactorily addressed in the final statement of accounts.</p>

Significant risks

Management override of controls

Risk identified

In accordance with ISA 240 (UK) management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- The Council's results throughout the year did project both positive and negative divergences from budgets in operational areas. This was closely monitored and whilst some areas projected overspends, the underlying reasons were understood. We do note that earmarked reserves were drawn down at a greater level than planned. There were adequate reserves to support this, though the draw down rate cannot continue at the current levels into the future.
- Senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Journals

We have performed design and implementation testing of the controls in place for journal approval.

We have used Spotlight data analytics to risk assess journals and select items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest. In particular, in the current year we have included analytical procedures to identify potential transactions relating to the Customer First project which have been considered to be of a higher risk and were selected for testing if identified.

We have tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting. Our work in this area is substantially complete - no issues have been identified to date.

Deloitte view

We have not identified any significant bias in the key judgements made by management based on work performed.

We have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed.

No issues were identified from conclusion of our work in this area.

Accounting estimates

We have performed design and implementation testing of the controls over key accounting estimates and judgements.

The key judgements in the financial statements are those selected as significant audit risks and other areas of audit interest: valuation of the Council's estate and the valuation of the pension liability, as discussed elsewhere in this report.

We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the areas more subject to estimation in the period were balanced and did not indicate a bias to achieve a particular result.

We tested accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

Significant risks (continued)

Valuation of property assets

Risk identified

The Council is required to hold property assets within Property, Plant and Equipment ("PPE") and Investment Properties at valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.

Key judgements and our challenge of them

The Council held total assets across PPE and Investment Property of £367.3m at year end (31 March 2019: £370.0m). In PPE, the Council held £345.7m of property assets in Land and Buildings and Council Dwellings at 31 March 2020, a decrease from the £363.9m held at 31 March 2019.

This decrease of £18.2m is the net impact of several factors principally:

Increasing factors – TOTAL: +£6.2m

• Additions of £4.9m

• Transfers from Assets Under Construction of £1.3m

Decreasing factors – TOTAL: -£24.4m

• Net revaluation impact of £13.8m

• Disposals & derecognition impact of £4.9m

• Depreciation of £5.7m

Investment properties had movements due to additions of £15.4m and revaluation of an immaterial £0.2m giving a carried forward valuation of £21.7m (31 March 2019: £6.1m).

The financial year to 31 March 2020 represented year one of the five year rolling programme in which a portion of the total asset portfolio was revalued at 31 December 2019.

In addition, the Council commissioned its valuer to perform a market review providing information on market changes across 2019/20. On the basis of information in this report, the Council elected to adjust the valuation of properties to account for market changes during 2019/20.

Deloitte response

- We tested the design and implementation of key controls in place around the property valuation.
- We obtained an understanding of approach adopted to the valuation, including assessing the valuer's qualifications, objectivity and independence and reviewing the methodology used.
- We tested a sample of inputs to the valuation.
- We used our valuation specialists, Deloitte Real Estate, to review and challenge the appropriateness of the assumptions used in the valuation of the Council's property assets including considering the assumptions made of movements between the valuation being performed at earlier stages in the year and the year-end.
- We tested a sample of revalued assets and reperformed the calculation of the movement to be recorded in the financial statements to check correctly recorded.
- We considered the impact of uncertainties relating to Covid 19 and the UK's exit from the EU upon property valuations in evaluating the property valuations and related disclosures.
- We identified two assets which were recently acquired which were not included in the professional valuation exercise. We considered that these required further appraisal and requested that management prepare an impairment review of these assets. **The results of this review identified an adjustment of £0.9m which has been adjusted for in the final statement of account.**

Significant risks (continued)

Valuation of property assets – Material Uncertainty due to Covid-19

Material Uncertainty due to Covid 19

The Council's valuer has included disclosures in relation to Covid 19 in their report including the extracts below:

"The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. For the purposes of this review we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our review (and any valuations completed during 2019/20) is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty –and a higher degree of caution –should be attached to our review/valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the valuation of portfolio under frequent review."

This is a common feature of valuation reports prepared to 31 March 2020.

Similar considerations affect the Council's investment in a property fund, and are included in the disclosure in note 4 to the financial statements and in our audit opinion.

Impact on Statement of Accounts

The Council is required to disclose the existence of this material uncertainty in the Statement of Accounts. This can be seen in the narrative report, an extract of which is included below:

"The Council had its Property Plant and Equipment valued as at 31st December 2019, before the impact of the Covid-19 pandemic. Subsequently, the pandemic has created an unprecedented set of circumstances which has led to the Councils valuer declaring a "material valuation uncertainty" in their valuation report. Given that there is no alternative information to suggest the valuations are materially incorrect, the values obtained as at 31st January 2020 are the best available reflection of the value of the Councils assets as at 31st March 2020."

This disclosure is required to be included in the actual financial statements as well as the narrative report **and relevant disclosures have been added to note 4.**

Impact on Audit Opinion

An "emphasis of matter" is required to be included in our audit opinion to draw attention to management's disclosure:

"We draw attention to note 4, which describes the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the property valuation, including the Council's properties, investment properties, and investments in property funds.

As noted by the Council's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the Council's properties, investment properties, and investments in property funds at the balance sheet date. Our opinion is not modified in respect of this matter."

Deloitte view

Following adjustment to the valuation of an asset purchased in the year, we have concluded that the net book value of property assets is not materially misstated. The Council's valuation assumptions are generally reasonable and fall within the expected range highlighted by Deloitte Real Estate.

Significant risks (continued)

Completeness of liabilities and expenditure

Risk identified

Under UK auditing standards, there is a presumed risk in respect of revenue recognition due to fraud. We have rebutted this risk, and instead believe that the fraud risk lies with the completeness of expenditure and completeness and valuation of accruals. For 2018/19, the Council approved a budget with a net cost of service of £9.98m. As at the end of the year, the Council reported a net underspend of £64k. Given the pressures across the whole of the public sector, there is an inherent risk that the year-end position could be manipulated by omitting or misstating accruals and provisions.

Deloitte response

We have considered the overall sensitivity of judgements made in relation to year-end accrual, and note that:

- We obtained an understanding of and tested the design and implementation of the key controls in place in relation to recording completeness of expenditure and accruals;
- We performed focused testing in relation to the completeness of expenditure including a detailed review of expenditure and accruals;
- We have performed testing for unrecorded liabilities based on payments made and expenses recorded in the period after year end to the end of June;
- As part of the above focused testing, we challenged the assumptions made in relation to year-end accruals; and
- In addition, we have reviewed significant movements in accruals year on year and evaluated for consistency with our understanding of the Council and, where considered appropriate, corroborated the reason for movement to supporting information.

Page 70

Deloitte view

No issues were identified following completion of our work in this area.

Other matters

Defined benefits pension scheme

Background

The Council participates in the Surrey Pension Plan, administered by Surrey County Council.

The net pension liability has decreased from £52.4m at 31 March 2019 to £50.9m at 31 March 2020.

The Council's pension liability continues to be affected by the McCloud legal case in respect of potential discrimination in the implementation of transitional protections following changes in public sector pension schemes in 2015. We would expect to see a past service credit being recognised from an adjustment to the McCloud allowance previously recognised in FY19. The size of this adjustment would depend on how many members joined active service post 1 April 2012. Although we disagree with the approach taken of making no adjustment, this would not result in a material error at 31 March 2020.

In the current year there was an additional legal case - the Goodwin judgement - that has an impact on the scheme. The judgement is in respect of a Teacher's Pension case where there was deemed to be discrimination in spousal transfer on death of the member (where a male widower was deemed to be discriminated against through receiving a different level of benefits than a female widow). In our view the outcome of the Goodwin ruling is a post balance sheet adjusting event, and any additional liability arising from the ruling should be recognised as a past service cost in the current year. We are aware that CIPFA has issued differing draft guidance that Goodwin could alternatively be treated as a contingent liability, if material to the accounts, on the basis of a best estimate; however we and others believe that this is incorrect. We understand that the estimated Goodwin impact is between 0.0% and 0.3% of the DBO, which would result in an additional liability for the TDC of up to c.£360k which is not material. Whilst we understand there is a lack of relevant data available, we do not consider the actuary's approach to be reasonable and that overall, an allowance should be made.

Deloitte response

We obtained a copy of the actuarial report produced by Hymans Robertson, the scheme actuary, and agreed in the disclosures to notes in the accounts.

- We assessed the independence and expertise of the actuary supporting the basis of reliance upon their work.
- We reviewed and challenged the assumptions made by Hymans Robertson, including benchmarking as shown the table below.
- We sought assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary. **Their report indicated that pension asset were overstated, and we have included £0.3m in our schedule of audit adjustments for the Council's share of this.**
- We assessed the reasonableness of the Council's share of the total assets of the scheme with the Pension Fund financial statements for the year.
- We have reviewed and challenged the calculation of the impact of the McCloud case on pension liabilities.
- We reviewed the disclosures within the accounts against the Code.

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.30	2.63	Reasonable, slightly prudent
Consumer Price Index (CPI) Inflation rate (% p.a.)	1.90	2.15	Reasonable, slightly prudent
Salary increase (% p.a.) (over CPI inflation)	2.8	Council specific	Reasonable
Pension increase in payment (% p.a.)	1.90	2.15	Reasonable
Pension increase in deferment (% p.a.)	1.90	2.15	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 65)	22.1	21.80	Reasonable, slightly optimistic
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 45)	22.9	23.20	Reasonable, slightly optimistic

Deloitte view

The schedule of audit adjustments includes amounts for the McCloud and Goodwin cases and the findings of the pension scheme auditor. These are not material to the financial statements.

Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources

Background

Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work. We note that the NAO guidance indicates a low likelihood that Covid-19 forms a risk area impacting the assessment of arrangements for 2019/20. Rather this will form part of the risk assessment and evaluation for 2020/21. The response to Covid-19 is described as an "emerging risk" in this guidance (rather than a significant risk) unless clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the 2019/20 financial year.

Our risk assessment

We set out the risk assessment procedures we had performed and our further planned procedures in our audit planning report including discussion with relevant officers and review of Council documentation including internal audit reports. As noted in our planning report, there are a number of risk factors identified, including:

- The findings of the report from Centre of Public Scrutiny
- Internal Audit findings for the year
- The net expenditure for the provision of services in the General Fund is £16.8m which is an over spend on the budgeted position for 2019/20 of £2.0m leading a closing combined general fund balance of £4.0m (2019: £5.7m).
- The Council has a number of vacancies and acting appointments in its Corporate Management Team and other senior roles.

