

# 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 22<sup>nd</sup> March 2022 at 7:30pm.

**PRESENT:** Councillors Langton (Chair), Allen (Vice-Chair), Bloore, Crane, Davies, Flower, Gray, O'Driscoll and C.White

**PRESENT (Virtually):** Councillor Dennis

**ALSO PRESENT:** Councillors N.White and Gillman

**ALSO PRESENT (Virtually):** Councillors Farr, Lockwood and Mills

### 287. MINUTES OF THE MEETING HELD ON THE 27TH JANUARY 2022

In respect of minute number 245, Councillor Flower requested that the word data contained in the third paragraph be changed to intelligence. Councillor Flower also requested that a reference be included in respect of the conversation held before the meeting between the Chairman and Amanda Bird and Inspector Karen Hughes.

Subject to these amendments being agreed, the minutes were confirmed and signed as a correct record.

The actions arising from the meeting on 27 January 2022 were reviewed and it was noted that:

- Information relating to payments made to staff in employment cases had been collated by the Chief Executive and issues in respect of confidentiality were being addressed before it could be provided to the Committee. It was confirmed that in the past five years there had been eleven settlement cases concluded.
- The Chair had circulated an update on the Resident's Survey received from Giuseppina Valenza.
- The Chair had held a meeting with Amanda Bird and Inspector Karen Hughes shortly after the last committee meeting and confirmed that the following points had been agreed:
  - a more frequent report to be made by Amanda Bird and Inspector Karen Hughes, but only every six months or so.
  - more focus on summarising generic themes, case volume and case type and seriousness. This would be reported every six months or so.
  - the TDC councillor representative (Councillor Gillman) will communicate what is concluded from borough Police meetings.
  - to establish a closer working relationship between all Councillors and the Community Officer and Police.

- that Councillors are welcome to contact both Amanda Bird and Inspector Karen Hughes directly on issues in their Wards.
- The Chair had written to Deloitte but had yet to receive a response. This had been followed up and should be received in due course.
- The action to explore possible funding opportunities to assist in the preventing of fraud and scams in the District had not been resolved and remained outstanding.
- It was confirmed that the Internal Audit Actions spreadsheet had been updated as requested.

## **288. EXTERNAL AUDIT UPDATE - 20/21 ACCOUNTS UPDATE**

Laura Rogers from the Council's external auditor Deloitte provided a verbal update on the current position of the Council's external audit.

It was confirmed that FY20 had been signed off before the previous meeting of the Committee and FY21 was now progressing well with no significant issues to report currently.

It was noted that, in respect of FY22, a formal audit plan would be presented at the next committee meeting on 5 July 2022. Staff had been booked to undertake FY22 and contingency had been built in to attempt to avoid any delays similar to those experienced with other recent audits.

The Chair noted that a written response to his letter of complaint regarding the FY20 audit was still outstanding and asked that this be followed up.

## **289. INTERNAL AUDIT PROGRESS REPORT - MARCH 2022**

Natalie Jerams presented a report which provided an overview of:

- the current status of live internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditors annual opinion.

The subsequent discussion on this report included reference to the following issues:

- It was confirmed that the Business Continuity and Emergency Planning audit reviews had previously been scheduled for Quarter 4 and scoping meetings were staggered throughout the quarter to allow for adequate resourcing for both SIAP and the Council. It was still expected that the audit would be completed by year end;
- In respect of the adjustment to the internal audit plan, it was confirmed that the Main Accounting item was being moved for capacity issues within the Finance Team whilst roles and responsibilities were being realigned;

- It was mentioned by the Chair that he had provisionally agreed the amendment to the internal audit plan following a referral by the Interim Chief Finance Officer. The Chair had since been made aware that this may have constituted a significant change and therefore should have been referred to the Committee to agree. The recommendation to the Committee would be amended accordingly.
- It was noted that the Chief Internal Auditor had a duty to inform of any significant changes to the Audit Plan but there was no requirement for the Committee to approve all variations. It was agreed that a definition of 'significant' would be included in the Internal Audit Charter to aid future referrals for adjustments to the Internal Audit Plan.
- The Chief Executive stated that resourcing issues would be addressed as part of restructure of the Senior Management Team as part of the Future Tandridge Programme. It was also noted that outstanding internal audit actions were being discussed weekly by the Management Team.
- The reference to grant certification in the rolling work programme referred to an internal audit check to confirm that money distributed under the LGCS and the Compliance & Enforcement Grant had been spent in line with the relevant scheme/grant conditions.
- In respect of the Outstanding Management Actions document, it was noted that the audit actions for the HR Policies and Procedures were now contained within the Future Tandridge Programme and should be completed by 31 March.
- It was the view of the Chief Internal Auditor that there had not been any significant change in the number of audit items becoming overdue but there was a hope that the ongoing transformation programmes would help to address a number of the outstanding audit concerns. It was noted that true and realistic completion dates should be included in the Outstanding Management Actions document.

**RESOLVED** – that the Internal Audit Progress Report for February 2022 is noted and approves the plan variation as set out in section 8 of report.

