

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 6 February 2024 at 7:30pm.

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

PRESENT (Virtually): Councillors Anna Jones and North

ALSO PRESENT: Councillors Chris Farr

ALSO PRESENT (Virtually): Councillors Moore

240. MINUTES OF THE MEETING HELD ON 28TH NOVEMBER 2023

The minutes were confirmed and signed as a correct record.

241. EXTERNAL AUDIT UPDATE

The committee received an update report relating to the progress of the external audit of the 2021/22 statement of accounts and agreeing of audit fees.

The committee was informed that:

- It was the intention to finish all 2021/22 audit work by the end of February 2024 and for the audit findings report and final statement of accounts to be presented to committee on 11 April 2024 for approval. The audit was currently 65% complete.
- PSAA had considered all of the evidence presented by Deloitte and the Council in respect of the 2019/20 and 2020/21 audit fees dispute and their decision should be received imminently. The committee would be informed of the decision once received.
- The statement of accounts for the 2022/23 audit was due to be published by the end of February 2024. Once published they would be in a position to be audited.
- A letter had been received from DLUHC relating to the local government audit backlog. It stated that a consultation was imminent relating to the introduction of a backstop date which would be a statutory deadline for when all audits up to financial year 2022/23 had to be completed by. The Council would continue to prepare the statements of account so they can be audited if required.

In response to questions from councillors and the Independent Person, the following points were clarified:

- Depending on the response from PSAA, the Council may decide to challenge their decision. A report would come to committee to allow members the opportunity to debate PSAA's response and to approve the audit fees.
- It was Deloitte's intention that the Value for Money report to be ready before the April committee meeting. The report would include updates on previously identified specific

weaknesses, including financial sustainability and the outcome of the external governance review that had been undertaken in July 2020.

- Deloitte confirmed that a potential immaterial error had been discovered whilst reviewing the pensions liability statement and valuation of assets, but they were not aware of any significant errors that would require adjustment.
- As the deadline for completion of the 2021/22 audit had already passed, it would be appropriate for the committee to consider the accounts at the next meeting and vote on whether the Chair can sign them rather than providing delegated authority.
- Deloitte stated that resources would need to be put in place imminently in order to complete the 2022/23 audit by DLUHC's proposed backstop date. It was the Council's expectation that the audit would take place by 30 September 2024.

RESOLVED – that the committee note:

- A. the 2021/22 external audit progress.
- B. the progress in finalising the 2022/23 Statement of Accounts.
- C. the letter from the Minister for Local Government regarding the proposed audit backstop.
- D. the progress on addressing audit fee proposals.

242. INTERNAL AUDIT UPDATE - JANUARY 2024

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 noted that SIAP expected their annual opinion to be presented at the July 2024 committee.

In response to questions from councillors and the Independent Person, the following points were clarified:

- It was noted that a high number of the outstanding management actions related to a small number of incomplete audits, including business continuity and emergency planning.
- The way in which outstanding management actions were reported was being changed so related actions would be consolidated rather than being shown as separate entries.
- It was a priority to complete the contract management guide as soon as possible. This would be completed either by the current procurement specialist or his interim replacement who would be assuming the role from the end of March 2024.

- The completion dates for actions relating to business continuity and emergency planning needed to be reviewed due to unexpected staff absence.
- Previous outstanding IT disaster recovery actions had been completed. A new action relating to temperature feedback on the air conditioning system at the Warren Lane depot had recently been added.

RESOLVED – that the Internal Audit Progress Report – December 2023 be noted.

243. ANNUAL GOVERNANCE STATEMENT 2022/23

The committee received a report updating on the revised draft Annual Governance Statement (AGS) that had been amended following feedback from councillors and a review of the Council's governance arrangements. The AGS also included an action plan to address any significant governance issues identified.

In response to questions from councillors and the Independent Person, the following points were clarified:

- Planning statistics were reported fully to the Planning Policy Committee and that committee would receive commentary on planning performance. It was acknowledged that the layout of the planning statistics could be improved.
- The format of the 2022/23 action plan could not be altered as that had been agreed by committee. Improvements had been made for 2023/24. It was agreed that specific dates could be included in the action plan to help the committee to assess progress.
- It was agreed that concerns raised in respect of the increasing percentage of successful Planning Committee decision appeals and number of homes built by the Council would be fed back to the relevant senior officers.
- It was confirmed that additional resource had been acquired to assist with the development of the Council's climate change strategy which, in conjunction with the creation of a climate change task and finish group, would lead to a more consistent approach to this area.
- In response to concerns about the size and layout of the AGS, it was confirmed that the document was comparable with other authorities. The AGS had no set format and the layout could be reviewed but it was noted that many elements had to be reported and therefore retained.

RESOLVED – that the committee:

- A. approve the Annual Governance Statement 2022/23 for inclusion in the Statement of Accounts 2022/23.
- B. approve that the Leader of the Council and Chief Executive sign the Annual Governance Statement 2022/23 and be published with the Council's Statement of Accounts.
- C. note the Action Plan for 2023/24 and the outstanding actions from 2022/23.

