

## TANDRIDGE DISTRICT COUNCIL

### AUDIT & SCRUTINY COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber - Council Offices on the 28 November 2023 at 7:30pm.

**PRESENT:** Councillors Booth (Chair), Allen (Vice-Chair), Cooper, Sue Farr, Anna Jones, Patel, Sharp, Colin White and Nicholas White

**ALSO PRESENT (Virtually):** Councillors Damesick and Smith

**APOLOGIES FOR ABSENCE:** Councillors Chotai and North

#### 173. MINUTES OF THE MEETING HELD ON 26TH SEPTEMBER 2023

The minutes were confirmed and signed as a correct record.

#### 174. EXTERNAL AUDIT UPDATE

The Committee received a report relating to the progress of the external audit of the 2021/22 statement of accounts and agreeing of audit fees.

In respect of the audit of the 2021/22 statement of accounts, Members were informed that:

- All areas of the audit had commenced, with 76% of the initial field work completed. Overall 60% of the audit had been fully completed.
- Progress since the last committee had been slower than anticipated. However, resources had been booked to work on the audit and it was being prioritised.
- The draft report included a number of control recommendations for consideration by the Committee.
- Management had corrected misstatements totalling £271k. A further £63k of uncorrected misstatements remained. It was noted that these numbers may alter once all testing had been completed.

In respect of the contested audit fees, Members were informed that both the Council and Deloitte had submitted evidence in respect of the fees incurred to Public Sector Audit Appointments (PSAA) and a decision from them was expected in due course.

In response to Member questions, the following points were clarified:

- PSAA had stated that they wanted to resolve the fee dispute swiftly. However, Officers stressed that they wanted to ensure the correct outcome was reached in the dispute and did not want to compromise the Council's financial position in favour of a prompt resolution.
- Values referred to in the audit report needed to reflect the balance sheet date of March 2022. All valuation and testing was completed at that point of time in order to show a correct value for that year's audit.
- Property valuations were a significant risk for most Local Authorities. Testing was currently in progress and all outstanding information had now been received and was being worked on by Deloitte.
- There was a process in place for producing robust working papers for audit. However, there was a workload and prioritisation issue which restricted how this could be

implemented to the satisfaction of the auditors. It was noted that 2022/23 will be the first audit year that the current financial team had been responsible for. It was therefore anticipated that the 2022/23 audit would be more straightforward.

- All misstatements would be contained in the final ISA260 for the Committee to consider.
- The register of interest processes run by both the Democratic Services and Finance Teams would be reviewed and a more coherent process to collate all of the required information would be introduced in the future. Deloitte had recommended that the Council review Member declarations of interest on a regular basis by way of an annual report to the Committee.
- It was confirmed that out of 486 public bodies, 10 were still completing the 2018/19 audit, 34 completing the 2019/20 audit, 106 completing the 2020/21 audit and 303 working through the 2021/22 audit. Of the Surrey authorities, it was confirmed that 33% were currently completing their 2019/20, 50% were completing their 2020/21 audit and 67% were completing their 2021/22 audit.
- The Council's new auditors, Grant Thornton, had proposed starting the 2023/24 audit in August or September 2024. This would be dependent on the current position of audits currently outstanding with Deloitte. Concerns were raised around the internal resourcing of multiple audits and the associated costs.

Councillor Allen proposed a motion to add the following further recommendation:

*That the Audit & Scrutiny Committee agrees to inspect the Council's register of interests on an annual basis.*

The motion was seconded by Councillor Cooper. Upon being put to the vote, the motion was carried.

In response to the statistics provided in respect of the level of backlog of Local Authority audits, Councillor Cooper proposed the following motion to add a further recommendation to the report:

*That the Council draft a letter of complaint to the Department of Levelling Up, Housing and Communities, regarding the current position of the external audit. Wording of the letter to be agreed by the Chair and Vice Chair in advance of circulation to the Audit & Scrutiny Committee.*

The motion was seconded by Councillor Sharp. Upon being put to the vote, the motion was carried.