We have therefore identified significant risks in respect of arrangements over sustainable resource deployment and informed decision making through initial risk assessment procedures and deepening our understanding, we did not identify any further significant risks from our remaining risk assessment procedures.

Our conclusion on the Council's arrangements is in respect of the arrangements in place during the financial year under audit – the subsequent activity that the Council has taken in response to issues identified in year is outside of the scope of our conclusion. These will instead be considered in our 2020/21 audit (which will be conducted under the new 2020 Code of Audit Practice). However, for context we note that the 2020/21 budget set in February 2020 included £0.3m of use of reserves in 2020/21, before the impact of Covid-19 upon the Council (and prior to identification of issues over pension amounts in the budget). There has been significant work on the budget and Medium Term Financial Strategy subsequent to year-end, reflecting both existing challenges and the impact of Covid-19, and work has continued to improve the Council's finance processes (including reviews on issues identified during 2021).

Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources (continued)

Sustainable Resource Deployment (Financial Sustainability):

The Council's 2019/20 budget included £10.4m net expenditure for the provision of services, including £1.8m of savings, £0.8m were from the Customer First programme. The outturn for 2019/20 was an overspend of £1.99m. This has required the unplanned use of £1.6m of reserves. As a result, the Council's total general fund (including earmarked reserves) reserves are £4.0m at 31 March 2020.

The drivers for the overspend included additional costs incurred in respect of staff, in particular in respect of temporary and interim resourcing needs that were not planned for as part of the Customer First programme.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions and managing and utilising assets effectively to support the delivery of strategic priorities.

Post year end, extensive work has been undertaken to better understand the underlying cost base of the council and to rebase the MTFs. The extent of the work required to understand and turnaround the council's financial outlook post year end, **including issues identified around how pension costs were treated**, is a clear demonstration that adequate planning and control had not been maintained previously in the year under audit. This has been significantly exacerbated by the unexpected Covid-19 pandemic which has caused significant disruption to the council, along with the all other local government bodies.

Informed decision making

During the year, as a result of concerns identified internally, the Centre for Public Scrutiny was requested to perform an independent review of the Council's governance arrangements. This report identified wide ranging shortcomings in the governance arrangements which were in place at the Council and, specifically, highlighted a number of findings indicating weaknesses in arrangements for effective, informed decision making. Examples of matters that we are required to consider in this area include:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance;
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions;
- Reliable and timely financial reporting that supports the delivery of strategic priorities; and
- Managing risks effectively and maintaining a sound system of internal control.

Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources (continued)

Informed decision making (continued)

The report by the Centre for Public Scrutiny highlights a number of ways in which decision making has been hindered by an ineffective flow of information and poorly defined roles and responsibilities within the council. It also highlights a lack of clear analysis of risks and a failure to properly assess the risks relevant to the organisation, analysing each against the risk appetite which the council has for each and making operational risks accordingly. The report has been accepted by the council and we understand that a number of the recommendations included are now being implemented.

We have also reviewed the reports issued by internal audit and have considered the findings around the system of internal control at the council, including their overall conclusion of "limited" assurance for the year, along with their findings in respect of the Customer First project.

We note the high turnover of officers in the key senior management positions at the council in the year and that some of these posts remained vacant for part of the period. This in itself will have compromised the ability of the organisation to maintain a system of good governance, whereby, decisions are made based on strong communication and a sound flow of information, **and remained an on-going challenge.**

We have therefore concluded that these issues are evidence of weakness in the Council's arrangements in respect of informed decision making.

Finding in opinion	Summary of procedures undertaken
<p><i>Sustainable resource deployment</i></p> <p>The Council's 2019/20 budget included £10.4m net expenditure for the provision of services, after planned savings of £1.8m, £0.8m of which were from the Customer First programme. The outturn for 2019/20 was an overspend of £1.99m. This has required the unplanned use of £1.6m of reserves. As a result, the Council's total general fund (including earmarked reserves) reserves are £4.0m at 31 March 2020. The drivers for the overspend included additional costs incurred in respect of staff, in particular in respect of temporary and interim resourcing needs that were not planned for as part of the Customer First programme.</p> <p>These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p>	<ul style="list-style-type: none"> • Meetings with management to understand the evolving financial position of the council; • Review of council finance and budget monitoring reports; and • Review of budget documents.
<p><i>Informed decision making</i></p> <p>The opinion of the foundation trust's Head of Internal Audit is that only 'limited' assurance can be placed on the framework of governance risk and control. His findings include weakness in the processes and controls in place around a number of areas including procurement, disaster planning, exceptional payroll payments and the Customer First project.</p> <p>These issues provide evidence of weaknesses in proper arrangements for managing risks effectively and maintaining a sound system of internal control.</p>	<ul style="list-style-type: none"> • Meetings with internal auditor; • Review of internal audit reports; • Reflecting the findings of internal audit reports in our risk assessment; and • Enquiries of management about fraud and the opportunity for fraud within the organisation.

Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources

Finding in opinion	Summary of procedures undertaken
<p>During the year, as a result of concerns identified internally, the Centre for Public Scrutiny was requested to perform an independent review of the Council's governance arrangements. The review identified a number of issues in respect to leadership, workforce, and finances, arising from and impacting upon how governance structures are operating within the Council.</p> <p>In addition, during the year, there have been significant gaps in the senior leadership team of the Council, due to both individuals leaving and illness.</p> <p>These issues provide evidence of weaknesses in proper arrangements for:</p> <ul style="list-style-type: none">• managing risks effectively and maintaining a sound system of internal control;• understanding and using appropriate and reliable performance information to support informed decision making and performance management; and• demonstrating and applying the principles of sound governance.	<ul style="list-style-type: none">• Review of the report issued by the Centre for Public Scrutiny;• Discussion of the report with management; and• Ongoing understanding of key leadership appointments to the council.

Page 15

Detail view

We have issued an adverse (qualified) "value for money" conclusion. Due to the on-going impact of these issues on the Council (albeit mitigated by actions being taken to address them in accordance with the relevant action plans in response to issues identified), we have identified risks of significant weakness in VfM arrangements for the 2020/21 audit, which will be reported upon separately as part of that audit.

Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the financial statements

Our opinion on the financial statements is unmodified.



Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

We include details on the other matter paragraph in relation to property valuations on page 11 of this report.

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Our value for money conclusion

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

We have issued a qualified value for money opinion.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

Following adjustments made to disclosures, we are satisfied these requirements are met.

Your annual report

We are required to report by exception on any issues identified in respect of the Annual Governance Statement.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"> - Organisational overview and external environment; - Governance; - Operational Model; - Risks and opportunities; - Strategy and resource allocation; - Performance; - Outlook; and - Basis of preparation - Future sustainability and risks to this posed by Covid-19. 	<p>We have assessed whether the information given in the Narrative Report meets the disclosure requirements set out in guidance, is misleading, or is inconsistent with other information from our audit.</p> <p>We fed back some improvements that could be made in relation to the links between the numbers quoted in the narrative report and the financial statements, in particular suggesting possible additions to the Covid-19 commentary.</p> <p>We have considered the sustainability narrative including the requirement to discuss and evaluate the impact of Covid-19 within this assessment.</p> <p>Our assessment of the impact of Covid-19 can be seen from page 6.</p> <p>We have checked that the report includes all the relevant disclosures. Following adjustments, overall we concluded satisfactorily in this matter.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in guidance, is misleading, or is inconsistent with other information from our audit.</p>

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

Results of our work on key audit judgements and our observations on the Narrative Report.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The scope of our work

Our observations are developed in the context of our audit of the financial statements. We described the scope of our work in our audit plan and again in this report.

This report has been prepared for the Audit Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

We welcome the opportunity to discuss our report with you and receive your feedback.



for and on behalf of Deloitte LLP
27 January 2022

Appendices

Page 79



Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK). **Uncorrected misstatements increase the deficit by £0.2 million, other comprehensive expenditure by £0.6 million and decrease net assets by £0.8 million.**

		Debit/ (credit) income statement £m	Debit/ (credit) Other comprehensive income £m	Debit/ (credit) in net assets £m	Debit/ (credit) Equity £m
Classification of partnership income	[1]	0.4 (0.4)			
Impact of McCloud ruling	[2]		(0.1)	0.1	
Impact of Goodwin ruling	[2]		0.4	(0.4)	
Valuation of pension assets	[2]		0.3	(0.3)	
Presentation of debtor balance incorrectly shown in creditors	[1]		0.1 (0.1)		
Assets disposed of but not removed from the fixed asset register	[3]	0.2		(0.2)	
		0.2	0.6	(0.8)	

[1] – Presentation of partnership income (netted of expenditure) of £430k and other debtors of £112k (shown in creditors) should be shown gross in the accounts.

[2] – The McCloud and Goodwin rulings provide additional information about the valuation of the pension liability and we estimate reduce the McCloud element of the liability by c£100k at 31 March 2020, and would be an increase in the liability for Goodwin’s impact of c£360k. The findings from the pension scheme auditor indicated assets were overstated at 31 March 2020, and the Council’s share of this we estimate as c£0.3m.

[3] – Two properties were identified as having been disposed of but not removed from the fixed asset register, with a value of £193k.

Disclosures

We are awaiting updates from management on our disclosure recommendations and will conclude in due course.

Audit adjustments

Unadjusted disclosure deficiencies

We identified the following uncorrected disclosure deficiencies, which will be considered by management in the finalisation of the 2020/21 Statement of Account.