### **ACTIONS –**

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	To revise the Internal Audit Charter to reflect what is a “significant change” that requires Audit & Scrutiny approval.	Neil Pitman	27 June 2022
2.	In respect of the Outstanding Management Actions: <ul style="list-style-type: none"> <li>- revisit forecast dates to check they are realistic</li> <li>- review if the assessed priority for each item reflects the risk to the Council</li> <li>- incorporate a metric to identify whether the number of open audit items is decreasing</li> </ul>	Melanie Thompson	27 June 2022

	Action	Responsible Person	Deadline
3	TDC Legal to revise the Audit & Scrutiny terms of reference to reflect that the Committee must approve all significant changes to an Audit Plan	Legal Department	Not specified

## 290. INTERNAL AUDIT CHARTER 2022-23

The Charter defined the internal audit activity's purpose, authority and responsibility. The report established the role of internal audit within the Council and was presented to the Committee for approval in accordance with the requirements of the Public Sector Internal Audit Standards. It was confirmed that there had been no changes to the standards over the course of the year and therefore the Charter was substantially the same as approved in 2020/21, save for an addition of a two new stakeholders to the client portfolio. It was noted that, in accordance with the action recorded under minute number 289, wording would be added to the Charter to define the meaning of 'significant' with regards to referring audit plan adjustments to the Committee.

As discussion took place in respect of the wording of the Internal Audit Resources section of the Charter. It was agreed by the Chief Internal Auditor that the wording of this section would be updated to address the concerns of the Committee.

**RESOLVED** – the Committee approve the Internal Audit Charter 2022-23, subject to the amendments by SIAP to paragraphs 1 and 4 at page 4 of the Charter.

## 291. INTERNAL AUDIT PLAN 2022-23

A draft Internal Audit Plan for 2022-23 was presented to Committee. The Plan provides the mechanism through which the Chief Internal Auditor can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. Natalie Jerams provided an overview of the areas that would be included within the plan, which included some areas which had a limited audit review in previous years.

The subsequent discussion included the following issues:

- the clarification of the term “plan variation” referred to in the report.
- why the likely inability of meeting the key priority referred to in the Council Strategic Plan 2020/21 to 2023/24 of “*Creating the homes, infrastructure and environment we need*” was not reflected in the Council Risk Register. The Chief Internal Auditor agreed to review the audit plan to potential add an item that could address this issue.
- how the proposed timing of audit reviews are agreed between Internal Audit and the Council and how this does not impact on the relevant assurance opinion. It was noted that items were included in the plan on a 3-year cyclical basis and currently there were no preconceived or significant concerns relating to any area of the Council which would require an adjustment of the audit plan.

- the Chief Internal Auditor agreed to respond in writing to areas of concern raised about the audit plan (including the timing of the savings realisation and payroll audit and the absence of project management and debt management in the plan)

**RESOLVED** – that

- A. the Committee note and approve the Internal Audit Plan 2022-23, and
- B. the Chief Internal Auditor completes a review of the Internal Audit Plan to take into account the specific items raised by the Committee (such review and any changes to be approved by the Committee).

In accordance with Standing Order 25, Councillor Allen wished it recorded that he abstained from voting on the resolution.

**ACTIONS** –

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	To review the Internal Audit Plan and to advise if any items could be added to address the possible issue of the Council not meeting the strategic plan priority of <i>“Creating the homes, infrastructure and environment we need”</i> .	Neil Pitman	27 June 2022
2.	To speak with the Housing Chair to enquire about the absence of the entry on the Council Risk Register regarding the likely failure to meet the strategic plan priority of <i>“Creating the homes, infrastructure and environment we need”</i> .	Councillor Langton	5 July 2022
3.	To review specific queries relating to the audit plan, including the timing of the savings realisation and payroll audit and the absence of project management and debt management in the current plan.	Neil Pitman	27 June 2022

## **292. FINANCE TRANSFORMATION PROGRAMME UPDATE - MARCH 2022**

The Interim Chief Finance Officer, Ricky Fuller and Janyce Danielczyk provided a detailed verbal update in respect of the current status of the Tandridge Finance Transformation (“TFT”), including:

- a review of the key stages of the TFT;
- an overview of progress of the TFT, including a presentation on the progress on the four main workstreams (New Finance Model, Deliver the Budget, Organisational Development and Exchequer Transformation);

- confirmation that the Accounts Payable and Accounts Receivable services were currently undergoing an audit, during which SIAP would review all work undertaken to date; and
- explaining the activities that would be included within phase two of the TFT and how this will transition into the Future Tandridge Programme.

It was confirmed that an end of programme review would be presented at the next Audit & Scrutiny Committee meeting.

## 293. 2019/20 AUDIT FINDINGS REPORT

Barry Strafull and Laura Rogers (Deloitte) presented an report that contained Deloitte’s update to the Audit & Scrutiny Committee following finalisation of the audit for the year ended 31 March 2020. Laura Rogers provided a verbal update on the contents on the updated report. It was noted that Deloitte had:

- issued an unqualified opinion on the 2019/20 financial statements; and
- issued a Value for Money assessment that was qualified and may remain so for a least a further two audits due to the identification of the pensions budget mismanagement in the 2020/21 and 2021/22 budgets.

