

## 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 26 September 2023 at 7:30pm.

**PRESENT:** Councillors Booth (Chair), Chotai, Cooper, Sue Farr, Patel, Nicholas White, Black (Substitute) (In place of Colin White), Hammond (Substitute) (In place of Sharp) and Pursehouse (Substitute) (In place of Allen)

**PRESENT (Virtually):** Councillors North

**APOLOGIES FOR ABSENCE:** Councillors Allen, Sharp and Colin White

#### 117. MINUTES OF THE MEETING HELD ON 27 JUNE 2023

The minutes were confirmed and signed as a correct record.

#### 118. EXTERNAL AUDIT 2021/22 – AUDIT UPDATE

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

In respect of audit fees, Members were informed that:

- PSAA had contacted the Council to arrange a meeting to discuss the Councils' challenge to the proposed external audit fees of £345,000 for the 2019/20 and 2020/21 audits.
- an initial cost estimate of £151,000 had been received for the 2021/22 audit fees, which had since been revised by Deloitte to £66,000. The revised amount was still to be agreed. The Council had currently only agreed to pay the scale fee of £36,000. Any costs above this amount would be referred back to the Committee.
- the Council was expecting a significant increase in the scale fees for 2023/24. Officers had estimated the increase to be approximately £90,000 but formal confirmation had yet to be received.

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

- the audit had started in July following a delay due to fee discussions. A project plan had been drawn up with the aim of completing the audit by the end of October 2023. However, there was a significant risk that this deadline would slip due to competing priorities which had delayed the provision of information for audit testing to the external auditors. The Council was working closely with Deloitte to provide this information and complete the audit as soon as possible. Early work on the 2022/23 audit was also being considered where possible to save time in the future.
- Officers were conscious that a new firm of auditors will be appointed from 2023/24. Therefore all remaining audits needed to be completed as a priority.

- the 2021/22 draft statement of accounts had been published on the Council's website and were open to public inspection for 30 working days.

In response to Member questions, Officers explained that:

- the audit scale fee applicable to the Council was £36,000. Deloitte had proposed a combined scale fee for 2019/20 and 2020/21 of £345,000. Consequently, the Council was challenging the proposed scale fee. Any future developments with the proposed fees would be brought back to Committee.
- the cost of the 2021/22 audit to Deloitte was estimated at £151,000. However, the revised fee of £66,000 could be achieved if there were no delays with the audit and information supplied to Deloitte on time.
- it was possible for Deloitte to provide information in respect of hours worked to date which would allow the Committee to compare the incurred cost against any agreed scale fee. PSAA guidance states that auditors should raise proposed fee variations at the earliest opportunity.

**RESOLVED** – that the Committee:

- A. notes the 2021/22 external audit progress.
- B. notes the publication of the 2021/22 statement of accounts on the Council's website and the start of the public inspection period.
- C. notes progress on addressing audit fee proposals.

## **119. INTERNAL AUDIT 2022/23 PROGRESS REPORT – AUGUST 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.

SIAP informed Members that:

- the 2022/23 audit was almost completed with the last two reviews nearing completion. All other reviews for the year had been completed.
- progress was being made in the 2023/24 audit. SIAP had been liaising with key contacts in the Council to progress the quarter 3 audits.

In response to Member questions, it was confirmed that:

- the executive summaries contained in the report were draft but had been confirmed by Officers as factually accurate and all field work had been completed. The management

actions were marked as 'TBC' as Officers were preparing a management response to address SIAP's observations, having received the reports recently. The next progress report will include the agreed management actions to be taken which will then be monitored to completion by SIAP. Including the draft executive summaries at this stage allowed them to be included in the completed Annual Report and Opinion, which could not have been produced without them.

- the length of time for Officers to respond to a SIAP report with management actions varies depending on SIAP's findings. Officers need to spend the appropriate amount of time completing their response to avoid proposing unrealistic management actions with unachievable target dates. All outstanding management actions were being given the required level of attention from Officers despite pressures on internal resources and capacity.
- the level of audit work required by all Councils was concerning, particularly in relation to external audit. Local Authorities are lobbying CIPFA and the Financial Reporting Council to simplify the format of the statement of accounts and the associated external audit requirements.

