

# **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 5<sup>th</sup> July 2022 at 7:30pm.

**PRESENT:** Councillors Gillman (Chair), Allen (Vice-Chair), Booth, Botten, Chotai, Flower, Mansfield, O'Driscoll, C.White and N.White

**ALSO PRESENT:** Councillor S.Farr

**ALSO PRESENT (Virtually):** Councillors C.Farr, Gaffney, Lockwood and Moore

**APOLOGIES FOR ABSENCE:** Councillor Cooper

### **69. DECLARATIONS OF INTEREST**

No declarations of interest were given. However, Councillor Chotai requested that it be minuted that he was of the view that the amount of time given to read the agenda pack was unreasonable.

### **70. MINUTES OF THE MEETING HELD ON 22 MARCH 2022**

These minutes were confirmed and signed as a correct record.

### **71. MINUTES OF THE MEETING HELD ON 26 MAY 2022**

These minutes were confirmed and signed as a correct record.

### **72. REVIEW OF MINUTED ACTIONS FROM THE PREVIOUS COMMITTEE MEETING**

The actions arising from the meeting on 22nd March 2022 were reviewed and it was noted that:

- Minute 287: Information in respect of payments to staff was still outstanding as issues of confidentiality were still being considered. The Chair stated that the Chief Executive was currently attempting to resolve this issue.
- Minute 288: A formal external audit plan had not been presented to the Committee in advance of meeting. A late preliminary plan had been circulated to the Committee on the day of the meeting. The Chair stated that he did not expect the Committee to discuss this report as there had been insufficient time to read it. It will be updated and represented as an agenda item in September 2022

- Minute 288: A written response had been received from Deloitte in response to the Committee's letter of complaint which would be referred to under agenda item 8 (minute number 73). It would be discussed by the Officers and the Chair and Vice Chair and circulated to the Committee.
- Minute 289: It was agreed that discussion of the Outstanding Management Actions document would be deferred until the Committee had seen the whole of the Future Tandridge Programme.
- Minute 289: The amended Internal Audit Charter had been received from Neil Pitman on the day of the meeting. This would not be discussed but would be reviewed by the Committee and officers before the next Committee meeting.
- Minute 289: The revision of the Audit & Scrutiny Committee's Terms of Reference had not been completed for this meeting, so it will be presented at the 27<sup>th</sup> September 2022 meeting.
- Minute 289: An additional spreadsheet from Melanie Thompson had been provided to identify whether the number of open audit items was decreasing. This had been received on the day of the meeting and would be reviewed by the Committee in due course.
- Minute 291: The Chair had received an email in respect of the Council's strategic plan priority of "*Creating the homes and infrastructure and environment we need*". However, this item would remain open until the Chair had spoken to the Chair of the Housing Committee.
- Minute 291: A review of specific queries relating to the audit plan was still ongoing.
- Minute 293: It was noted that a discussion was still ongoing in respect of Deloitte's scale fee and would be presented to the Committee for approval in due course.
- Minute 293: Mapping the findings from the external audit for 19/20 against the Tandridge Finance Transformation programme had been completed and will be circulated to the Committee for comment. This review will be circulated by the Chief Finance Officer prior to the next meeting of the A&S committee, to allow members of the committee time to comment.
- Minute 294: The action in respect of the Annual Governance Statement would be resolved when the item comes to the 27<sup>th</sup> September Committee meeting.
- Minute 296: The Chair had agreed to defer the Project Management Review item and associated actions until the completion of the Future Tandridge Programme.
- Minute 297: Details of the estimate of costs for dealing with complaints had been included in the report at item 13 (minute 78) of the agenda pack.

## **73. EXTERNAL AUDIT 20/21 UPDATE**

### **2020/21 Update:**

In the absence of the Council's external auditors, Deloitte, who had not been able to attend the meeting and had not submitted apologies or a written update, the Chief Finance Officer (CFO) and Chief Accountant provided a verbal update on the 2020/21 audit. The CFO stated that the Council's external audit for 2020/21 was delayed, although it was noted that Tandridge was not the only council to be in this position as there were resourcing issues across the audit industry. The audit had restarted on the 4<sup>th</sup> July 2022 and officers were liaising regularly with Deloitte to track progress.

