

## 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 4 April 2023 at 7:30pm.

**PRESENT:** Councillors Allen (Chair), Booth, Cooper, Flower, North, N.White and S.Farr (Substitute - in place of Gillman)

**PRESENT (Virtually):** Councillors Chotai and C.White

**ALSO PRESENT:** Councillors C.Farr

**APOLOGIES FOR ABSENCE:** Councillors Gillman and Botten

#### **285. MINUTES OF THE MEETING HELD ON 23RD FEBRUARY 2023**

The minutes were confirmed and signed as a correct record.

The Chair updated the Committee on the following previous minuted actions:

**Minute 293 (from municipal year 2021/22)** related to Deloitte's scale of charges. The Chair confirmed that the charges had to be approved and it was expected that this would be reported at a future meeting of the Committee.

**Minute 296 (from municipal year 2021/22)** related to the inclusion of project management in the internal audit. The Chair confirmed that the internal audit report had to be finalised before it could be discussed by the Committee.

**Minute 246** related to the effective disbursement of the Disabled Facilities Grant. The Chair confirmed that an email concerning this had been sent to all Members on 27 March 2023.

**Minute 247** related to the Annual Governance Statement and the suggestion that the Council was failing to meet two of the corporate objectives.

With regard to the objective of "creating the homes we need", the Head of Housing had advised that an update on the Council's housebuilding programme will be included in the Housing Committee agenda in June 2023.

With regard to the objective of "becoming a greener, more sustainable district", the Chair of the Strategy & Resources Committee has asked for a short report to be prepared for the next committee meeting setting out a summary of work to date and what can be achieved in future years in the current budget.

#### **286. TO DEAL WITH ANY QUESTION SUBMITTED UNDER STANDING ORDER 30**

The Chief Finance Officer responded to questions from Councillor Cooper, as attached at Appendix A.

## 287. EXTERNAL AUDIT UPDATE - 20/21 ACCOUNTS FINAL REPORT

The report was introduced by Barry Stratfull, the Council's Chief Accountant through the Joint Working Agreement with Surrey County Council. During the introduction, it was noted that:

- the report set out the conclusions reached during the 2020/21 audit.
- the report did not identify any material adjustments or disclosure deficiencies.
- Deloitte expect to issue an unqualified opinion for 2020/21.
- some unadjusted misstatements were contained in the report. An explanation had been provided as to why these would not be amended by the Council. It was confirmed that this would not alter Deloitte's unqualified opinion or the signing of the accounts and Deloitte were content for the adjustments not to be made.

Deloitte also provided a verbal update on the ISA260 setting out the progress made in finalising the 2020/21 audit. It was confirmed that the opinion wording still needed to be finalised and it was expected to be completed within three weeks. This had been delayed due to Deloitte staff annual leave. The Committee received an assurance that the audit opinion would not be altered if the unadjusted misstatements were not amended by the Council. Deloitte also confirmed that only the Value For Money opinion remained outstanding; all other remaining tasks had been completed.

Following the assurance from Deloitte that the unadjusted misstatements would not affect the audit opinion or the ability to sign the accounts, Councillor Sayer was of the view that it would be sensible to not carry out the adjustments to save Officer time.

In respect of its financial position, Councillor Sayer stated that the Council had faced the possibility of a Section 114 Notice in the past due to the low levels of reserves and a £920k annual hole in the Council's finances that had come to light when the Council administration changed. Working in partnership with Surrey County Council's finance team, the current administration had worked hard to improve the inherited position by improving the Council's financial governance and Finance Regulations. The administration was more confident moving forward and thanked the current finance team for their professionalism in dealing with the Council's financial position.

There was a disagreement between Members as to the accuracy of past statements made in respect of the Council's past budget outturn figures and the level of reserves in previous financial years but the discussion was moved on to the approval of the accounts by the Chair.

In response to a question from the Chair, the Head of Legal confirmed that she was content to make minor amendments to the current draft of the 2020/21 Annual Governance Statement which would accompany the accounts when signed.

The Chair proposed an amendment to the final recommendation to read "delegate authority to the Chair of this meeting to sign the accounts". Councillor N White seconded the proposed amendment.

**RESOLVED** – that the Committee:

- A. receive the final ISA260 report for the 202/21 accounts.

- B. consider the recommended adjustments to the accounts and management's reasons for not accepting the adjustments, and approve that the accounts should remain unchanged.
- C. delegate authority to the Chair of this meeting to sign the accounts.

## 288. INTERNAL AUDIT UPDATE - MARCH 2023

Natalie Jerams of the Southern Internal Audit Partnership ("SIAP") presented a report which provided:

- an analysis of live audit reviews;
- an overview of the rolling work programme; and
- a summary of adjustments to the Internal Audit Plan.

Members were also advised that the draft final report for savings realisation had been finalised and the conclusion would be included in the next update report.

The following updates were given by Officers on outstanding management actions:

- Emergency planning will report to the Community Services Committee from May 2023 when the Terms of Reference are amended.
- Work was ongoing to update business continuity plans and to identify appropriate plan owners for each area following the Future Tandridge Programme restructure. Any identified gaps in the plan will be reviewed and completed. Once all plans had been updated a programme of testing at least every two years will be implemented.
- A business continuity exercise had been held recently with the Extended Management Team. A similar exercise would be held with the Key Officer Forum in due course.
- It was confirmed that the Records Management, Retention and Disposal Policy and Schedule had been approved and is in the process of being uploaded onto the Council's intranet site and website along with explanatory notes.