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

## 120. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022/23

Neil Pitman of the Southern Internal Audit Partnership ("SIAP") presented a report that set out the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance for the financial year 2022/23.

It was noted that 50% of all assurance opinions had received a 'Limited' assurance, 42% had received a 'Reasonable' assurance and 8% had received a 'Substantial' assurance. Consequently, the Council's overall assurance opinion had been considered to be 'Limited'.

Despite the last three annual internal audit opinions being limited, it was noted that the Council's position had continued to improve, year on year improvement was evident and the ratio of more favourable assurance opinions had increased. It was noted that Officers were using internal audit maturely and were focusing on genuine areas of importance and concern.

Officers informed Members that:

- the Council was currently having difficulties with monthly bank reconciliation due to an outdated income management system. Officers were in the process of resolving this issue by updating to the latest version of the income management system and establishing a solid reconciliation starting point. It was noted that there had been no material difference between the Council's financial system and bank accounts in recent audits and external audit had been satisfied with this approach.
- improvements were being prioritised and improvements had already been made in the accounts payable and accounts receivable systems which had both received reasonable assurance opinions, which were improved from previous years.

**RESOLVED** – that the Committee notes the Internal Audit Annual Report & Opinion 2022/23.

## 121. REVIEW OF THE COUNCIL'S DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

The Head of Legal presented a report on the Council's updated draft Annual Governance Statement ("AGS") for 2022/23. Councillors were asked to consider and make comments on the draft document which would then be incorporated and finalised for approval at the next committee meeting in November. Once finalised, the AGS would be published alongside the statement of accounts for 2022/23.

Members were provided with a summary of the comments made by SIAP on the AGS in their audit report and Annual Report and Opinion. These comments had been incorporated where possible. It was noted that a review of the AGS had also been completed by senior management.

In response to Member questions it was confirmed that:

- the Council has a strategy in place which will look to take advantage of IT developments and provide more cost effective, reliable and resilient solutions where possible.
- the Council's IT disaster recovery solution is in place and data was being replicated on a continual basis between the main Council Offices and the Warren Lane depot.
- the information provided in the AGS in respect of the work completed by the Planning Department in 2022/23 would be amended to show the number of open cases carried over from previous years.

**RESOLVED** – that the Committee note the contents of the report and comments on the draft Annual Governance Statement 2022-23 be noted.

## 122. REVIEW OF THE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

The Head of Legal presented a report setting out the outcome of the annual review of the Council's Local Code of Corporate Governance. Members were informed that the details in the report feeds into the review of the effectiveness of the Council's system of internal control and contributes to the AGS.

In response to Member questions, it was confirmed that an updated briefing paper had been published about the Council's response to climate change in July 2023. In addition, a new post had been recruited to in the Policy and Communications Team and part of their remit was to progress the Council's agenda in this area. It was noted that there was an intention to bring an updated climate change paper to the Strategy & Resources Committee in early 2024.

**RESOLVED** – that the Committee approve the Local Code of Corporate Governance 2023/24.

## 123. REVIEW OF THE ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND ANTI-FRAUD STRATEGY STATEMENT

The Head of Legal presented a report setting out a review of the Council's Anti-Fraud, Bribery and Corruption Policy and the Anti-Fraud Strategy Statement. Members were informed of the

steps being taken by the Council to embed and strengthen an anti-fraud culture amongst Officers.

In response to Member questions, it was confirmed that:

- the Anti-Fraud, Bribery and Corruption Policy would be amended to include reference to the process for dealing with anonymous complaints.
- a joint working agreement had been entered into with Reigate & Banstead Borough Council who are currently in the process of providing fraud training to key teams within the Council.
- internal governance processes had also been strengthened which had recently prevented a fraud attempt.
- the publication of policies on the Council's website was currently being reviewed.

**RESOLVED** – that:

- A. the updated Anti-Fraud, Bribery and Corruption Policy is reviewed and the Committee provided recommendations it wished to make to ensure its effectiveness.
- B. the updated Anti-Fraud Strategy Statement is reviewed and the Committee determined recommendations it wishes to make to ensure its effectiveness.

**COUNCIL DECISION**  
(subject to ratification by Council)

**RECOMMENDED** – that:

- C. the updated Anti-Fraud, Bribery and Corruption Policy, subject to amendments to be made by the Head of Legal in conjunction with the Section 151 Officer, is approved by the Committee and recommended for adoption.
- D. the updated Anti-Fraud Strategy Statement is approved by the Committee and recommended for adoption by Full Council.