Disclosure title	Description of Disclosure Misstatement
Risks and opportunities disclosure in the narrative report	The Code requires disclosure of "Any significant future opportunities to develop services, along with key risks and uncertainties in relation to future service provision (including financial risks) and risk mitigation measures"
Performance disclosures	The Code requires an analysis of any key financial and non-financial performance indicators as relevant to the performance of the authority that it judges as central in assessing progress against its strategic objectives, or monitoring its risks or otherwise used to measure performance in the year
Performance disclosures	The Code requires that any performance indicators used in the narrative report represent, where possible, generally accepted measures of performance for local authorities whether on a corporate, financial or service basis, include comparatives, are supported by an explanation of any significant changes from year to year, and are appropriately described where necessary. This is not consistently done in the narrative report.
Disclosure of factors affecting cashflows	The Code requires as part of financial sustainability disclosures the narrative report include details on cash flows during the year and the factors that may affect future cash flows
Credit risk management disclosures	In order to explain its credit risk management practices and how they relate to the recognition and measurement of credit losses, the Code requires disclosures of information to enable an understanding and evaluation of the authority's definitions of "default", including the reasons for selecting those definitions
HRA vacant possession disclosures	Where the information is material, the following disclosures should be made in the notes to the HRA statements: The vacant possession value of dwellings within the authority's HRA as at 1 April. An explanation that the vacant possession value and balance sheet value of dwellings within the HRA show the economic cost of providing council housing at less than market rents.
Missed disclosures relating to impairment of financial instruments	The authority should explain the inputs, assumptions and estimation techniques used to apply the requirements for impairment of financial instruments by disclosing the basis of inputs and assumptions and the estimation techniques used to: i) Measure the 12-month and lifetime expected credit losses ii) Determine whether the credit risk of financial instruments has increased significantly since initial recognition iii) Determine whether a financial asset is a credit-impaired financial asset and disclose how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macro-economic information
Other comprehensive income/expenditure disclosures	There is not disclosure of items of other comprehensive income and expenditure grouped into those that : i) Will not be reclassified subsequently to the surplus or deficit on the provision of services, and ii) Will be reclassified subsequently to the surplus or deficit on the provision of services when specific conditions are met It is also not disclosed whether components of other income and expenditure been presented either: a) Net of related tax effects, or b) Before related tax effects with one amount shown for the aggregate amount of income tax relating to those components
Defined benefit obligation disclosures	The Code states pension disclosures should include information about the maturity profile of the obligation, including the weighted average duration of the obligation, and can include other information such as maturity analysis of benefit payments.
Presentation of income from Quadrant House as investment property income	The presentation of investment property income of £746k and costs of £174k includes amounts in respect of Quadrant House, which is now an operating property

Page 81

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

page 82



Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Council and its group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified capitalisation of expenditure and management override of controls as key audit risks for your organisation.

During course of our audit, we have had discussions with management and those charged with governance including the Head of Internal Audit.

In particular, we have held regular meetings with Internal Audit to understand the findings from the Customer First investigation and to understand the implications of their limited or no assurance reports for the purpose of informing our risk assessment.

Concerns:

No significant concerns have been identified from our work

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation

We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.

Fees

The "scale fee" set by Public Sector Auditor Appointments Limited for the financial statement audit, including whole of government accounts and procedures in respect of the value for money assessment, is £35,536.

We have previously reported that we will be proposing fee variations for the council reflecting:

- our experience of the cost of delivery of the audit;
- the areas of increased and/or additional accounting and audit complexity and risk arising from the Covid-19 pandemic;
- wider factors impacting the cost of the delivery of the audit due to regulatory changes and requirements.

Following agreement with management and approval with PSAA, these will be reported to the Council.

We consider that the scale fees at present are significantly below the cost of delivery of the audit.

No other non-audit fees have been charged by Deloitte in the period.

Non-audit services

In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Relationships

We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

We are not aware of any relationships which are required to be disclosed.

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Annual Governance Statement Action Plan Update - March 2022

Audit & Scrutiny Committee Tuesday, 22 March 2022

Report of: Head of Legal Services & Monitoring Officer

Purpose: This report gives an update on progress made against the areas of focus identified in the Annual Governance Statement action plan for 2020/21.

Publication status: Unrestricted

Wards affected: All

Executive summary:

The Committee agreed the Annual Governance Statement 2021/22 in November 2021, which included planned actions to address identified governance issues. Progress on the actions is shown in appendix A for the Committee to consider.

This report supports the Council's priority of: Building a better Council

Contact officer Lidia Harrison Head of Legal & Monitoring Officer
lharrison@tandridge.gov.uk

Recommendation to Committee:

The Committee is asked to:

1. Note the progress made against the Annual Governance Statement action plan for 2021/22;
 2. Note the Local Code of Corporate Governance 2020/21 attached as Appendix B; and
 3. Make observations or recommendations as appropriate.
-

Reason for recommendation:

This Committee has the responsibility for considering the arrangements for Corporate Governance including reviewing and approving the AGS.

Introduction and background

- 1 Regulation 6(1) of the Accounts and Audit Regulations require the publication of an Annual Governance Statement ('AGS') by the Council.
- 2 The Annual Governance Statement 2020/21 was considered and agreed by the Committee in November 2021 and was subsequently signed by the Leader and Chief Executive. The Statement contains a summary of required actions.
- 3 Progress against the Annual Governance Statement Action Plan ('Action Plan') was initially monitored by the Programme Management Officer (who has now left the Council) and now by Head of Digital Business Transformation and Democratic Services; Senior Management and this Committee on a regular basis and an update version is attached at (Appendix A).
- 4 Ordinarily, the AGS and Action Plan for the forthcoming year would be approved at the July Committee alongside the accounts. As the accounts are delayed, the AGS for 2020/21 still needs to be signed by the Leader and Chief Executive as approved with the Annual Accounts when the final External Auditors opinion is received.
- 5 Progress against the Action Plan is reported at each Audit Committee. There is now a column for responsible Officers and timescales. It was agreed at the September 2021 Committee Meeting that an update on the Action Plan arising from the annual governance statement would be reported to the Committee on a six-monthly basis. This provides the opportunity for greater Member involvement throughout the year as well.
- 6 Reasonable progress has been made in taking forward the various actions with some actions nearing completion. Any delays have been caused due to shortages in staff resources and having to prioritise work accordingly.

7. Proposal details

- 7.1 An update on progress against the Action Plan for 2020/21 is attached. The Committee is invited to consider this progress and whether it requires further detail on any particular action for a future meeting.

8. Local Code of Corporate Governance

- 8.1 The Chartered Institute of Public Finance and Accountancy, ("CIPFA") and the Society of Local Authority Chief Executives ("SOLACE") published a

framework document for Corporate Governance in Local Government in April 2016 – see Appendix C.

- 8.2 The Local Code of Corporate Governance attached at Appendix B sets out how the Council intends to apply the principles of corporate governance in the way it operates and conducts its business.
- 8.3 The extent to which the Council adheres to the Code of Corporate Governance principles is described in the Annual Governance Statement (AGS).
- 8.4 Compliance with the Local Code of Corporate Governance supports the Council’s review of the effectiveness of its system of internal controls as required by the Accounts and Audit Regulations 2015 and the requirements set out in the CIPFA/SOLACE Framework.

9. Consultation

- 9.1 The external auditor was consulted on the draft Annual Governance Statement 20/21 and the Local Code of Corporate Governance and the auditor had no further comments to add to the final versions, which includes the items identified for the Action Plan.

Key implications

Comments of the Chief Finance Officer

The Chief Finance Officer is completely supportive of the Annual Governance Statement as identified in the attached. There are no direct financial implications.

Comments of the Head of Legal Services

N/A

Equality

There are no equality implications associated with this report.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Risk implications and mitigations

Risk Mitigating Action (in place or planned)	Mitigating Action (in place or planned)
There are risks from services failing to deliver the action plan.	Individual teams, Senior Management Team and this Committee monitor progress against actions.

Appendices

Appendix A - Annual Governance Statement Action Plan 2020/21 update

Appendix B - The Local Code of Corporate Governance

Background papers

This report is supported by a framework document 'Corporate Governance in Local Government, April 2016 published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)

----- end of report -----

Corporate Improvement Plan - Action Tracker



Document Owner:

11/03/2022

Action Reference	Action Description	Priority	Action Source Document	ELT Lead	Delivery Officer	Due Date	Status	Percentage Complete	Quarter 3 2021/22	Quarter 4 2021/22
3	Explore use of 360 degree staff appraisal tools / Review staff 'check-in' process	High	Annual Governance Statement	HofL	HR Lead Specialist	31/01/2022	Delayed		* 29/12/21 - part of workstreams in the FTP to be completed January to March 2022. * 23/09/2021 - add "review staff check-in process" to reflect development of HR & C19 audit action. * 20/09/2021 - confirmed as ongoing in 20/21 AGS. Added HR lead spec. as delivery officer.	* 29.01.22 Appraisals added as action point within workstream 1 and 3 of the new Future Tandridge Programme
9	Ensure compliance with mandatory fraud awareness training	High	Annual Governance Statement	EHofC, HofL	Sally Bayliss, Shannon Davies	31/03/2022	delayed	10%	* 20/09/21 Will discuss further training requirements at the next Communities DLT and at the next CIB meeting. * 17/09/21 - as part of the fraud audit fieldwork the PMO ascertained that a general counter-fraud e-learning course had not be uploaded to Workrite, although a cyber one is in the process of being loaded on the system. PMO raised a case for HR 19/09/21 to ask Workrite if they provide a course, if so he will draft a training request for HoL & EHofC to review.	*18/02/22 Fraud awareness course identified via commercial training provider but on review found to be inappropriate. Further enquiries being made with Workrite and Surrey Learning Partnership and approach to other D&Bs for recommendations. Specialist Fraud Training for Revs and Bens and Housing Fraud to be included in SLA currently being negotiated with RBBC.
10	10. Adopt a Code of Governance, bringing together in one place all elements of the Council's governance system.	High	Annual Governance Statement	HofL	Will Mace	30/03/2022			* 20/09/2021 - Marked as ongoing in 20/21 AGS.	* 05/01/22 - new format drafted and action now being tracked via internal audit action tracker
12	Keep under review the governance arrangements of the Gryllus Holdings Ltd Board to ensure that it is proportionate and reflects best practice for local authority property companies	High	Annual Governance Statement, External Review of Governance	EHofC, S151	Kate Haacke	28/02/2022		0%	* 20/09/21 - marked as ongoing in 20/21 AGS.	
13	Deliver all Health & Safety improvement actions due in 2021/22, as per the recent internal audit, and include a summary of Health & Safety governance in the next edition of the annual governance statement.	High	Annual Governance Statement	EHofC	Nic Martlew, Nikki Tagg	30/03/2022			* 20/09/2021 - New action added to 21/22 AGS action plan.	
18	Complete review of Housing Revenue Account (HRA)	High	Annual Governance Statement	CFO	Verity Royle				* 20/09/2021 - Marked as ongoing in 20/21 AGS.	

