

## 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 24 September 2024 at 7:30pm.

**PRESENT:** Councillors Booth (Chair), Crane (Vice-Chair), Patel, Colin White, Nicholas White, Windsor and Gaffney (Substitute - in place of Evans)

Katharine Eberhart (Independent Person)

**PRESENT (Virtually):** Councillors Lockwood and Sowambur

**APOLOGIES FOR ABSENCE:** Councillors Cooper and Evans

#### 111. MINUTES OF THE MEETING HELD ON 16TH JULY 2024

The minutes were confirmed and signed as a correct record.

#### 112. EXTERNAL AUDIT UPDATE

The committee considered an update report on the Council's ongoing external audits. Officers informed the committee that:

- Significant progress had been made with the 2021/22 audit. It was close to conclusion with only two outstanding queries.
- A backstop date of 13<sup>th</sup> December 2024 had been confirmed in respect of the 2022/23 external audit. Conversations were ongoing to confirm the minimum requirements needed to comply with the audit requirements for that year.
- Field work was expected to start on the 2023/24 external audit in October. Conversations were ongoing with Grant Thornton regarding concerns with the audit, including the short amount of time to complete the audit before the 2023/24 backstop date in February 2025.
- Officers were due to have further conversations with Public Sector Audit Appointments Limited ('PSAA') in respect of the £80,000 fee reduction that they had proposed in respect of the 2019/20 and 2020/21 audit fees. Officers were of the view the reduction should have been higher.
- Deloitte's fee variation for the 2021/22 audit was approximately £161,000. Officers confirmed that these fees were also going to be challenged via the PSAA.

In response to questions from Councillors, Officers confirmed the following points.

##### 2021/22 Audit

- The Council had completed all tasks required to finalise the 2021/22 audit. Deloitte still needed to review the updated 2021/22 Annual Governance Statement. A number of additional control findings and immaterial misstatements had been identified. An updated ISA260 would be presented at the next committee to explain these. Officers

would also prepare a report to set out if any of these findings had a General Fund or budgetary impact and how the issues would be avoided in the future.

#### Audit Fees and Fee Variations

- Deloitte received payment via a scale fee set by PSAA. Any amounts which go beyond the scale fee are put forward as fee variations.
- The scale fees for the next round of audits was significantly higher than the current level. The scale fee for audits up to 2022/23 was £36,000 and fee variations are expected where additional work is requested by the Financial Reporting Council or control findings or errors are queried by the auditors. Some of Deloitte's fee variations are claimed to have been incurred due to the actions of the Council and negotiations about these amounts are ongoing with PSAA.
- The timing of receiving notifications of the 2019/20 audit fee variations from Deloitte was a key issue being discussed with PSAA. There had been a 15 month interlude between signing the statement of accounts and the Council receiving the fee variation. The Council viewed this as an unacceptable delay.
- Fee variations for 2020/21 were received sooner but still after the conclusion of the audit.
- Fee variations for the 2021/22 had been received during the course of the audit and would be challenged via PSAA before coming to the committee for approval.
- Deloitte confirmed that the final set of fee variations for the 2021/22 audit would be presented to PSAA within the next few weeks as they wanted to agree fees before the backstop date.

#### Audits and accounts for 2022/23 onwards

- It was the intention to publish the 2022/23 accounts by the end of the month and the 2023/24 accounts by the end of October.
- An audit plan for 2022/23 had been received from Deloitte. It was the intention for it to be a disclaimed audit opinion as there was not enough time to complete a full audit before the backstop date being imposed by central government. Officers needed time to review the scope of the plan before circulating it to committee.
- No fee had been given for the 2022/23 audit as PSAA had not set out their approach for dealing with audits impacted by an enforced backstop date. The Section 151 Officer would be discussing this and associated issues with PSAA in the next few weeks. The audit plan, along with any additional information received from PSAA would be circulated to the committee.
- Any agreement for the audit plan for 2022/23 would be dealt with under urgency provisions in consultation with Group Leaders and the Chair and Vice Chair of the committee.

**RESOLVED** – that the committee note the progress in dealing with external audit matters for 2019/20 through to 2023/24.