## **124. FUTURE TANDRIDGE PROGRAMME UPDATE – AUGUST 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 internal audit process had provided a substantial assurance in respect of the delivery of the 2022/23 savings plan. The audit is planned to be repeated in the 2023/24 audit.
- the report highlighted one red risk with a high mitigated score which related to the organisational development workstream. The risk remained high due to difficulties in recruiting an appropriate resource to lead the workstream and this had remained unchanged from previous reports despite further recruitment attempts. Discussions

were ongoing with Reigate & Banstead Borough Council to see if support can be provided from their ongoing change programme.

- new risks had been added to the FTP Risk Register in respect of:
  - the progress of works in the digital transformation workstream;
  - the building of knowledge articles;
  - the progress of the GM options appraisal.
  - the savings plan for 2024/25.

Mitigating actions were either in place or being planned to manage the new risks.

- in respect of the delivery of savings for the current financial year, over a million pounds of the target was either already delivered or RAG rated green and a further five hundred thousand was RAG rated amber.

In response to Member questions, it was confirmed that:

- the total savings requirement for 2023/24 was £1.654m. In order to deliver these savings, the Strategy & Resources Committee approved two phases of costs. The first phase totalled £250k to develop and design the programme. The second phase was a £500k one-off investment to deliver the programme, including permanent savings of £1.7m each year.
- in respect of the GM options appraisal risk, the next step in the process was to quantify and establish the risks and mitigations in implementing the proposed solution and making sure it works correctly to deliver the service.
- one of the aims of the digital project is to make contacting the Council as efficient as possible for residents and includes the replacement of the telephony system. It was not the intention to close any channels of communication to the Council but to provide residents with options to resolve their queries via their preferred method.
- the Council had been reporting to the Strategy & Resources Committee regarding the work backlog in the Council Tax team. It was acknowledged that there was a problem with this service and steps to make improvements were being taken.

**RESOLVED** – that the Committee

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

## 125. QUARTER 1 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 performance was good, but that three red risks had been identified in respect of the local plan, the council housebuilding programme and ash dieback.

In response to comments on the report, a request was made to Councillors that they should advise residents to make complaints directly to the Council if they are not satisfied with the service so they can be responded to.

**RESOLVED** – that the Committee review and note the policy committees' performance exceptions for Quarter 1 2022-2023 and the committee and corporate risks.

## 126. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE

The Committee received a report which summarised the Council's complaints policy and presented breakdowns of the 21 Stage 1 complaints and 6 Stage 2 complaints received in the quarter from April 2023 to June 2023. In response to a Councillor query, Officers agreed to consider whether information on complaints could be provided on a ward-by-ward basis.

The report also included information from the annual letter from the Local Government Ombudsman which covered the period of April 2022 to 31 March 2023. The letter included a request from the Ombudsman that the Council should aim to consistently meet its response target over the next year.

The report also provided a breakdown of the 209 Freedom of Information (FOI) requests received in the same quarter which represented an increase from the previous quarter. The Council was attempting to address the increase in the number of FOIs and the time spent processing them by publishing information consistently on its website and signposting when possible. It was noted that despite this work, FOIs remained a resourcing concern.

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

## 127. RESIDENTS' SURVEY 2023

The Head of Policy and Communications presented a report setting out the findings of a residents' survey carried out in June and July 2023. The survey aimed to find out what residents thought about the services the Council provides, how well the Council communicates with them and their knowledge and experience with digital tools and channels.

Members were informed that:

- 2,500 randomly selected households received postal questionnaires.
- the response rate was 30%.
- there was a 95% confidence rate that the findings were statistically accurate.
- there had been no significant change since the last survey in 2021.
- 41% agreed that the Council provided good value for money which was an improvement from 2021.
- results would be used alongside other data to inform the new corporate plan and digital transformation programme.

In response to Member questions, it was confirmed that each survey was sent to a household and therefore the owners/parents of the household tended to respond to the survey which may have affected the survey demographics.

**RESOLVED** – that the committee notes and accepts the report, as well as the survey findings.

Rising 9.33 pm