Deloitte had given an assurance that they would complete the work on the 2020/21 audit by mid-August 2022 and present to committee in September.

### **2021/22 Update:**

The Chief Finance Officer presented a verbal update on a preliminary audit plan for 2021/22 that had been prepared by Deloitte. The plan was received in lieu of a full audit plan which had originally been requested by officers. A full audit plan was not available as Deloitte were focussing on the completion of the audit for 2020/21.

The 2021/22 audit will commence immediately after the conclusion of the 2020/21 audit and be presented by the end of November. The CFO confirmed that officers would do everything possible to ensure that the timetable is adhered to. To assist with this, the Committee was asked to send comments to the CFO on Deloitte's preliminary audit plan. The CFO assured the Committee that he would update them on the progress of the audit.

### **Letter of Complaint:**

It was confirmed that Deloitte had responded to the Committee's letter of complaint sent in November 2021. The response identified failings on both sides in the production and audit of the 2019/20 accounts. The Tandridge Finance Transformation programme had subsequently addressed most of the internal issues identified. It would be discussed by the Officers and the Chair and Vice Chair and circulated to the Committee.

In response to questions, it was confirmed that the Council had opted into the Public Sector Audit Appointment process which would appoint new auditors for financial year 2023/24 onwards and the Council was making representations as part of this process in respect of the next auditor appointment.

## **74. INTERNAL AUDIT PROGRESS REPORT - JUNE 2022**

Natalie Jerams gave an overview of the internal audit reporting process for new Committee members and 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 Auditor's annual opinion.

It was noted that two separate reports provided further details on the outstanding management actions and an analysis of live audit reviews.

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

- The Council's Whistleblowing Policy would be used by internal audit when dealing with any confidential submissions made to them under the Internal Audit Charter.
- In respect of the IT Governance audit review, there were concerns that the assurance opinion was still 'Limited' and that the Council's systems needed to be robust in the event of a cyber-attack. It was confirmed that this was a priority for the Management Team. It was also confirmed that a meeting of the IT Governance Board would be taking place during the week commencing 11<sup>th</sup> July 2022 and terms of reference were being developed for it. The Committee was informed that the Council had received £100,000 from DLUHC to assist with the ongoing improvement of cyber security at the Council.
- Details of when the implementation of the supporting elements to the anti-fraud, bribery and corruption policy would occur would be confirmed to the Committee after the meeting.
- In respect of the Database Management audit review, it was confirmed that a schedule was in place for the completion of Microsoft security updates. The Committee would receive an update on this schedule in due course.
- In terms of amendments to the plan, it was noted that the recommendation to the report would be amended to take into account the plan variations in respect of Development Management.
- It was noted that Cliff Thurlow, the interim Chief Planning Officer, had circulated a paper setting out the reasons for removing the Development Management audit from the plan.
- Concerns were raised in respect of the number of long term outstanding audit items in respect of the Grants Register and Health & Safety. The Chair stated that he would ask for an update to come to the Committee on these items before the next meeting. It was confirmed that the Grants Register had been moved into the Finance department and was currently being improved.

Councillor Allen requested an addition to the recommendation which approved the removal of the Main Accounting and Development Management audits from the current internal audit plan. This was seconded by Councillor Flower and agreed by the Committee.

**RESOLVED** – that the Committee:

- A. notes the Internal Audit Progress Report – June 2022; and
- B. approves the removal of Main Accounting and Development Management from the Internal Audit Plan.

## **75. INTERNAL AUDIT ANNUAL REPORT & OPINION 2021/22**

The Chief Finance Officer presented a report requesting the deferment of the Internal Audit Annual Report and Opinion 2021/22 to the meeting of the Committee scheduled for 27<sup>th</sup> September 2022.