Page 89

30	27. Chief Executive and Executive Team to review the Strategic Plan with Councillors to ensure it reflects the Council's priorities with respect to its resources and capacity.	High	Annual Governance Statement	CE	David Ford	30/06/2022	on track		* 20/09/2021 - New action added to 21/22 AGS action plan. Also covers any outstanding elements of the following closed action from the 19/20 AGS action plan: "Each service committee to review key performance indicators and risks relevant to their terms of reference and respective strategic plan actions."	
32	Implement Customer First Audit Management Actions	High	Annual Governance Statement	CE, HofL	Will Mace, HR Lead Specialist	30/04/2022	on track	5%	* 20/09/21 - in draft 20/21 AGS this was listed as complete, yet was an error as there are still management actions outstanding from the CF audit, some of which relate to finance. Hence PMO moved action in AGS to 'actions to be taken in 2021-2022'. Hence now confirmed as ongoing in 20/21 AGS - WM updated on modgov 20/09/21 11:30 and re-released to dem services.	* 05/01/21 - actions updated and all are being tracked via internal audit action tracker. * 29/11/21: updates provided for HR actions in Internal Audit action tracker 29/11/21.
34	Review and agree actions to address any issues arising from Equal Pay Audit	High		HofL	Katy Meakin	31/03/2021	Delayed		*10/03/22 - will be reviewed in April 2022	
36	Transparency: Publish officer gifts & hospitality register	High	Statutory Responsibilities	HofL	Katy Meakin	31/03/2021	Delayed	N/A	*10/03/22 - will be reviewed in April 2022	
37	Transparency: Review publication scheme	High	Statutory Responsibilities	HofL		31/03/2021	Delayed		22/09/2021 - GV comment: The transparency code is a legal requirement and has always sat with legal. I stepped in to support and help Heather Wills with this piece of work. It is the responsibility of ELT and SLT to ensure the information is up to date	
48	Health and Safety (H&S): Implement H&S audit management actions and the Council's H&S Project	High	Statutory Responsibilities	EHofC	Nic Martlew	30/10/2022	On track	0%	* After review as part of our SIAP H&S audit, this action has been updated as follows: - Description updated to include completion of H&S Project (approved Jul 21); - Deadline amended from end of Jul 2021 to Sep 2022 to correspond with the final action deadline dates in the SIAP audit when these and the Project will be completed. Hence this action is on track. However to clarify, a H&S audit was started by the Council's competent person in 2019 and drafts sent later in the year, yet this was not concluded as a final report due to Covid-19. Therefore it has been supersede by the SIAP audit and the Project, which will include recommendations from the competent person as they will report into the Project and H&S Committee.	
50	Transparency: Check procurement card spend data	High	CIP v1: Statutory Responsibilities	CFO	Verity Royle	30/06/2021	N/A	N/A		

52	Emergency planning / business continuity: Review and update processes, procedures and all plans.	High	Statutory Responsibilities	EHofC	Chris Hobbs	30/09/2021	Delayed	80%	*BCP's have been updated, audit to follow in quarter one 22/23. Emergency plans are upto date. Two plans still to be completed, Multi Agency Flood Plan Part 2 and Emergency Assistance Centre Plan
55	Transparency: Update/ correct fraud data	High	CIP v1: Statutory Responsibilities	CFO	Verity Royle	30/09/2021	On track		
58	Identify capacity and develop a plan for infrastructure planning and liaison	High		CPO	Cliff Thurlow	30/05/2021	Delayed		
62	Safeguarding: complete actions from safeguarding audit	High	Statutory Responsibilities	EHofC	Amanda Bird	29/06/2022	on track	5%	
69	Covid-19 impact review: Impact on building occupancy	High		EHofC	Kate Haacke	31/04/2022	On track	0%	
77	Implement new stock condition survey software for Comm. Surveyors	High	Climate Change Action Plan	EHofC	Mel Thompson	30/06/2022			
78	Complete review and upgrades to staff intranet (inc. policies and procedures directories)	High	Communication s team activity	CE	Giuseppina Valenza	30/03/2022	Delayed		18/02/22 - The intranet is under review and will be upgraded later this year. Other competing priorities have taken priority.
79	Update Project Management Handbook	High	PM Briefing Note to A&S Ctte	CFO	Will Mace	31/12/2021	Delayed		
80	Confirm most effective corporate project board arrangements given new governance structures. For instance a corporate board and DLT boards.	High	PM Briefing Note to A&S Ctte	CFO	Will Mace	31/12/2021	Delayed		
81	Review scheme of delegation to ascertain appropriate sign-off levels for new corporate projects.	High	PM Briefing Note to A&S Ctte	HofL	Will Mace	31/12/2021	Delayed		

Page 10

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Appendix B



Local Code of Corporate Governance

Document History

Version	Date	Author	Change description	Review & approved by
1	28/01/2021	Improvement Adviser	First draft.	Noted by Audit & Scrutiny Committee
2		Head of Legal & Programme Management Officer	Second draft.	

Next review date: March 2023

Introduction

Corporate governance is a term used to describe the way that organisations direct and control what they do. For local authorities, it includes the systems, policies and processes as well as the cultures and values that underpin a council's arrangements for effective

- Leadership
- Management
- Performance
- Delivery of positive customer outcomes
- Community engagement
- Stewardship of public money

Tandridge District Council (**The Council**) is responsible for ensuring a sound system of governance; that its business is conducted in accordance with the law and proper standards; that public money is safeguarded, properly accounted for and used; and that it exercises its functions efficiently and effectively. Councillors and Officers are responsible for putting in place proper arrangements for the Council's governance and the stewardship of its resources, and for regularly reviewing those arrangements.

The Council is committed to demonstrating that it has the necessary corporate governance arrangements in place. The Council has developed and adopted a local Code of Corporate Governance which brings together in one document all the governance and accountability arrangements the Council currently has in place.

Principles of good corporate governance

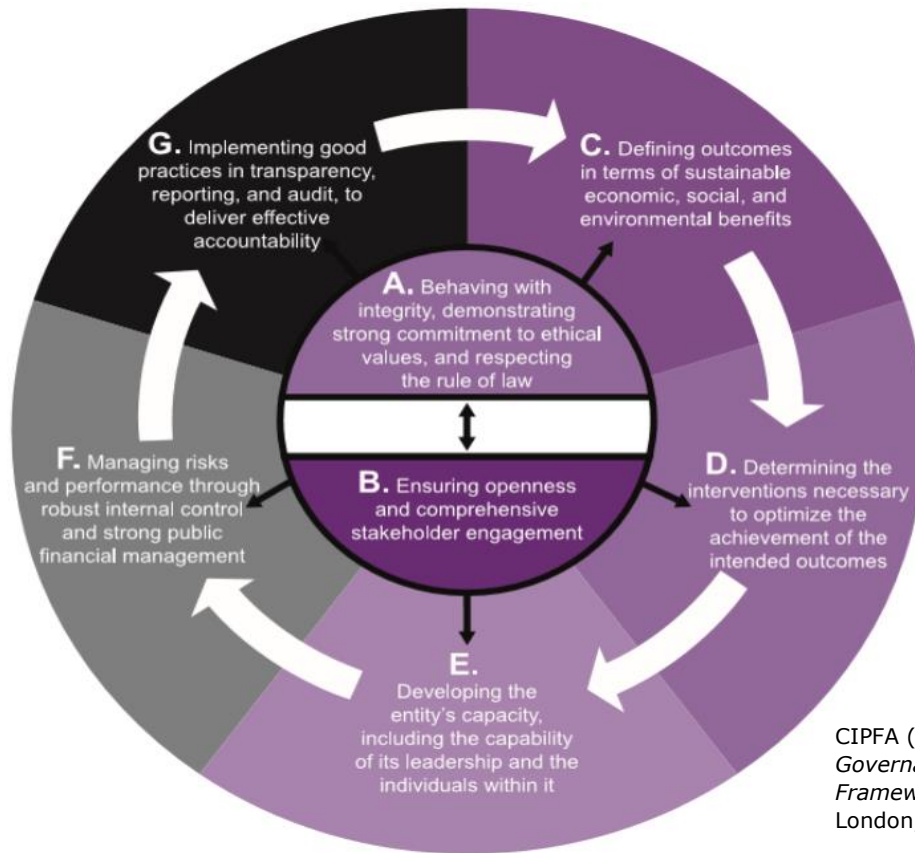
This document is based upon the CIPFA/SOLACE Framework: Delivering good governance in local government.¹ The aim of the principles is that the local authority achieves its intended outcomes while acting in the public interest at all times. The principles are as follows:

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

¹ CIPFA (2016) *Delivering Good Governance in Local Government Framework*, 2016 Edition. CIPFA: London.

- B.** Ensuring openness and comprehensive stakeholder engagement;
- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D.** Determining the interventions necessary to optimize the achievement of the intended outcomes;
- E.** Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F.** Managing risks and performance through robust internal control and strong public financial management; and
- G.** Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The diagram below describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.



CIPFA (2016) *Delivering Good Governance in Local Government Framework 2016 Edition*. CIPFA: London, p.11.

Putting the principles into practice at the Council

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure transparency and accountability. Some of these processes are required by law, while others have been adopted at the Council's discretion. Much of the Council's approach to addressing the principles of good governance is contained within it. More specific details of the way that the Council applies the principles in practice are set out in the table below.

Monitoring and reporting

Regulation 6 of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published statement of Accounts. This is known as an Annual Governance Statement.

The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date and working effectively. Where monitoring reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit and Scrutiny Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Annual Governance Statement is published with the Council's accounts, on the Council website. Progress updates on implementation of actions arising from the Annual Governance Statements are provided to Audit and Scrutiny Committee during the year.

Certification

We hereby certify our commitment to this Local Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the council's Governance arrangements to ensure continuous improvement of the Council's systems.

INSERT SIGNATURE

Leader of the council

Date:

INSERT SIGNATURE

Chief Executive

Date:

Applying the principles of good governance²

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What this means in practice:

The Council is accountable not only for how much it spends, but also how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, the Council can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of the law.

The Council supports the above principle by:

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
We will behave with integrity.	<ul style="list-style-type: none"> Ensures members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated. Leads by example, ensuring members take the lead in establishing specific standard operating principles and 	<ul style="list-style-type: none"> A Code of Conduct for Members to ensure high standards of conduct are maintained. The code also applies to Members of Committees and co-opted Members. Established a procedure for dealing with breaches of the Member Code of Conduct. Registers of Members' interests are published on the Council website. Members must declare gifts or hospitality with an estimated value of at least £50. Records of gifts and hospitality and standard form have been established and will be published on the Council website.

² The table below contains content modified from: CIPFA (2016) *Delivering Good Governance in Local Government Framework*, 2016 Edition. CIPFA: London.