244. ANTI MONEY LAUNDERING POLICY REVIEW

The committee received a report on a new policy that set out the Council's obligations and arrangements in respect of anti-money laundering. The report had been prepared by the Fraud Manager who had been appointed under the Joint Working Agreement with Reigate & Banstead Borough Council (RBBC) and signed off by senior officers. The report complemented the Anti-Fraud, Bribery and Corruption Policy that was approved by the committee on 29th September 2023.

The committee was informed that:

- The report set out specific roles and responsibilities, reporting requirements and the need for confidentiality to avoid tipping off.
- The Section 151 Officer was the Council's Money Laundering Responsible Officer, who was deputised by the Fraud Manager at RBBC.
- Mandatory anti-fraud and financial crime e-learning training had recently been sent out to all officers. Similar training was being considered for councillors, but this would take place after the upcoming election.

In response to questions from councillors and the Independent Person, the following points were clarified:

- If committee approved the policy and it was adopted at Full Council, a number of departmental risk assessments would have to be carried out to assess compliance.
- An annual fraud report would be brought to committee which would include details of any money laundering activity.

RECOMMEND - that the committee recommend to Full Council that the Anti-Money Laundering Policy be adopted and published on the Council's website.

245. FUTURE TANDRIDGE PROGRAMME UPDATE - JANUARY 2024

The committee received a report focusing on the governance, risk and issue management of the Future Tandridge Programme (FTP). The committee was informed that:

- The scope of the FTP had now been finalised. Consequently, the risk score had been reduced on the risk register.
- Due to active mitigation in respect of the digital programme, the risk score had also been reduced on the risk register. Steps taken to reduce risk levels included the introduction of key programme governance and project milestones.
- Ongoing red risks included:
 - The people plan and organisational strands of the FTP
Discussions were ongoing with Reigate and Banstead Borough Council regarding the possibility of sharing their recently recruited Organisation Development Lead to reduce this risk. A programme board had also been created to review organisational

development actions until an appointment had been finalised. Senior officers would also be reviewing the recruitment process to make sure the Council recruits and retains the best employees.

- The Digital Transformation Programme.
It was expected that the risk score would be reduced once the final project plan has been finalised with the implementation partner.
- The Ground Maintenance contract
A red risk had been retained due to the tight procurement timetables. A full procurement plan was in place and a report regarding the progress of this project would be reported to the Community Services Committee in March 2024.
- Improvements of £17,000 were noted in the FTP savings delivery progress with £255,000 remaining at an amber rating.
- An internal audit of FTP savings delivery was currently being completed. The audit would focus on overall programme governance and savings delivery.

In response to questions from councillors and the Independent Person, the following points were clarified:

- The FTP scope had been finalised and the parts of the project roadmap that continued into 2025 related to the implementing of the target operating model, particularly in respect of the digital project, operational services and the continuous improvement programme. The current investment will be successful in delivering the £1.7million savings target in the current financial year.
- The FTP will be concluded in due course but continuous improvement was required at the Council in order to keep up with medium term challenges and keep within budget.
- Over financial years 2022/23 and 2023/24 a saving of £450,000 was planned by making changes to the management structure. £85,000 of this figure had been marked as unachieved as it had been reinvested in the planning management structure. It was noted that it was legitimate for the Council to reinvest elements of its savings in its priorities.
- Temporary additional Customer Services resources had been required in order to assist with the telephone project implementation. The additional resource would not create a transformation fund variance. It was noted that the Customer Services team had already made significant savings as part of the 2023/24 savings plan.
- The risk score for the Digital Transformation Programme had been reduced following the recruitment of the business analyst role and the creation of clear ownership of work streams within the digital project.
- The Strategy & Resources Committee will be making a decision as to whether the unused contingency should contribute to reserves or be withheld to meet future risks.

RESOLVED – that the committee note:

- A. the direction of travel for the FTP, the savings identified for delivery in 2023/24.
- B. progress made and next steps on the savings identified for delivery in 2024/25.

- C. the approach to risk management being applied and the current programme level risks identified in the report.

246. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE

The committee received a report which summarised the Council's complaints policy and presented breakdowns of the 25 Stage 1 complaints and 3 Stage 2 complaints received in the quarter from 1 October 2023 to 31 December 2023. 10 complaints had also been considered by the Local Government Ombudsman. 5 of these were not taken forward to be investigated, 4 were ongoing and 1 was upheld.

The report also provided a breakdown of the 234 Freedom of Information (FOI) requests received in the same quarter. The areas with the most requests were for Housing and Business Rates.

In response to questions from councillors and the Independent Person, it was confirmed that it was difficult to provide statistics in respect of the timeliness of responses to complaints with the Council's current system. However, it was the officer's view that most complaints were responded to within the timeframe set by the Council.

RESOLVED – that the committee accept and note the report.

Rising Time: 21:12