

## 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 16<sup>th</sup> July 2024 at 7:30pm.

**PRESENT:** Councillors Booth (Chair), Crane (Vice-Chair), Evans, Patel, Sowambur, Nicholas White and Windsor

Katharine Eberhart (Independent Person)

**ALSO PRESENT:** Councillor Allen

**ALSO PRESENT (Virtually):** Councillors Chris Farr and Sue Farr

**APOLOGIES FOR ABSENCE:** Councillors Cooper and Colin White

#### **76. MINUTES OF THE MEETING HELD ON 11TH APRIL 2024**

The minutes were confirmed and signed as a correct record.

#### **77. MINUTES OF THE MEETING HELD ON 23RD MAY 2024**

The minutes were confirmed and signed as a correct record.

#### **78. EXTERNAL AUDIT UPDATE**

The outstanding 2021/22 audit work had not been completed at the end of April 2024, at which point the Deloitte team had moved to NHS audit commitments. Since then, TDC officers had continued to address audit queries in readiness for the team's return, with the intention of finalising outstanding matters by the third week of July. Given that the Committee's 24th September meeting was close to the 'backstop' date, delegation arrangements for approving the 2021/22 Statement of Accounts were recommended. Information from the Government about if or when a 'backstop' would be introduced for the 2021/22 and 2022/23 audits was awaited. Deloitte had not yet made plans for 2022/23 and would, in any event, be unable to complete a full audit before Grant Thornton commenced work for 2023/24.

Michelle Hopton (Deloitte) confirmed that her auditor colleagues had been present in the Council Offices since the beginning of the week (Monday, 15th July) to help progress the 2021/22 audit. This was a week later than originally planned due to illness amongst the auditor team. Officers had hoped to enable the 2021/22 audit to conclude by 19th July and considered that further delays would jeopardise the timeline for Grant Thornton's audit of the 2023/24 accounts, which needed to take priority. Therefore, the Director of Resources proposed an additional recommendation whereby officers would cease to prioritise the 2021/22 audit beyond the end of July. He also advised that the recommended delegation for approving the final 2021/22 Statement of Accounts should be amended, whereby the required authority would be delegated to himself, in consultation with the Chair of the Committee.

Michelle Hopton, prompted by questions from the Independent Person, acknowledged that completion of the 2021/22 audit could not be guaranteed by the end of July. She stated that if there were any unresolved queries, she would need to assess them to determine whether they could result in a qualified audit opinion regarding the Statement of Accounts. The Director of Resources expressed disappointment that this remained a possibility, given his previous request for outstanding audit work to focus on areas with a material bearing on whether a qualified opinion would have to be issued. In response to the debate, he confirmed that:

- he would notify the Committee (via email) about any uncorrected misstatements (for 2021/22) that might be added to those identified within the External Audit progress report published for the Committee's 11<sup>th</sup> April 2024 meeting; and
- decisions to 'deprioritise' external audits were matters for the respective Local Authorities and their auditors and that approval from the Ministry of Housing, Communities & Local Government was not required.

Following a question from the Independent Person, Michelle Hopton explained the type of work needed for the audit of the 2022/23 Statement of Accounts.

The report before the Committee updated Members about Deloitte's audit fee proposals for 2019/20, 2020/21 and 2021/22. Officers advised that they were awaiting a further response from Public Sector Audit Appointments (PSAA) regarding 2019/20 and 2020/21. Officers had informed Deloitte that any variance for 2021/22 would follow the same process of challenge through PSAA. Committee approval would be sought prior to paying anything beyond the £36k scale fee.

**RESOLVED** – that:

- A. authority be delegated to the Section 151 Officer, in consultation with the Chair of the Committee, to approve the final 2021/22 Statement of Accounts which will then be signed by them both;
- B. progress in dealing with external audit matters for 2019/20 through to 2023/24 be noted; and
- C. officers cease to prioritise the 2021/22 external audit beyond the end of July 2024.

## **79. INTERNAL AUDIT ANNUAL REPORT AND OPINION**

This report provided Members with the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework for risk management, internal control and governance for the financial year 2023/24. The headlines were:

- internal audit was compliant with the Public Sector Internal Audit Standards during 2023/24;
- the internal audit plan for 2023/24 has been substantially delivered; and
- the Council's framework of governance, risk management and management control were considered to be 'reasonable'.

Where internal audit reviews identified areas where management controls could be improved, or where systems and procedures were not fully followed, corrective actions and timescales for improvement had been agreed with managers.