## 113. INTERNAL AUDIT UPDATE - SEPTEMBER 2024

The Southern Internal Audit Partnership (SIAP) presented a progress report on the Council's internal audit as at the end of August 2024. The report included:

- An analysis of live audit reviews that still had management actions pending or overdue.
- A rolling work programme outlining audit activity for 2024/25.

SIAP confirmed the following points:

- All audits for quarter 1 and quarter 2 of the 2024/25 internal audit plan had been started.
- The number of overdue actions remained low (13). SIAP continued to monitor these actions with Officers through to completion.
- It was confirmed that the Housing Allocations audit had now also reached the 'final report' stage and had been issued with a 'reasonable assurance' opinion.
- An additional draft report had also been issued for Asset Management - Tenancy and Income Management.
- There had been no additional changes to the internal audit plan to date.

In response to questions from the Council's Independent Person, the following issues were clarified:

- Delays in management responses, caused by a management restructure at the Council, had resulted in the delay of the production of management actions for the Health and Safety report. Committee members had been provided with an additional document setting out an overview of the current progress on the outstanding Health and Safety audit actions.
- It was agreed that additional information could be provided by SIAP in the comments section of the rolling work programme to identify why there had been delays in final audit reports being issued.
- Currently, no commentary is provided in respect of follow up reports as no assurance opinion is provided. SIAP confirmed they were content to provide additional information in the report to update committee on how management actions had been implemented.

**R E S O L V E D** – that the committee noted the Internal Audit Progress Report – August 2024

## 114. 2024/25 (Q3) INTERNAL AUDIT PLAN

The plan identified the audits scheduled for the third quarter of the year, which included Procurement, Tree Inspections, IT Application Management (CIVICA), Risk Management and Social Housing (New Consumer Standards). Assurance had been provided to SIAP by EMT that Officers would be available to assist with the completion of the audit reviews.

In response to questions from the Council's Independent Person, the following issues were clarified:

- Social Housing had been included in the quarter 3 plan due to the legislative changes in the Social Housing Act and to ensure that the Council would comply with the new consumer standards when they came into force.
- The Local Plan was contained in SIAP's horizon scanning and conversations with Officers remained open regarding the risks associated to it.
- The inclusion of performance management in future audit plans would be discussed with Officers.

**RESOLVED** – that the committee approved the Internal Audit Plan 2024/25 (Q3).

## **115. REVIEW OF THE COUNCIL'S DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24**

The Head of Legal presented a report on the updated Annual Governance Statement ('AGS') for 2023/24. The committee was asked to consider the latest draft and provide comments for incorporation into the final version which would come to the next committee meeting for approval.

The draft AGS contained an update on the progress made during 2023/24 against the improvement areas identified during the development of the 2022/23 AGS alongside proposed improvement areas for 2024/25.

It was noted that a list of comments had already been sent to the Head of Legal by the Independent Person to consider and that a response to these would be given in the form of a revised AGS at the next committee. In addition, a further review of the AGS, the Local Code of Corporate Governance and the action plan had already taken place to review inconsistencies.

The Head of Legal advised that the AGS was reviewed every year to enhance the layout and make it more accessible. While the AGS had improved from previous versions, comments about the length, complexity and possible omissions in the document would be taken into consideration when drafting the AGS for 2024/25.

**RESOLVED** – that the committee had considered the latest draft of the Annual Governance Statement 2023/24 and provided any comments for incorporation into the next version, which would be approved by the committee on the 5 December 2024.

## **116. REVIEW OF THE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE - 2023/24**

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

It was noted that a request was made by the Independent Person for the 2024/25 priorities to be more clearly linked with the AGS action plan.

**RESOLVED** – that the committee approve the Local Code of Corporate Governance 2024/25.

## 117. ANNUAL FRAUD REPORT 2024

The Director of Resources (Section 151 Officer) presented a report that summarised a full year of anti-fraud activity being carried out by the Council through the joint working agreement with Reigate and Banstead Borough Council.

It was noted that there were no significant incidents of fraudulent activity since the last report to committee in November 2023.

The report provided information on the cashable and non-cashable saving that had been delivered as a result of the Council's strengthened anti-fraud approach and examples of the types of fraud being prevented were presented to the committee. It was noted that the savings for quarters 3 and 4 in 2023/24 would be averaged and used as a benchmark to report against in future years. This would help to identify future resourcing levels.