	<p>values (building on the Seven Principles for Public Life) for the Combined Authority and the Local Enterprise Partnership and its staff and that they are communicated and understood.</p> <ul style="list-style-type: none"> Utilise the operating principles and values above as a framework for decision making and other actions. Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> Officers must declare any gifts or hospitality received. Standard decision-making reporting format and processes in place to ensure that all those responsible for taking decision have the necessary information on which to so do Members' declaration of interests is a standing item on all agendas. Minutes show declarations of interest were sought, and the appropriate declarations made. A complaint and Whistleblowing Policies have been updated. Induction programmes for new staff incorporate the required standard of behaviour expected will be developed. <p>Key documents include: Constitution, Member Code of Conduct, Declarations of Interest forms, Whistleblowing Policy, Complaints Policy.</p> <p>In Progress: Staff Code of Conduct.</p>
<p>We will demonstrate strong commitment to ethical values.</p>	<ul style="list-style-type: none"> The Anti-Fraud, Bribery and Corruption Policy is there to discourage inappropriate activities and to encourage the reporting of any instances found. Members are required to declare any conflicts of interest annually and at Committee and Full Council meetings. Employees are required to notify their line manager of any conflicts of interest. 	<ul style="list-style-type: none"> Anti-Fraud, Bribery and Corruption Policy was revised during 2020/21 and an assessment of fraud and risk would be reported to the Audit and Scrutiny Committee twice a year. Ensuring that external providers of services on behalf of the organisation (through tenders /contracts) are required to act with integrity and in compliance with ethical standards expected by the organisation. All Committees and working groups have clear terms of reference. Annual reports are published regarding audit activities and governance arrangements. <p>Key documents include: Constitution, Annual Governance Statement, Register of Interests, Anti-Fraud and Corruption Policy.</p>

		<p>In Progress: Annual Officer appraisals to be reviewed and include awareness and contribution to ethical values and priorities, development of new Corporate Values framework.</p>
<p>We will respect the rule of the law.</p>	<ul style="list-style-type: none"> • Ensures Members and Officers demonstrate a strong commitment and adheres to relevant laws and regulations. • Creates the environment to ensure that the statutory Officers, Chief Officers and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements, optimising full powers available to the benefit of communities, citizens and other stakeholders. • Deals with breaches of legal and regulatory provisions promptly and effectively. 	<ul style="list-style-type: none"> • The Council has in place a Monitoring Officer who works with Members and Officers to ensure that the law is adhered to. • The S151 Officer is designated the Chief Finance Officer and is responsible for ensuring a balanced budget. • Internal Audit will report regularly on activity and outcomes to the Audit & Scrutiny Committee based on assurances gained and issues identified where appropriate. • The Council maintains a record of complaints made to the Local Government Ombudsman as well as self-referring to the Information Commissioner where information data breaches occur, and actions taken to improve processes. • Legal and finance advice is given in reports for all decisions to be taken by Members. <p>Key documents include: Constitution includes Financial Regulations and Contract Standing Orders, Service agreement with SIAP to provide Internal Auditor Services, Service agreement with External Audit.</p>

Principle B - Ensuring openness and comprehensive stakeholder engagement

What this means in practice:

The Council is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.

The Council supports the above principle by:

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
Openness.	<ul style="list-style-type: none"> • Supports an open culture through demonstrating, documenting and communicating the Council's commitment to openness. • Makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Where a decision is considered confidential, reasons for this are provided. • Provides clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action. 	<p>This is evidenced and supported by:</p> <ul style="list-style-type: none"> • The Council is committed to openness and holds meetings in public wherever it can. A schedule of Council meetings is available on the Council's website. • The agendas, reports and minutes of meetings are published on the Council's website. All reports contain details of options considered and the advice provided by Officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. • The Council's website provides a range of information that is freely available to the public under its publication scheme. It includes: organisational structures; senior officer pay; information on recycling and rubbish; spending and financial information; decision-making, including schedules of Council meetings and supporting papers. • Bringing regular budget monitoring reports to our policy committees. • Having a Strategic Plan that illustrates where the Council is directing its resources. • The Committee forward plan of all decisions to be taken is published each month. https://tandridge.moderngov.co.uk/mgListPlans.aspx?RPId=186&RD=0&bcr=1 <p>Key documents include: Constitution, committee meeting timetable, agenda and minutes, video recordings, Strategic Plan, annual budget reports.</p> <p>In progress: review of the Strategic Plan.</p>

<p>We will engage comprehensively with institutional stakeholders.</p>	<ul style="list-style-type: none"> • Wherever we seek the views of our community, we endeavour to provide feedback on the information received and how we have used this to shape the Council's decisions. • Ensure regular performance / contract management / partnership meetings are scheduled with key partners; e.g. for shared services (environmental health), key contractors (Biffa) and policy development (Surrey County Council). 	<ul style="list-style-type: none"> • The Council's annual resident's survey. A report on the results is taken to our Audit and Scrutiny Committee. • Council's Procurement Strategy, which ensures suppliers are chosen according to the Council's requirements and deliver value to residents. <p>Key documents include: Formal partnership contracts / service level agreements / memorandums of understanding in place, which include performance monitoring requirements.</p>
<p>We will engage stakeholders effectively, including citizens and service users.</p>	<ul style="list-style-type: none"> • Ensures communication methods are effective and that members and officers are clear about their roles with regard to community engagement. • Encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implements effective feedback mechanisms in order to demonstrate how their views have been taken into account. 	<ul style="list-style-type: none"> • Annual resident's survey. • Customer services team in place to triage resident enquiries (phone and online) and complaints. • Organisational case management system in place to process and respond to external enquiries.

- Balances feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

What this means in practice:

The long-term nature and impact of many of the Council’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The Council supports the above principle by:

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
We will define outcomes	<ul style="list-style-type: none"> • Maintains a statement of the Council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions. • Identifies the intended impact on, or changes for, stakeholders including citizens and service users, both in the short and long term. • Delivers defined outcomes on a sustainable basis within the 	<p>This is evidenced and supported by:</p> <ul style="list-style-type: none"> • The Council is in the process of establishing a clear vision of what it wants to achieve for the District and this will be set out in the Strategic Plan. This Plan will be informed by an analysis of the needs of the District and through consultation. • Effective budget reporting processes ensures sustainability is effectively managed. • Performance monitoring reports are taken to each policy committee. <p>Key documentation includes: Strategic Plan, Budget Monitoring Reports to Committees, Risk Management Strategy, quarterly performance and risk committee reports.</p> <p>In progress: review of the Strategic Plan, service plans.</p>

	<p>resources that will be available.</p> <ul style="list-style-type: none"> • Identifies and manages risks to the achievement of outcomes. • Manages service user's expectations effectively with regard to determining priorities and making the best use of the resources available. 	
<p>We will provide sustainable economic, social and environmental Benefits.</p>	<ul style="list-style-type: none"> • Considers economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Takes a longer-term view regarding decision making, taking account of risk and acting transparently where there are potential conflicts between intended outcomes and short-term factors such as the political cycle or financial constraints. • Determines the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, to ensure appropriate trade-offs. 	<ul style="list-style-type: none"> • The declaration of a climate change emergency and the drive to embed carbon reduction across the organisation. There is a climate change implications section in each committee report, and an associated climate change impacts document to assist report authors. Further the Council has a Councillor – Officer climate change working group in place. • The council hosts a District Health and Wellbeing Board and provides a NHS funded social prescribing service. • Social value is incorporated into procurement activities. <p>Key documentation includes: Climate Change action plan, draft carbon footprint report, Procurement Strategy.</p>

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

What this means in practice:

The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs to ensure that its defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The Council supports the above principle by:

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
<p>We will determine interventions.</p>	<ul style="list-style-type: none"> Ensuring Members receive objective and rigorous analysis of a variety of options in reports indicating how intended outcomes would be achieved and associated risks. 	<ul style="list-style-type: none"> Reports for member decisions include options appraisals. Reports for member decisions include information about consultation with residents, businesses and other stakeholders where appropriate. Delivery of Strategic Plan objectives is monitored and managed at operational level through directorate team meetings, with programme boards for the largest areas of activity. Internal audit reports are used to form governance improvement actions. Use of programme and project management techniques. Budget setting and monitoring processes in place. <p>Key documents include: Corporate and policy committee risk registers, Internal Audit action plan, medium term financial plan, Strategic Plan, draft Programme & Project Management (PPM) Handbook.</p> <p>In progress: finalise and approve the PPM Handbook.</p>

<p>We will plan interventions.</p>	<ul style="list-style-type: none"> • Ensures that those making decisions, whether for the authority or any partnerships, are provided with information that is fit for purpose, relevant and timely. • Ensures that proper professional advice on matters that have legal or financial implications is available, recorded and used appropriately. 	<ul style="list-style-type: none"> • Financial reporting processes which include budget setting processes and budget monitoring are clearly defined to highlight budget pressures where intervention may be required. • Committee reports requiring legal and financial authorisation prior to issue. • Financial and legal representation at committee meetings. • Establishing appropriate key performance indicators (KPIs) and risks which are reported back to Members so that they can see how the performance of services is measured. <p>Key documents include: Committee Reports and minutes.</p>
<p>We will optimise achievement of intended outcomes.</p>	<ul style="list-style-type: none"> • Ensures that risk management is embedded into the culture of the Council, with Members and managers at all levels. • Ensures that effective arrangements for whistleblowing are in place and accessible to Officers and all those contracting with or appointed by the authority. 	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • The annual budget is prepared for scrutiny and approval by Members and published in line with agreed priorities and the medium term financial strategy. • A whistleblowing policy which is accessible to all, detailing key officers and processes. <p>Key documents include: Whistleblowing policy, Risk Management Strategy, risk registers.</p>

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

What this means in practice:

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. It must ensure that it has both the

capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that it's management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual Officers. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

The Council supports the above principle by:

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
<p>We will develop the entity's capacity.</p>	<ul style="list-style-type: none"> • Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. • Recognising the benefits of partnerships and collaborative working where added value can be achieved. 	<p>This is evidenced and supported by:</p> <ul style="list-style-type: none"> • Departmental management meetings in place where issues can be escalated by service managers. • Member Development Programme. • Internal Audit in place as a third line of defence regarding officer skills and training. • Compliance with mandatory staff training is monitored by HR. • EAP and occupational health services support for staff health and wellbeing. • Roles of Councillors and Officers are set out in the Council's constitution and in officer job descriptions • Regular service performance and county benchmarking in place. <p>Key documents include: Staffing structure, Partnership and Service Level Agreements, job descriptions, constitution, quarterly performance reports, Internal Audit reports.</p> <p>In progress: Officer appraisal and development framework, service reviews being undertaken to assess potential for further partnership working.</p>

We will develop the capability of the entity's leadership and other individuals.