**RESOLVED** – that:

- A) the Committee notes the 2021/22 external audit progress.
- B) the Committee notes the progress on addressing audit fee proposals.
- C) the Committee agrees to inspect the Council's register of interests on an annual basis.
- D) the Council draft a letter of complaint to the Department of Levelling Up, Housing and Communities, regarding the current position of the external audit. Wording of the letter to be agreed by the Chair and Vice Chair in advance of circulation to the Audit & Scrutiny Committee.

## **175. INTERNAL AUDIT PROGRESS REPORT - NOVEMBER 2023**

The Committee received a progress report from the Southern Internal Audit Partnership (SIAP), which included:

- An analysis of live audit reviews that still had management actions pending or overdue.

- A progress update against the 2022/23 and 2023/24 Internal Audit Plan.
- A summary of any adjustments to the Internal Audit Plan and any significant issues that would impact on the Chief Internal Auditor's annual opinion.

It was confirmed that Housing Voids had been removed from the current Internal Audit Plan due to a significant amount of officer time being spent reviewing the service and how it would be provided in the future. Consequently, an audit of the collection and distribution of Community Infrastructure Levy and Section 106 funds had replaced it in the Internal Audit Plan.

The Committee commented on the positive progress of the internal audit progress and the level of information contained in the report.

**RESOLVED** – that the Committee notes the Internal Audit Progress Report – October 2023

## 176. FRAUD UPDATE MID-YEAR 2023/24

The Section 151 Officer presented a report that set out recent activity undertaken in respect of strengthening the Council's fraud arrangements and the steps taken to prevent fraudulent activity at the Council. The report provided details of recent activity that had been confirmed as fraud or could have potentially become a fraudulent event. The report also provided details of a recent theft of laptops from the Council Offices.

Members were informed that a joint working agreement, developed between the Head of Housing and Reigate and Banstead Borough Council (RBBC), had been introduced and expanded to cover a number of service teams in the Council. The work undertaken by RBBC, alongside further internal anti-fraud measures, were improving the Council's ability to investigate fraudulent activity.

In response to Member questions, Officers confirmed that:

- Fraudulent activity varies year to year and the two significant cases of fraud that had recently occurred was not unexpected when compared with activity at other authorities.
- The Chair and Vice Chair of the Committee had also been informed of the theft of Council laptops as part of the initial internal response.
- The annual cost of the joint working agreement was included in existing budgets and provided good value for money for the Council. The cost paid for a set amount of RBBC Officer time and it was agreed in advance how this would be targeted. The current focus was to improve the Council's policies and officer training with a view to then develop the delivery of day to day anti-fraud measures.
- Further clarification would be sought on the cashable savings and notional savings set out in the extract from the Monthly Fraud Report.

**RESOLVED** – that the Committee note the Council's arrangements in respect of fraud, its efforts to improve the management and reporting of fraud, strengthen its anti-fraud arrangements and put in place robust and regular reporting.

## 177. FUTURE TANDRIDGE PROGRAMME UPDATE - NOVEMBER 2023

The Section 151 Officer presented a report focusing on the governance, risk and issue management of the Future Tandridge Programme.

Members were informed that:

- The Council was looking to recruit an Organisational Development Lead jointly with RBBC, although an appointment was not expected until March 2024. A business case was being developed for this recruitment and for the wider sharing of HR functions, which would come to Members for approval.
- A detailed project plan had been drafted in respect of the Council's new telephony implementation. It was expected that this would reduce the mitigation score for the Digital Transformation project.
- The risks relating to the procurement timetable for the grounds maintenance plan, had increased due to expected changes in the Council's procurement resource in early 2024. Procurement Officers were being jointly recruiting with RBBC which would mitigate the potential future risk to the Council.

In response to Member questions, it was confirmed that:

- Despite having secured resource to take forward the majority of the transformation plan, the Council did not want to reduce the mitigated risk score for the organisational development workstream until certain specific roles had been filled.
- The Council had strong governance in place in order to avoid unnecessary changes of scope to the Future Tandridge Programme. Any scope changes are deliberated by Management Team. It was noted that scope changes may be required in order to ensure that the FTP remained flexible.
- Council vacancies were advertised internally to provide the opportunity to recruit from within the organisation and potentially upskill existing employees.
- Any graduates or apprentices employed by the Council are managed through the Extended Management Team whilst the HR Organisational Development vacancy is out for recruitment.