It was confirmed that the stated savings set out in the report appendix increased in each quarter due to the improved level of case referral work that had been undertaken during the course of the financial year. Training had also been undertaken with high risk teams, such as Revenues and Benefits, to improve their ability to identify and refer fraud. This had been carried out alongside mandatory financial crime training that had to be completed by all staff.

Officers were asked to review the policy of increasing council tax by 300% for properties that had been empty for 10 or more years. It was confirmed that Officers were looking to create an empty property strategy for the Council and this would be considered as part of the review. Related to this issue, the Council had successfully applied for £157,000 of funding from Surrey County Council to progress the empty property strategy.

**RESOLVED** – that the committee note the full-year Fraud Report for 2023/24.

## 118. FUTURE TANDRIDGE PROGRAMME UPDATE - SEPTEMBER 2024

The committee received a report setting out the main risks in delivering the first phase of the Future Tandridge Programme ('FTP'). As reported to previous committees, three areas had been identified as still having actions with open risks:

- Workforce strategy  
Gaps in the workforce strategy were currently being assessed. A pay and reward review had been commissioned to consider the key issues being faced.
- Digital programme  
This digital project was due to go live in October following final testing.
- Grounds maintenance tender  
Submissions were currently being evaluated with a view to awarding the contract imminently. Consequently, any residual risks should be cleared in due course.

The second phase of the FTP was due to be discussed at the next meeting of the Strategy and Resources committee. Once commenced, a risk register relating to the second stage would be reported to committee.

In terms of the 2024/25 savings programme £94,000 of the £586,000 savings target had been delivered, £434,000 had been RAG rated green and £58,000 had been flagged as 'at risk'.

**RESOLVED** – that the committee noted the:

- a) progress made and next steps on the savings identified for delivery in 2024/25
- b) approach to risk management being applied and the current programme level risks identified
- c) update on the approach being taken to continue to deliver savings and transformation benefits (the detail of which is set out in report to the Strategy and Resources Committee on 27th June)

## 119. QUARTER 1 2024/2025 - 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 for Quarter 1 of 2024/25. The following performance information was noted as being off target:

### Community Services Committee

The performance indicator for street cleaning was off target at 80% (the target was 95%).

### Housing Committee

HO2a: Average time taken to re-let local authority housing was off target by 31.6 days (the target was 25 days). It was noted that this was negatively impacted by the length of time to let one bedsit, which was due to a lack of interest in the property.

HO4: The number of households living in temporary accommodation was off target at 48 (the target was 30 households).

### Strategy and Resources Committee

SR3: Days taken to process Housing Benefit/Council Tax Benefit new claims. This was just off target by 1 day at 31 days (the target was 30 days).

SR5: The number of working days/shifts lost due to sickness absence (long and short term, rolling 12-month figures) was just off target at 7.27 days (the target was 7.1 days).

In response to the committee's request, it was noted that a review of benchmarking data was underway to better demonstrate how the Council was performing against neighbouring or similar councils.

The Independent Person asked that the management team consider whether external factors and business continuity planning should be included on the Council's risk register.

**RESOLVED** – that the committee had reviewed and noted the policy committees' performance exceptions for Quarter 1 2024-2025 and the policy committees and corporate risks.

## **120. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE - SEPTEMBER 2024**

The committee received a report which presented a breakdown of the 18 new Stage 1 complaints and 4 Stage 2 complaints received in the quarter from 1 April 2024 to 30 June 2024. 5 complaints had also been considered by the Local Government Ombudsman ('LGO'). 3 of these were not taken forward to be investigated, 1 did not fall under the Council's remit and 1 was closed as the issue had been resolved by the Council.

The report also referenced the annual review letter received from the LGO. It was noted the Council had improved its response time to LGO's enquiries. However, the LGO asked the Council to reduce delays in implementing the LGO's recommendations.

It was noted three housing related compensation payments had been made during the quarter.

The report also provided a breakdown of the 157 Freedom of Information (FOI) requests received during the quarter. The areas with the most requests were Business Rates and Environmental Health.

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

Rising 9.05 pm