- Ensure the Chief Executive is responsible and accountable to the Council for all aspects of operational management
- Ensure the Section 151 Officer is responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Appoint a professionally qualified and experienced Section 151 Officer who will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds; together with professional accountability for finance staff throughout the Council.
- Having a framework in place that specifies the types of decisions that are delegate and those reserved for the collective decision making of the governing body.

- The Council has established an organisational structure and is in the process of reviewing and recruiting to that structure. The aim is to have a lean organisation to achieve its objectives most effectively and efficiently.

- Member induction programme.
- Officer training budget.

Key documents include: Staffing structure, HR policies, scheme of delegation and contract standing orders (CSOs).

In Progress: Future Tandridge programme, Officer appraisal and development framework.

Principle F - Managing risks and performance through robust internal control and strong public financial management

What this means in practice:

The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the achievement of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The Council supports the above principle by:

Page 109

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
We will manage risk.	<ul style="list-style-type: none"> The Audit and Scrutiny Committee has overall responsibility for the Council’s governance and risk management arrangements. Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job. Ensure our arrangements for financial and internal control 	<ul style="list-style-type: none"> Multi-level risks registers, i.e. corporate, committee and service-level. Performance and risk management processes and reporting in place. Financial regulations and budget reporting and monitoring. The annual Internal Audit plan which is informed by corporate risks. Procurement strategy and contract procedure rules. Information Governance Board and Data Protection Officer in post. The s151 Officer is appropriately qualified, experienced and complies with the CIPFA statement on the role of the Chief Financial Officer in Local Government.

	<p>and management of risk are formally addressed within the annual governance reports.</p> <ul style="list-style-type: none"> • Ensure that quarterly performance risk reports are produced for each policy Committee and used to hold senior Officers to account. 	<p>Key documents include: Risk management strategy, risk registers, Medium Term Financial Strategy.</p>
<p>We will manage performance.</p>	<ul style="list-style-type: none"> • Monitors service delivery effectively including planning, specification, execution and independent post implementation review. • Makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. • The Chief Finance Officer is the authority's S151 and is responsible for ensuring that effective financial management is in place. • The Council has an established approach to financial governance involving Members, senior Officers. 	<ul style="list-style-type: none"> • Quarterly performance and risk reports taken to each policy committee. • Performance and risk are standard agenda items for departmental leadership meetings. • Corporate performance report taken to the executive team monthly, and quarterly benchmarking reports. <p>Key documents include: quarterly performance and risk reports.</p> <p>In progress: service plans for each team.</p>

<p>We will have robust internal control.</p>	<ul style="list-style-type: none"> • Evaluating and monitoring risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. 	<ul style="list-style-type: none"> • Internal Audit arrangements in place and conducted by Southern Internal Audit Partnership (SIAP). • Annual audit plan and quarterly audit progress reports taken to Audit & Scrutiny Committee. • Assurance statement issued to all service managers as part of the preparation for the Annual Governance Statement. This is viewed in parallel with this document (the local code of corporate governance). • Performance, risk and audit action monitoring conducted monthly (at a minimum). • Anti-Fraud and Corruption Policy in place, and fraud risks managed via operational risk registers. <p>Key documents include: internal audit committee reports, Annual Governance Statement, Local Code of Corporate Governance, Anti-Fraud and Corruption Policy.</p>
<p>We will manage data.</p>	<ul style="list-style-type: none"> • The Council has a Data Protection Officer and policy in place to ensure that personal data is held securely and managed appropriately. • The Data Protection Officer has set up Data Champions within each department and they meet quarterly. 	<ul style="list-style-type: none"> • Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the appropriate form of privacy notices. • Information Sharing Agreements are in place to document the sharing of information with other organisations. • Data verification and validation processes are integrated within systems and processes. • Procedures are in place for reporting data breaches which are recorded and reviewed to identify any remedial process actions required. • Details of data breaches will be reported to senior management with self-referral to the ICO if considered appropriate. • Information governance management team is in place and meet quarterly.

		<ul style="list-style-type: none"> • Data protection impact assessments conducted as necessary. <p>Key documents include: Data Protection Policy, Data Quality Policy, Information Governance Management Policy, Information Security Policy, IT Acceptable Use Policy, PCI-DSS Payment Card Industry – Data Security Standard Policy, Record of Processing Activities, Records Management Policy.</p> <p>In progress: Mandatory Officer training, review/update of Record of Processing Activities, staff data champions.</p>
<p>We will implement strong public financial management.</p>	<ul style="list-style-type: none"> • Ensures financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> • The S151 Officer is appropriately qualified, experienced and complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government. • The S151 Officer prepares and advises the Council on its Medium Term Financial Strategy and the budget. • Regular budget monitoring reports are provided to Members and Officers. • Financial Regulations provide a framework for the day to day management of the Council’s financial transactions. <p>Key documents include: Financial Regulations, Budget monitoring reports.</p> <p>In progress Medium Term Financial Strategy</p>
<p>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>What this means in practice:</p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p> <p>The Council supports the above principle by:</p>		

Supporting principles	How does Tandridge District Council achieve this?	This is evidenced and supported by:
We will implement good practice in transparency	<ul style="list-style-type: none"> • Produces reports for the public and other stakeholders in an understandable style appropriate to the intended audience, ensuring that they are easy to access and interrogate. • Strikes a balance between providing the right amount of information to satisfy transparency but can be understood by users to encourage public scrutiny. 	<ul style="list-style-type: none"> • Committee reports are written in a standard template and are informed by the Council's style and tone writing guide. • Compliance with the local government transparency code, with information published on the Council website in in a timely manner. <p>Key documents include: See footnote for links to openly published information.³</p> <p>In progress: Freedom of information requests and responses to be published on the Council's website.</p>
We will implement good practices in reporting	<ul style="list-style-type: none"> • Put in place effective transparent and accessible arrangements for dealing with complaints. • Maintain effective arrangements for determining the remuneration of senior Officers and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011. 	<ul style="list-style-type: none"> • A quarterly complaints report is taken to Audit & Scrutiny Committee • Pay policy and information published on the Council's website. <p>Key documents include: Complaints Policy, Pay Policy Statement.</p>

³ For further information see the following Council webpages: Transparency and open data - <https://www.tandridge.gov.uk/Your-council/Freedom-of-information-and-data/Transparency-and-open-data>; Publication scheme - <https://www.tandridge.gov.uk/Your-council/Freedom-of-information-and-data/Transparency-and-open-data/Publication-scheme>.







<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> • Ensures that recommendations for corrective action made by Internal Audit are acted upon. • Encourages peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Obtains assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. • Ensures that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • Internal Audit provide assurances throughout the year on the key systems of internal control and produce an annual opinion report which is published and considered by Audit and Scrutiny Committee. • All observations noted in Internal Audit reports are addressed by the creation of associated management actions that will address risk issues. These are monitored at committee quarterly. • Peer review conducted for the Development Management service. • Annual Governance Statement includes an action plan. • The External Auditor provides assurance on the Council's financial statements. • Procurement strategy, contract standing orders and partnership contracts, memorandums and agreements are used for each formal partnership. <p>Key documents include: Internal Audit annual opinion report, Annual Governance Statement.</p>
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Responsibilities

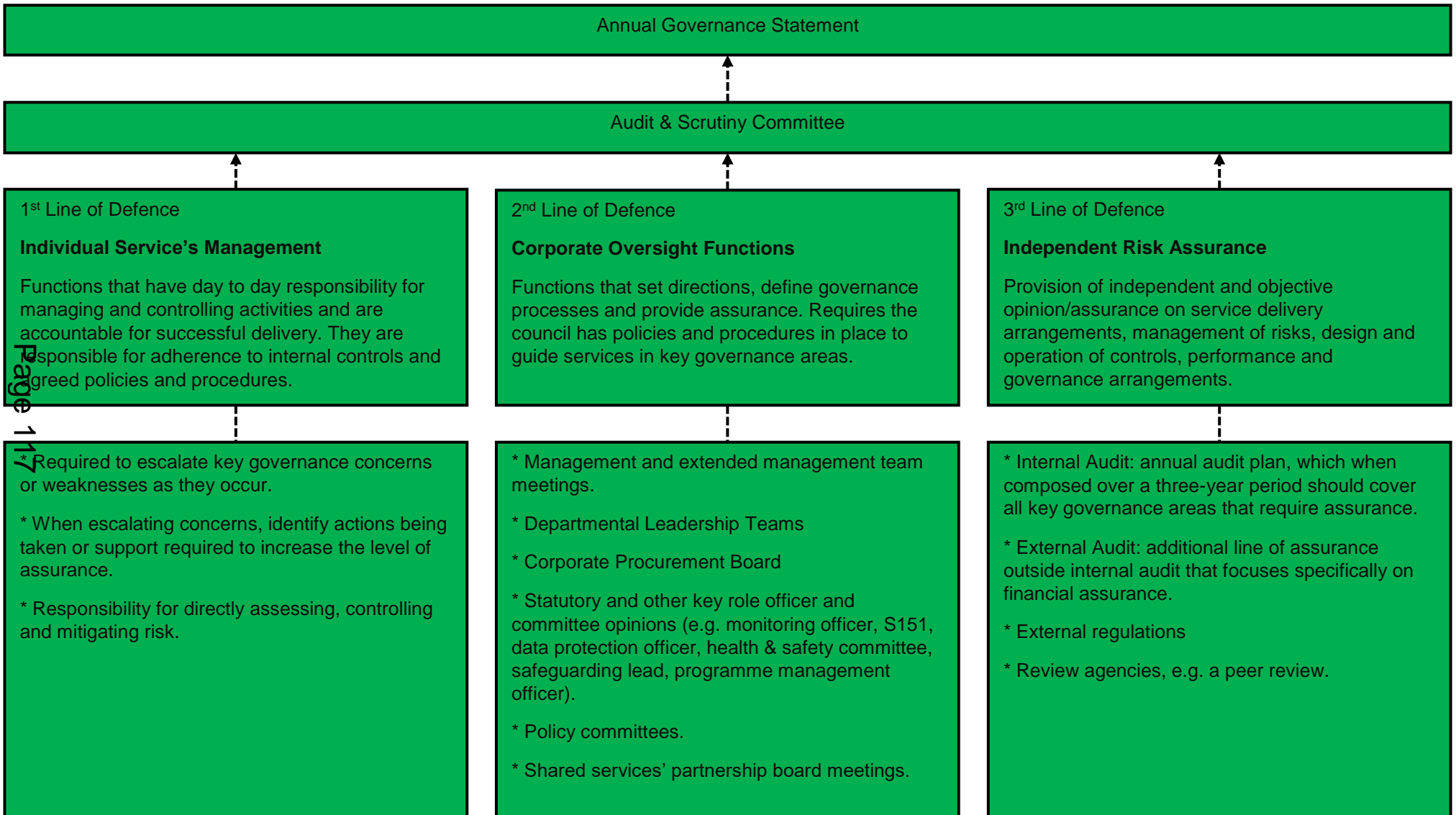
Corporate governance and good governance are everyone's responsibility. There are however a number of specific responsibilities in relation to the implementation, monitoring and review of the Code and the production of the Annual Governance Statement, as outlined below:

Leader of the Council	Championing and role modelling good governance, in the spirit of the Code.
Head of Paid Service (Chief Executive)	Championing and role modelling good governance, in the spirit of the Code.
Head of Legal Services & Monitoring Officer	Overseeing the implementation and monitoring of the Code. Reviewing the operation of the Code and advising on any changes that may be necessary to maintain it and ensure its effectiveness in practice. Undertaking an annual review of the Code to provide assurance on the extent of compliance with it, and reporting on the extent of that assurance in the Annual Governance Statement.
Chief Financial and Section 151 Officer	Leading the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
Head of Internal Audit (Southern Internal Audit Partnership)	Reporting to the Audit and Scrutiny Committee on audit activities during the year, with particular emphasis on the systems of internal control and arrangements for corporate governance.

Governance structure

<p>The Council</p> 	<ul style="list-style-type: none"> • Consists of 42 councillors. • Approves the constitution. • Appoints committees and sub-committees. • Sets council tax. • Set budget framework
<p>Policy Committees</p> 	<ul style="list-style-type: none"> • Main decision-making function of the council. • Comprises four committees who have responsibilities for particular areas. • Subject to political oversight of the council. • Membership is politically balanced.
<p>Audit & Scrutiny Committee</p> 	<ul style="list-style-type: none"> • Provides assurance to the council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. • Approves the Local Code of Governance, Annual Governance Statement and the Statement of Accounts. • Review and scrutinise decisions and performance of the Council and audit arrangements.
<p>Other regulatory committees</p> 	<ul style="list-style-type: none"> • Licensing: deals with all aspects of local licensing for which the council is responsible. • Planning: makes decisions on certain planning applications and deals with other development control issues such as enforcement. • Standards committee: promoting and maintaining high standards of conduct by Councillors and co-opted Councillors.
<p>Management Team</p> 	<ul style="list-style-type: none"> • Implements the policy and budgetary framework set by the council, and provides advice to policy committees and the council on the development of future policy and budgetary issues. • Oversees the delivery of the council's Strategic Plan and implementation of policy. • Operationalised by leading and attending: management team, extended management team, departmental leadership team, partnership and other corporate cross-cutting board meetings.
<p>Extended Management Team</p> 	<ul style="list-style-type: none"> • Responsible for developing, maintaining and implementing the council's governance, risk, performance and control framework. • Contribute to the effective corporate management and governance of the council. • Operationalised by attending and contributing to: management team, extended management team, departmental leadership team, partnership and other corporate cross-cutting board meetings.

Governance Assurance Channels



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Project Management Review – March 2022 Update

Audit & Scrutiny Committee Tuesday 22 March 2022

Report of: Alison Boote, Executive Head of Communities

Purpose: For information

Publication status: Open

Wards affected: All wards

Executive summary:

- At the Audit & Scrutiny Committee meeting on 27 January 2022, the Committee requested a Project Management Action Plan listing priority actions to improve the project management process within the Council.
 - A request was also made to provide details of active projects, resources, and confirmation of Officer skills/experience to deliver these projects.
 - The purpose of this report is to provide this information and to highlight progress since our last update report.
-

This report supports the Council's priority of: Building a better Council

Report author Alison Boote Executive Head of Communities
aboote@tandridge.gov.uk

Recommendation to Committee:

That Committee notes actions outlined in the priority action plan and supports the progressing of listed active projects using the resource available.

Reason for recommendation:

This recommendation will help provide the Committee with confidence with the project management process within the Council. It will also ensure that the Council receives sufficient Committee oversight which should, in turn, lead to the improved management and delivery of projects.

Background

1. This report provides an update following the report presented to the Committee on 27th January 2022.
2. Since March 2021 corporate project management has been assigned to the Programme Management Officer ('PMO'). Since early January 2022, this post is vacant.
3. A Project Management internal audit is planned. The scoping meeting has taken place and the audit is expected to start at the end of March 2022.
4. Project management as a whole, is currently being reviewed.
5. A Project Management Working Group ('the Group') has been set up to monitor and deliver best practices for the Council.
6. A key priority for the Group is to ensure project management documentation is in place and report monitoring is up to date and reviewed at the relevant project board meetings.
7. All active projects are expected to comply with the new corporate risk management strategy.
8. A priority action plan is included with this report (Appendix A), listing key actions to ensure improvements to the project management process.
9. The draft Project Management Handbook has been reviewed by the Group and is going to Executive Management Team ('EMT') at the end of March for approval.
10. Once EMT review the handbook a copy will be circulated to the Committee Members.
11. As requested, a list of active projects with departmental ownership and Officer lead has been created, outlining resources, skills and training needs.
12. Individual officer skills have been documented and reviewed but are not listed in this report.
13. Project Management updates will continue to be brought to all future meetings of the Committee, either written or verbal, until such time that it is satisfied that project management has improved at the Council.

Key implications

Comments of the Chief Finance Officer

The report follows on from previous structures and feedbacks on prior projects outcomes and learning points. These projects were service centric and would have indirectly support any prior savings plans. If there are any financial implications, they would either be reported within the revenue positions or part of any capital related project.

Comments of the Head of Legal Services

The Council undertakes a large amount of project management and there is a necessity to ensure that there is an ongoing drive to improve standards and to strengthen areas where required. In the context of having reduced Officer resources there is a challenge to ensure that the management of projects is as efficient as possible. This includes the project management as well as the governance, decision making and assurance. To avoid the Council from falling behind on any outstanding actions, the Council is now moving forward with its decision regarding resourcing the PMO function.

Climate change

All proposals that would impact on the Council's commitment to climate change will be reported in individual future projects to committees.

Appendices

Appendix A – Priority Improvement Action Plan

Background papers

None

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Appendix A

Project Management Priority Improvement Action Plan

	Action	Target Date	Owner	Comments
1	Reinstate and establish officer project management working group to ensure project management documentation is in place and reports and risks are reviewed at project boards set regular meetings for 2022/2023 period	March 2022	Project Sponsor A Boote	Completed February 2022
2	PM working group to review Project Management Handbook and forward to EMT for approval. Once approved distribute to A&S members for Comments and approval	April 2022	Project Sponsor – A Boote	In Progress. EMT to review end of March
3	Explore options for formal Project Management Training with HR for lead project officers	June 2022	Project Sponsor A Boote	In progress
4	Review Active project list to determine resource capacity, skills and experience Identify Gaps and provide assurance on how we will bridge those gaps	September 2022	Project Sponsor A Boote	In Progress, additional resource levels yet to be identified

5	Provide Progress reports and updated action plan to Audit & Scrutiny Committee at regular intervals	March 2022	Project Sponsor A Boote	Ongoing
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Complaints and Freedom of Information Requests update

Audit & Scrutiny Committee Tuesday, 22 March 2022

Report of: Head of Legal Services & Monitoring Officer

Purpose: For decision information

Publication status: Open

Wards affected: All

Executive summary:

This report provides an update about the Council's approach to managing complaints. Complaints are reported quarterly to the Audit and Scrutiny Committee and details about what has changed as a result of a complaint are published on the website.

In addition, this report includes details about the type of Freedom of Information requests received.

This report supports the Council's priority of: Building a better Council

Contact officer Giuseppina Valenza Head of Communications & Customer Experience, gvalenza@tandridge.gov.uk

Recommendation to Committee:

The committee is asked to note and accept the report.

Reason for recommendation:

The Complaints Policy stipulates complaints should be reported quarterly to the Audit and Scrutiny Committee.

A robust complaints policy ensures customer service standards are sustained and improved. It also helps maintain the Council's reputation. An approach of continuous improvement gained by learning from complaints, supports the priority of Building a better Council.

The details about the Freedom of Information requests are provided to show the volume of requests and services impacted in being required to respond to these.

Introduction and background

1. The Council aims to provide an excellent experience every time a customer uses its services, but occasionally things do go wrong. When that happens, the Council would like the opportunity to put things right.
2. If a service falls below the expected standard, officers work with customers to resolve any issues as quickly as possible. Where this still does not resolve the issue, customers may want to make a formal complaint.
3. Complaints, comments and compliments from customers help the Council identify what has worked well and what could be better.
4. Comments and complaints are used to see where processes should be reviewed and improvements made. In addition, compliments are passed on to staff and shared internally.
5. The complaints policy has two stages. Stage 1 – Resolution. If customers are not satisfied with the service they receive, they can make a Stage 1 complaint. Where the customer is not happy with the response to their Stage 1 complaint, they can escalate it to Stage 2 – Review. The customer must clearly explain why they are dissatisfied with the Stage 1 investigation and what they think the Council needs to do to put matters right.

Timescales

6. At both stages complaints:
 - Are automatically acknowledged within 2 working days.
 - Are fully investigated and responded to within 10 working days. Where this is not possible the customer is contacted to let them know when they can expect a reply.
7. If customers are still not happy with the response they receive at Stage 2, they are referred to the Local Government and Social Care Ombudsman (LGSCO). The LGSCO investigates complaints about councils with the aim of putting things right if they have gone wrong.

Lessons learned

8. We capture what lessons have been learned from complaints, with the aim of improving customer service.
9. As part of the Stage 1 investigations, team leaders review the process or practice used, to highlight where improvements could be made. Any changes are recorded in the system with a record of the action taken as a result, for example staff training, changes to a system or process etc.
10. At Stage 2 a member of the Senior Leadership Team reviews the response to Stage 1, to see if it could have been prevented from escalating to Stage 2.
11. In the last quarter there were a few complaints about the way in which an enquiry was handled by the officer and that officer's response. These have been reviewed and discussed by the team leaders and service leads to see where improvements can be made. The corporate complaints training should also help officers to consider the way in which they respond.
12. A customer satisfaction survey for complaints has recently been introduced which is sent to complainants once their case has been closed. This asks if complainants found the process easy to use and are satisfied with our response to their complaint.
13. There have been two responses so far. Both complainants responded to say they were not satisfied with the response to their request. This was largely due to the length of time it had taken for a response to be sent to them – far longer than the stated timescales and one did not feel the response addressed their issue, although guidance was offered about what else they could do.