Neil Pitman, Head of the Southern Internal Audit Partnership (SIAP) considered that his annual report reflected a positive direction of travel. However, three reviews had resulted in less than reasonable assurance opinions, as listed below with comments in response to questions by the Independent Person:

Asset Management / Statutory Checks (no assurance opinion)

This review (the first to be undertaken by SIAP on the topic) had been mutually agreed between SIAP and officers in light of the level of risk attached to the activity. It had been welcomed by the Head of Housing who had become responsible for this area of work following an organisational restructure. He explained ongoing efforts to overcome recruitment challenges to fill key posts for greater resilience. He also confirmed that implementation of SIAP's recommendations was proceeding according to agreed timelines.

Leisure Centres – Governance (limited assurance opinion)

Neil Pitman advised that this review had been undertaken following a review of the risk register. The Deputy Chief Executive explained the need for a leisure strategy and confirmed that consultants would be commissioned to facilitate the necessary work, including initial stakeholder engagement. The strategy would cover leisure in its broadest sense and would extend to the use of open spaces, as well as the way forward for the Freedom Leisure facilities in the District.

Development Management (limited assurance opinion)

This review had been prompted by a Planning Advisory Service report in July 2021 and included examination of the accuracy of data extracted from the planning IT system and recorded on government returns. The Deputy Chief Executive explained the significance of the ongoing 'Improvement Plan for Development Management' and the opportunity to focus on issues of service quality now that previously high caseload levels had (albeit temporarily) abated.

The Independent Person suggested that measures to improve performance reporting to policy committees should be considered.

Natalie Jerams (SIAP) confirmed that the progress of implementing management actions in respect of the above and other audits would be covered in the Internal Audit progress report for the 24<sup>th</sup> September 2024 meeting.

In respect of the above-mentioned leisure centre audit, the report stated that, *"The lease for the Tandridge Leisure Centre requires Freedom Leisure to pay the Council £3,000 per annum, or 10% of the annual car park income, whichever is the greater. However, this payment has not been enforced by the Council."* Following a Member question, the Director of Resources undertook to provide further information about this matter following consultation with the (interim) Principal Asset Manager.

Action	Responsible Person	Deadline
To clarify the position regarding Freedom Leisure's leasehold obligation to make an annual contribution to the Council in respect of the Tandridge Leisure Centre (Oxted) and the comment in the Internal Audit annual report (2023/24) that payment had not been enforced by TDC.	Mark Hak-Sanders	Committee members to be updated by 30.08.2024

**RESOLVED** – that the Internal Audit Annual Report & Opinion 2023/24 be noted.

## 80. 2024/25 (Q2) INTERNAL AUDIT PLAN

This plan identified the audits scheduled for the second quarter of the year, namely financial strategy; housing benefits; cyber security and management. It also confirmed that 47% of commissioned 'audit days' remained unallocated to retain flexibility.

Following questions from the Independent Person, Natalie Jerams (SIAP):

- explained the rationale for the content of the 'Horizon Scanning' appendix and would discuss with officers the possibility of adding 'performance management' to the Q3 Internal Audit plan; and
- stated that the processing of housing benefits (along with other core financial reviews) required regular coverage throughout the audit cycle. This was endorsed by the Director of Resources who explained that housing benefit claims could create significant financial pressures in the context of the Government's subsidy system. He would consider the merits of including this area of work on the corporate risk register.

Natalie Jerams also clarified the objectives and benefits of the quarterly audit planning process. She confirmed that the implementation of audit recommendations, including 'overdue audit actions' would feature in the progress report to be submitted to the 24<sup>th</sup> September 2024 meeting.

**RESOLVED** – that the Internal Audit Plan 2024-25 (Q2) be approved.

## 81. FUTURE TANDRIDGE PROGRAMME UPDATE

A report was presented regarding the following aspects of the FTP:

- £1,498k of the £1,654k of savings planned for 2023/24 had been marked as complete (i.e. with all necessary actions taken for delivery) with the following marked as unachievable:
  - regulatory services (£26k) – to be pursued in 2024/25
  - IT (£35k) – being rephased into 2024/25
  - senior management restructure (£85k reinvested into the planning service)
  - customer services (£10k relating to a mail project) – to be pursued in 2024/25;

- progress with delivering the savings agreed for 2024/25, the details of which were included in the FTP report to the Strategy & Resources Committee on 30th January 2024 (a recent internal audit review of arrangements for delivering savings had provided 'substantial assurance'); and
- the process for managing risks and issues, including the roles of the Programme and Benefits Delivery Board, the FTP team, and Heads of Service in assessing risks and the impact of mitigating actions (the question of whether existing risks remained applicable for rolling over into 'FTP2' was being reviewed).