It was noted that the Tandridge Finance Transformation (“TFT”) was seeking to address and mitigate the issues raised by Deloitte in respect of planning finances effectively and managing risks. In response to concerns raised about the impact of the TFT, the Chief Executive noted that lessons had been learnt from past transformation programmes and these would be implemented in order to ensure the positive transformation is achieved.

In response to a question on whether Deloitte should follow CIPFA guidance in respect of the Goodwin judgement, it was noted that this was not a significant enough issue and reference to this was only included for transparency purposes.

It was noted that the scale fee (as defined in Deloitte’s report) had not yet been agreed and would be approved by the Committee.

**RESOLVED** – that the Committee approves the findings outlined in Deloitte’s Audit Findings Report.

### **ACTIONS** –

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	To map the findings from the external audit for 19/20 against actions taken in the Tandridge Finance Transformation programme to show that weaknesses identified in the Deloitte report have been addressed.	Mark Hak-Sanders	27 June 2022

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
2.	That the proposed variation to the scale fee (as defined in Deloitte's report) be brought back to the Audit & Scrutiny Committee prior to its approval.	Mark Hak-Sanders	27 June 2022

## **294. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE - MARCH 2022**

The Chief Executive presented a report which set out the progress made against the Annual Governance Statement action plan for 2021/22.

The Chair noted that, although Officer workload was currently high and was taken into account, the improvements set out against the Corporate Improvement Plan were modest. It was hoped that the current transformation programme would assist with increasing the level of improvements.

**RESOLVED** – that the Committee:

- A. notes the progress made against the Annual Governance Statement action plan for 2021/22; and
- B. notes the Local Code of Corporate Governance 2020/21.

### **ACTION –**

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	To revise the forecast dates and reconsider the prioritisation of actions in the Annual Governance Statement action plan.	Lidia Harrison	27 June 2022

## **295. FUTURE TANDRIDGE PROGRAMME UPDATE**

The Chief Executive presented a verbal update on the Future Tandridge Programme. Since the last Committee presentation in January 2022, the service review programme had been set up and tranche 1 had now commenced, which included Communications, Legal, Building Control, Statutory Housing and Locality Team.

The reviews were being undertaken by Heads of Service but would be subject to robust challenge in the process. Any business cases to changes in service levels will be presented at the relevant committee in June 2022 before tranche 2 is started.

It was confirmed that a more robust system of staff appraisals would be reintroduced in order to improve performance and accountability and to promote and offer development and training opportunities.

It was noted that a new Strategic Plan would be commenced later in the year as the current document was not fit for purpose in respect of setting long term priorities for the Council.

The Chairman stated that in future committee meetings, the Future Tandridge Programme must be allowed more time on presenting and discussing the project status.

## **296. PROJECT MANAGEMENT REVIEW - MARCH 2022 UPDATE**

The Executive Head of Communities presented a report that set out a Project Management Action Plan which was intended to improve project management processes within the Council. The report also provided details of current projects and set out Lead Project Officer's skills and experience that would enable them to deliver the projects.

It was confirmed that a Project Management Working Group had been set up to monitor and deliver best practices for the Council and to ensure that project management documentation is in place and that report monitoring is up to date and reviewed at the relevant project board meetings.

It was noted that there was an intention to ensure that project management responsibilities were embedded across the Council in the future, for both management and staff. The Committee also suggested that the introduction of project management software should also be considered.

**RESOLVED** – that the Committee notes the actions outlined in the priority action plan and supports the progressing of listed active projects using the resource available.

### **ACTIONS –**

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	Produce information for the Committee to assess the resources required for all future Council projects and report back to the next Audit & Scrutiny meeting.	Alison Boote	27 June 2022
2.	To provide specific information in respect of which training options would be offered to staff in order to fill training gaps within the Council	Alison Boote	27 June 2022



## 297. COMPLAINTS AND FREEDOM OF INFORMATION REQUESTS UPDATE

The Head of Communications & Customer Experience presented report that set out details of the complaints and Freedom of Information requests received by the Council in the last quarter. The report also set out an update on the Council's approach to managing complaints and what lessons had been learnt from recent experiences.

It was confirmed that no data was held in respect of the cost to the Council in dealing with complaints. As dealing with complaints formed a part of Officer roles, it was difficult to accurately quantify. However, the Committee requested that an estimate of costs should be provided.

The Committee also requested comparative complaint data from other Local Authorities for benchmarking purposes. It was noted that this had been previously considered but it appeared that all neighbouring authorities recorded complaints differently which made comparison difficult.

It was noted that the £50 goodwill compensation would only be paid in exceptional circumstances and only where a fundamental service failure has been identified.

**RESOLVED** – that the Committee note and accept the report.

### **ACTION –**

	<b>Action</b>	<b>Responsible Person</b>	<b>Deadline</b>
1.	That an overall estimate of costs incurred as a result of dealing with complaints be provided to the Committee.	Giuseppina Valenza	7 July 2022

Rising 10.19 pm