The deferment was requested as 33% of the internal audit reports were still with the Management Team to provide actions in respect of the audit findings, a number of which having been received in the 1-3 weeks prior to the committee deadline. Management Team had concluded that it was more appropriate to allow adequate time for management responses to be properly considered, rather than attempting to bring the annual report to Committee before proper consideration had taken place. Deferring the report would make it more likely that deliverable actions would be created which would be compatible with the Future Tandridge Programme.

It was also noted that the Annual Report and Opinion is usually considered with the Annual Governance Statement which will be presented to Committee in September. In delaying the report, it would be possible to align it with the AGS and therefore produce a more robust document.

Councillor Allen proposed a slight amendment to the recommendation to state that the Committee approves the delay and to include the date of the next Committee meeting. Councillor Chotai seconded the motion.

***RESOLVED*** – that the Committee note and approve the delay to the finalisation of the Internal Audit Annual Report & Opinion for 2021/22 to the Committee’s meeting on 27<sup>th</sup> September 2022.

## **76. FINANCE TRANSFORMATION PROGRAMME UPDATE - JUNE 2022**

The Chief Finance Officer presented a report on the closure process being followed for the Tandridge Finance Transformation (“TFT”) programme which was due to complete at the end of June 2022.

The key objectives of the closure process were to identify:

- what the programme has achieved, including key deliverables, achievements and benefits that have been delivered
- activities and deliverables that have not been completed and ensure that these are assigned ownership
- activities and deliverables that will form part of a service improvement plan at the close of the programme.

A background summary of the TFT programme was provided and details given on the four key workstreams (these being ‘New Finance Model’, ‘Organisational Development’, ‘Deliver the Budget’ and ‘Exchequer Transformation’) their objectives and how their scopes had changed.

It was noted that the 'Deliver the Budget' workstream changed most over the course of the programme. Initially, the workstream was set up to ensure the 2022/23 budget was delivered and balanced and activities introduced to improve the process. However, due primarily to a pensions error being identified in Summer 2021, the level of activity in the workstream had increased significantly.

It was emphasised that the closure of the programme did not draw a line under the need for continuous improvement. Members were advised that the appendices to the report set out the requirements for the council as a whole to continue to improve. The report concluded that the TFT programme was successful and was a key element of improving the Council's overall financial management. It was noted that the report highlighted lessons to be learnt and improvements still to be made.

The Committee was informed that an application had been submitted on behalf of Tandridge District Council and Surrey County Council to the CIPFA Public Finance Awards in the category of Aligned Public Service Delivery to recognise the success of the TFT Programme.

It was confirmed that annual update reports would come to the Committee as requested by the Member Reference Group who oversaw and shaped the transformation plan and that the joint working arrangement would still be in place after the closure of the programme.

The Committee commended the Chief Finance Officer and his team on the report and the success of the TFT programme and was of the view that the current positive financial position of the Council was as a direct result of the programme. The Chair personally thanked the Chief Finance Officer and his team for improving the financial position of the Council for the benefit of its residents.

Councillor Allen proposed that an annual update be submitted to the Committee by the Chief Finance Officer. Councillor Gillman also proposed that the Finance Team be congratulated on delivering the TFT programme. Both motions were seconded by Councillor O'Driscoll and agreed by the Committee.

**RESOLVED** – that the Committee:

- A. approves the closure of the Tandridge Finance Transformation programme, achievements to date and next steps;
- B. requests that an update report be submitted to the Committee annually by the Chief Finance Officer;
- C. formally congratulates the Finance Team on delivering the Tandridge Finance Transformation programme.

## **77. FUTURE TANDRIDGE PROGRAMME UPDATE - JUNE 2022**

The Chief Finance Officer presented a report on the current status of the Future Tandridge Programme ("FTP"). The aims of the FTP are to:

- transform the operating model for the council;
- create a smaller, more strategic, agile and responsive organisation with resources targeted at council priorities and where need is greatest;

- develop a more business-like approach to the way the council operates; and
- tackle the financial challenges faced by the council going forward.