**RESOLVED** – that the Committee:

- A) note the direction of travel for the FTP, the savings identified for delivery in 2023/24.
- B) note the approach to risk management being applied and the current programme level risks identified in Appendix D.

## 178. WHISTLEBLOWING POLICY REVIEW

The Head of Legal Services presented a report relating to a review of the Council's Whistleblowing Policy, which had last been reviewed in 2022. Key amendments to the policy included a wider definition of whistleblowing, further information on statutory protection, additional information on dealing with anonymous allegations and the inclusion of references to Freedom of Information requests.

In response to Member's questions, it was confirmed that section 6.5 of the policy, relating to the keeping an anonymous whistle-blower informed of progress and outcome of any investigation, would be reviewed and amended where necessary to take into account that their identity is unknown.

**RESOLVED** – that the Whistleblowing Policy, attached at Appendix A, be approved by the Committee and recommended for presentation to the Staff Forum and any subsequent amendments to be agreed by the Chair and Vice Chair of the Committee.

## 179. QUARTER 2 PERFORMANCE EXCEPTIONS

The Head of Policy and Communications presented a report that provided a performance and risk exception update for the Council's four policy committees. It was noted that overall performance had been good. Three red risks were noted on the Planning Policy Committee risk register, one red risk on the Housing Committee risk register and one on the Community Services risk register.

In response to Member questions, Officers confirmed that:

- Officers would look into the statistics on call abandonment to see if further clarification on how the timings are calculated. It was noted that KPIs would be reviewed with the introduction of the telephony system in 2024.
- The improvement on response to telephone calls had occurred due to a combination of factors including the Customer Service team having more staff, a slight drop in calls received and the time of year.
- Call response times may increase when the new telephony system is introduced as both staff and residents adapt to the new system. It was being explored as to whether additional resource would be required to negate this potential issue. Communications relating to the launch date of the new telephony system would be publicised so Members were aware in advance.
- The reporting of call handling would be developed and improved to provide year on year statistics.
- In respect of the number of working days lost to staff sickness, the figure was benchmarked against other Surrey authorities and the Council was broadly in line with the average figure across the county. It was noted that long term sickness was included in these data which significantly alters the final absence figure.

Members raised concerns relating to the Housing Committee KPIs that were off target. The KPIs related to the number of households living in temporary accommodation and the number of people in urgent need on the Housing Register. Officers informed the Committee that these points were discussed at Housing Committee and a significant number of factors outside of the Council's control contributed to the KPIs being off target. It was noted that the Housing Team was working hard to manage the situation and to bring in new council house accommodation and council housebuilding to help address the situation.

**RESOLVED** – that the Committee had reviewed and noted the policy committee's performance exceptions for Quarter 2 of 2022/2023 and the committee and corporate risks.

## 180. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE

The Committee received a report which summarised the Council's complaints policy and presented breakdowns of the 29 Stage 1 complaints and 9 Stage 2 complaints received in the quarter from 1 July 2023 to 30 September 2023. Further to comments made at the previous meeting of the Committee, Members were provided with a breakdown of complaints on a ward-by-ward basis.

The report also provided a breakdown of the 210 Freedom of Information (FOI) requests received in the same quarter. The areas with the most requests were for Housing, ICT and Environmental Health.

In response to Member questions, Officers confirmed that any complainants who were not satisfied with the outcome from Stage 2 could take their complaint to the Local Government Ombudsman.

***RESOLVED*** – that the Committee accepted and noted the report.

## **181. INDEPENDENT PERSON APPOINTMENT - VERBAL UPDATE**

Members were informed that two applications had been received but it had not been possible to interview in November. Interview dates were currently being arranged with all relevant parties.

***RESOLVED*** – that the Committee noted the update received on the recruitment of an Independent Person to the Audit & Scrutiny Committee.

Rising 9.13 pm