***RESOLVED*** – that:

- A. the savings identified for delivery in 2023/24 be noted;
- B. the progress made and next steps on the savings identified for delivery in 2024/25 be noted;
- C. the approach to risk management being applied and the current programme level risks identified in Appendix B to the report be noted; and
- D. the approach being taken to continue to deliver savings and transformation benefits (as detailed within the report to the Strategy & Resources Committee on 27<sup>th</sup> June 2024) be noted.

## 82. QUARTER 4 2023/24 - PERFORMANCE EXCEPTIONS

A report was presented which highlighted the following 'off-target' KPIs for the fourth quarter (January to March 2024) of 2023/24, which fell under the remit of the relevant policy committees:

### Community Services

- The percentage of roads etc (for which the Council is responsible for maintaining) which met the environment cleanliness standard was off target by 3% at 92%.

### Housing

- HO2b: the average time taken to re-let sheltered housing was just off target at 30.7 days against a target of 30 (a significant reduction of 31.3 days compared to the same period in 2022/2023 when the average re-let time was 62 days – the Housing Committee had since increased the target to 35 days).
- HO4: the number of households living in temporary accommodation was 48 against a target of 30 (this reflected on-going difficulties with preventing / relieving homelessness and the lack of supply of affordable housing).
- HO5: the number of households in urgent need (bands A&B) on the Housing Register was 428 against the target of 275 (a significant reduction of 47 households compared to Q3 and the lowest figure since July 2022).

- HO7: the average cost of repairs per property for Council tenants (excluding leaseholders) was off-target due to inflationary pressures (the Housing Team was working to expand the planned maintenance programme with a view to reducing the cost of responsive repairs).

### Strategy & Resources

- SR1: 97.1% of council tax has been collected against the target of 98.64% (an improvement of 0.3% from the previous year, despite the cost-of-living crisis and an increase in claims for housing support funding in Q4 which indicated a likely reduction in the ability to pay council tax).
- SR3: the average time taken to process new Housing Benefit/Council Tax Benefit claims had missed the 30 day target by 11 days due to older claims having to be reviewed before the end of the financial year to ensure accuracy, and new landlords providing insufficient evidence to allow Housing Benefit to be paid direct to them (officers had since adopted the practice of sending a list of required documents to landlords and visiting them at properties to provide assistance prior to the submission of a new claim).
- SR10: the percentage of calls answered within 60 seconds by Customer Services had missed the 80% target, as recorded on the former Mitel telephony system (45.86%) and the Ring Central replacement (46.60%). Customer contact KPIs would be reviewed in light of the installation of the new Ring Central system.

The report also confirmed that one risk within the corporate risk register was marked as red, namely:

- H6: inability to procure compliance contracts due to lack of resource (priority was being given to compliance related contracts including asbestos, legionella, electrical and fire) – Community Services.

The Independent Person expressed the view that performance indicators / targets for the policy committees should be reviewed to enable more effective scrutiny and to reflect:

- benchmarking against other comparable authorities; and
- the Council's wider aspirations, e.g. as opposed to minimal service standards to avoid Government intervention.

Officers advised that the scope for more effective benchmarking and performance management was a 'work in progress'.

The Director of Resources undertook to liaise with the Head of Housing in response to a question about the provision of temporary accommodation (action box below refers). He also confirmed that, as far as he was aware, the circumstances of the missed target for SR3 had not resulted in crisis situations for anyone in acute need due to delayed benefit payments.

Action	Responsible Person	Deadline
To confirm the current approach to providing 'temporary accommodation' and whether, in light of performance against HO4, this should be prioritised over general needs accommodation as part of the Council's housebuilding programme.	James Devonshire	Committee members to be updated by 31.07.2024

**RESOLVED** – that the policy committees' performance exceptions for Quarter 4 (2023-24) and the committee and corporate risks be noted.

### 83. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE - JULY 2024

The Committee received a report which summarised the Council's complaints policy and presented breakdowns of the thirty Stage 1 complaints and eight Stage 2 complaints received during the final quarter of 2023/24 (1st January to 31st March 2024). Four complaints had also been considered by the Local Government Ombudsman, two of which were ongoing. It was confirmed that the report to the 24th September meeting would include information about Ombudsman complaints covering a full year.

The report also provided a breakdown of the 269 Freedom of Information (FOI) requests received in the same quarter. Officers explained measures aimed at processing FOIs more efficiently and advised that a significant proportion of requests were from companies seeking commercial opportunities.

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

Rising 9.28 pm