The report set out the key areas of focus of the current service reviews and common themes emerging from them. The first wave of service reviews focused on support services and the need to add value to the front line services they underpin and to become more automatic and less onerous.

The report set out the intention to move towards an intention to become a 'Commissioning Council'. This meant that the Council would move to an approach where it focused on the needs of residents and how services meet those requirements, the quality and level of service and understanding the Council's involvement in delivering the services and establishing the best delivery model for achieving the required outcomes.

Key focus areas for each of the services under current review were included in the report. The next steps for the reviews were to deliver tactical savings in 2022/23 as agreed at the last meeting of the Strategy & Recourses Committee and to bring further reports to the policy committees in September to set out the future direction for the provision of the services under review.

During the debate, the Committee suggested that each of the service reviews should clearly reference risk management. In doing so, this would add value and incorporate the lessons learnt from the internal audit process. It was also noted that:

- feedback would be given following the September policy reports in response to the Committee's suggestion that the Council replace Housing Associations as the direct landlord for council tenants;
- as part of the transformation programme, the Council will consider the suggestion that Parish Councils could take on services such as playgrounds and maintenance of parks and open spaces but noted that the size and structure of particular Parish Councils may limit implementation;
- staff morale was a concern of Management Team and appreciated that service reviews are difficult for staff and this be addressed where possible – the Council was communicating with staff at each stage of the process so they were aware of what is happening and were able to feedback and shape the programme;
- the Council does not consistently use CIL funding to deliver the infrastructure it requires and should review this when considering the transition to becoming a commissioning council.
- the new management structure will be available to Councillors and staff once imminent appointments have been completed.
- each area involved in the current service reviews will shortly be considering next steps and prioritising the proposed key lines of enquiry. Councillors will be informed of the outcome of the process once completed.

**RESOLVED** – that the Committee note the progress to date in delivering the Future Tandridge Programme.

## 78. COMPLAINTS AND FREEDOM OF INFORMATION UPDATE

The Head of Policy & Communications 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 provided an update on the Council's approach to managing complaints and what lessons had been learnt from recent experiences. It was noted that the number of complaints had decreased from the same period last year.

It was also noted that:

- a planning enforcement complaint to the Local Government Ombudsman had been upheld. The Council had been ordered to issue an apology and pay the complainant £1,250
- two payments had been made under the recently introduced £50 goodwill compensation scheme
- no Housing related compensation payments had been made in the last quarter
- 159 Freedom of information requests had been received in the last quarter.

The Chair suggested that the style of the report could be altered in the future to show whether complaints were increasing or decreasing in any particular service areas, so the Committee could see trends in complaints from residents.

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

## 79. PERFORMANCE EXCEPTIONS REPORT - QUARTER 4 2021/22

The Committee received an exceptions report which set out the performance and risk headlines from the performance and risk reports which had already been reported to the four main policy committees earlier in the committee cycle. The report highlighted performance and risk indicators that have been off target for two quarters. The report also included an update on the Council's approach to managing debt.

The Committee considered that a review of policy committee targets was required as they appear out of date or not relevant to residents. It was confirmed that a review would take place and, once completed, the Chairs of the policy committees would be asked for their feedback before being shared more widely.

The Chair also stated that it should be the role of the Committee to test the policy committees on the management of their risks moving forward.

The Committee was informed by the Chair that the time taken to relet Local Authority Housing was off target due to the amount of maintenance required before properties are able to be made available to potential tenants. There was also difficulty in letting certain types of property, particularly those with stairs to access.



The Chair agreed to speak to the Chair of the Housing Committee to ascertain what makes a property difficult to let as stated in the report. The Chair also stated that, as introduced in the last municipal year, he would be asking committee members who also sat on a policy committee to act as an Audit & Scrutiny liaison so that information could be obtained and shared easily.

**RESOLVED** – that the committee note the policy committees' performance and risk exceptions for Quarter 4 2021-2022.

Rising 9.39 pm