Number of complaints

14. In the last quarter (1 October to 31 December) there were 38 new complaints and 6 Stage 2 complaints. Table A provides more details.
 - There were 9 complaints about planning, including 1 at stage 2.
 - There were 9 complaints for housing (including housing needs and homelessness), with 4 at stage two.
 - There were 7 complaints related to property services, with 1 at stage 2.

Table A: Complaints 1 October to 31 December 2021

Service	Summary of complaint	Stage 1	Stage 2
Benefits	Officer response.	✓	
Benefits	Officer response.	✓	
Benefits	Delay in paying DHP. Lack of contact.	✓	
Building Control	Reminders sent when payment plan in place. Conflicting information given.	✓	
Community Surveyors	Poor quality fence and poor service from officer.	✓	
Community Surveyors	Satellite dish not working due to scaffolding. Lack of communication.	✓	
Community Surveyors	Ongoing problem with boiler despite numerous visits.	✓	
Community Surveyors	Flooding of car park. Lack of contact/update.	✓	
Community Surveyors	Ongoing housing disrepair.	✓	
Community Surveyors	Lack of contact from officer.	✓	
Community Surveyors	Ongoing problem with boiler despite numerous visits.	✓	
Council tax	Significant delay in issuing council tax refund.	✓	
Council tax	Delay in closing accounts for probate, felt staff were uncaring.	✓	
Elections	Mistakes made when processing updates.	✓	
Homelessness	Offered property was withdrawn. Feels entitled to larger property than allowed to bid on.	✓	
Housing	Complaint about officer conduct on visit.	✓	
Housing	Not advised property is on more expensive heating network.	✓	✓
Housing	Incorrect information given by plumber, appliance replaced despite not being faulty.	✓	
Housing	Officer response.	✓	
Housing Needs	Unhappy with property offered.	✓	✓
Housing Needs	Moved to auto bids and feels forced to accept a property that is not appropriate.	✓	✓
Housing Needs	Mutual exchange denied. (Stage 1 in quarter 2).		✓
Housing Needs	Delays processing housing application, difficulty reaching officer. (Stage 1 in quarter 2).		✓
Parks	Removal of vegetation weakened fence causing it to fall. Lack of response from officers.	✓	
Planning	Felt planning process not followed.	✓	✓
Planning	Mistakes on planning application.	✓	
Planning	No notification of planning application.	✓	

Planning	Planning application not considered properly by committee.	✓	
Planning	Considered planning application discriminated against residents with disabilities	✓	
Planning	Misled about application timescales and fee.	✓	
Planning	Unhappy with neighbouring planning application. Lack of site visits.	✓	
Planning enforcement	Felt reports of planning breaches not taken seriously or dealt with properly.	✓	
Planning	Delays. Lack of contact from planning officers	✓	
Trees	Wood from felled trees dumped behind property, also damaging fence.	✓	
Waste and recycling	Request for refund for disrupted garden waste collections.	✓	
Waste and recycling	Ongoing problems with waste collection.	✓	
Waste and recycling	Ongoing collection problems at flats.	✓	
Waste and recycling	Ongoing problem with rubbish collection	✓	
Waste and recycling	Garden waste bin not collected. Lack of response from officers.	✓	
Waste and recycling	Request for refund for disrupted garden waste collections.	✓	
Total		38	6

15. The Tandridge District has around 88,500 people, living in 37,500 households. There are around 3,000 business rate payers. Table B shows complaints as a % of the household and population figures.

Table B: Complaints per household and population

No of complaints	% of household	% of population
38	0.1	0.5

16. Benchmarking with other Surrey councils is difficult as every council categorises and records complaints in different ways. The same methods are not being used to be able to make a like for like comparison.

17. In the last quarter four complaints were considered by the LGSCO. Three were decided and one about planning is still being investigated. Of the three considered:

- One for planning was upheld. The Council was asked to write and apologise to the resident and make a payment of £250. In addition, it was asked to put a process in place to improve the communication between the

enforcement and planning teams. The complaint related to a failure to tell the resident about a receipt of a nonmaterial amendment to a planning application which would have an impact on their property. As the resident was not aware of this amendment they were not able to comment. There was also a delay in making the information available on the website and on the planning file. The LGSCO did not consider these issues made a difference to the final decision about the nonmaterial amendment and did feel the Council complaint responses were comprehensive.

- One about housing was not upheld. The Council has been advised to keep detailed and accurate logs of contractor visits.
- One about backdating housing benefit was not investigated as the LGSCO decided the complaint should be taken to the Social Entitlement Chamber, which settles legal disputes and is structured around particular areas of law.

Compensation

18. The Council has recently agreed an approach to offering compensation as a goodwill gesture. This is set at a maximum of £50. This is only considered in exceptional circumstances, where the complaint investigation identifies a fundamental service failure in the way the situation has been handled and where the issue caused a customer unnecessary upset and distress. No compensation has been awarded in this quarter.
19. In certain instances, the Council offers discretionary financial compensation to council tenants or leaseholders in the event of a failure of the Housing Landlord Service. Although a discretionary scheme, it is an expectation of the Social Housing Regulator and the Social Housing Ombudsman that there is one.
20. There are also some landlord related compensation payments required by law. These relate to homelessness and disturbance payments when tenants are required to move out of their home. Any compensation is funded by the Housing Revenue account.
21. In the last quarter we have made no housing related compensation payments.

Compliments

22. Compliments about staff and the way they have responded to customers are shared internally on the intranet. One received during the last quarter was about the speed with which some flytipped green waste was removed.

Freedom of Information (FOI), Data Protection Act, Subject Access Request, Environmental Information Regulation process

23. There are two separate pieces of legislation under which the public can request information from the Council. These are the Freedom of Information Act (FOIA) 2000 and the Environmental Information Regulations (EIR) 2004. The FOIA provides a general right of access and the EIR provide additional rights of access to environmental information.
24. Both pieces of legislation provide the public with a general right of access to all recorded information held by public authorities. This includes drafts, e-mails, letter, notes, recordings of telephone conversations and CCTV recordings.
25. Anyone can make a freedom of information or an environmental information request – they do not have to be UK citizens, or resident in the UK.
26. All Freedom of Information (FOI), Data Protection Act (DPA), Subject Access Request (SAR) or Environmental Information Regulation (EIR) requests are registered on the corporate system.
27. The Council has 20 working days to reply to an FOI or EIR request and a month for DPAs and SAR. It can often take longer than this if the request is particularly complex or involves multiple documents. All personal data must be redacted from documents before being released and this can take a long time. If the Council is late in responding a holding response is sent to the enquirer to make them aware the response is taking longer to prepare.
28. In the last quarter (1 October-31 December 2021) we received 140 FOIs. Table C shows the breakdown of requests by service area.

Table C: FOIs 1 October to 31 December 2021

Service area	Number of FOIs
Building Control	1
Business rates	18
CCTV	1
Commercial Asset Management	6
Commercial Asset Management/ Community Surveyors	1
Communications	2
Communications / HR	1
Community Safety	4
Community Surveyors	1
Council tax	7
Covid support fund / grants	3
Customer Services	1

Environment	2
Environmental Health	13
Facilities	2
Finance	3
Finance / Parking	1
Flytipping	2
Garages	1
Health and Wellbeing	1
Housing	2
Housing Development	1
Housing Needs	5
Housing Needs / Planning Policy / Housing Development / Legal	1
Housing/Surveyors/Legal	2
HR	5
HR / ICT	2
ICT	5
Internal review - Planning	1
Legal	2
Operational Services / Environment	1
Operational Services	1
Parking	2
Parking External	2
Parks	5
Planning	8
Planning Policy	3
Planning Policy / Planning	1
Private sector housing grants	2
Procurement	2
Public Health Funerals and burials	8
Street cleaning	2
Street cleaning / Environmental Health	1
Waste and recycling	5
Total	140

29.Many FOIs are repeat requests and are often from companies trying to find out what contracts the Council has, what software it currently uses, how many people are working in a particular service area etc.

30.The Information Commissioners Office (ICO) is the independent body which oversees FOI and EIR. If the public remains unhappy after the internal review procedure, they can complain to the ICO. If the ICO considers the complaint to have merit they will carry out an investigation. The FOI Officer is responsible for providing the ICO with any information they need for their investigation.

31. The ICO requires a formal written explanation of the Council's position, as well as a copy of any withheld information. The ICO will issue a Decision Notice which can either uphold the Council's position or require any withheld information be disclosed. The Council has not received any decision notices from the ICO in this quarter.

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications arising from this report.

Dealing with complaints puts an additional resource burden on the Council in terms of staff time and correctly dealing with complaints in the early stages reduces this. Learning from our mistakes and improving processes reduces the chances of reoccurrence and frees up officer time to focus on delivering services. Where compensation payments are necessary these will need to be met by services from existing budgetary provision.

Comments of the Head of Legal Services

This report provides a review of the number of complaints received, as well as information about FOI and EIR requests.

The regulatory body, the Information Commissioner's Office (ICO) considers the key performance indicator is the compliance with the statutory 20 Working days deadline for both FOI and EIR requests. The ICO would intervene to monitor a council where it was aware its compliance rate had fallen below 90%.

If any complaint raises issues which may have legal implications or consequences, the Legal team should be consulted.

There is no statutory duty to report regularly to any of the committees about the Council's performance, but it is good practice to provide this information. Under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

Regular reports about the Council's performance in responding to complaints and FOI and EIR requests help to demonstrate best value and compliance with the statutory duty.

Equality

To ensure anyone can make a complaint, complaints can be submitted in a number of ways. They can:

- Complete a form.
- E-mail the Council.

- Write to the Council.
- Visit the Council Offices and a complaint can be recorded by an officer.
- Call 01883 722000 and a Customer Services Advisor can complete a form for a customer over the phone.

Complaints on social media cannot be accepted, as it is too difficult to capture information and not practical if it is sensitive or confidential. When a complaint is received via social media, the complainant is asked to contact the Council in one of the above ways.

While all complaints are dealt with confidentially, anonymous complaints cannot be responded to.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

None

Background papers

None

----- end of report -----