The Chair noted that the IT Disaster Recovery and IT Business Continuity was still outstanding and needed to be completed by the revised deadline of 30 May 2023. The Chief Finance Officer assured the Committee that the completion of the outstanding audit action was a priority for the Council. It was noted that there had been both internal and external delays that had resulted in the audit action remaining incomplete.

**RESOLVED** – that the committee notes the Internal Audit 2022/23 Progress Report – February 2023.

## 289. INTERNAL AUDIT PLAN 2023/24

Natalie Jerams of SIAP presented the Internal Audit Plan for 2023/24 which provided an overview of the intended use of internal audit resource. The Plan had been created from discussions with senior Officers and from reviewing the current risk register and other key documentation. The plan had been presented and approved by the Council's Extended Management Team. Consequently, the Committee was asked to review and approve the plan.

It was noted that the plan remains fluid during the course of the year to allow SIAP to respond and react to any emerging risks or requests made by the Council. Any adjustments would be reported to Committee through the regular progress reports.

**RESOLVED** – that the Committee approves the Internal Audit Plan 2023/24.

## **290. INTERNAL AUDIT CHARTER 2023/24**

Neil Pitman of SIAP presented the Internal Audit Charter 2023/24 (“the Charter”) to the Committee.

The Charter 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. The Charter had already been approved by the Extended Management Team.

It was noted that the Charter had been reviewed recently by the Committee following a review of the document by SIAP and the Head of Legal Services. 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 September 2022.

The Chair proposed an amendment to the report recommendation to include the words “the Committee reserves the right to request a report from Officers regarding why any proposed changes to the Internal Audit Charter are required”. Councillor Cooper seconded the amendment. On being put to the vote, the amendment was carried.

**RESOLVED** – that:

- A. the Committee approves the Internal Audit Charter 2023/24.
- B. the Committee reserves the right to request a report from Officers explaining why any proposed changes to the Internal Audit Charter are required.

## **291. FUTURE TANDRIDGE PROGRAMME UPDATE - MARCH 2023**

The Committee considered a report concerning the governance and risk management arrangements for the Future Tandrige Programme (“FTP”). The Chief Finance Officer informed the Committee that the report included the programme risks and financial risk assessment as reported to the Strategy & Resources Committee on 30 March 2023.

The key programme developments include the approval of:

- the remaining funding to deliver the programme, subject to the caveat that this be reported back to Members in terms of its usage at regular intervals.
- the direction of travel to develop shared services in Revenues and Benefits with Reigate & Banstead Borough Council.
- the approval of the digital business case.

Risk scores had been updated since the last meeting of the Committee and an audit trail to the changes had been included in the report appendices. It was noted that the Savings Realisation Audit, as referred to in the SIAP internal audit update, would be reported back to Members at the next committee meeting. Officers were of the view that strong governance procedures were in place to manage the programme risks and the delivery of savings. It was also noted that

previous concerns raised by Committee Chair had also been considered and would be reviewed with him in due course.

The financial risk assessment, setting out the level of confidence in delivering the projected savings of £1.7 million in 2023/24, had been included in the appendices. It was noted that £630k of savings had been completed to date. A further £964k were highlighted as having some risks to delivery although it was expected that these savings will be delivered. Updates would be provided to the Committee during the course of the next year.

The Committee was pleased with the progress of the savings and was of the view that this would provide a more resilient Council in the future.

In response to questions from the Chair, it was noted that:

- a new digital lead and an interim finance commercial analyst had recently been appointed. The Council was still in the process of appointing an organisational development lead.
- there had been feedback from staff on the timeliness and comprehensiveness of the updates from the Council on the FTP. Following the highlighting of this risk, the Communications team had been working closely with Heads of Service and the Council was now of the view that this risk had been addressed.

**RESOLVED** – that the Committee:

- A. note the direction of travel for the FTP and the savings identified for delivery in 2023/24.
- B. note the approach to risk management being applied and the current programme level risks identified in Appendix B.

Rising 8.21 pm

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**Audit & Scrutiny Committee – 4 April 2023 – Standing Order 30 Question****Question from Councillor Cooper and response from the Chief Finance Officer**Question

Please could you provide me with the final audited figures or latest estimates for TDC, i.e. two figures, for

- 1) the final surplus/deficit figure
- 2) the final published reserve figure

for each of the following financial years:

- 2019/2020
- 2020/2021
- 2021/2022
- 2022/2023

Response

The Council's revenue budget outturn figure is as follows for the most recent four financial years:

- 2019/20 £1.991 deficit
- 2020/21 £0.885m surplus
- 2021/22 £0.458m surplus
- 2022/23 As reported to S&R on 30<sup>th</sup> March, the Council is expecting a balanced outturn, which is comprised of a £0.394m committee deficit, offset by £0.484m of budget contingencies.

The Council's general fund reserve figures are as follows:

- 2019/20 closing balance (after the £1.991m deficit) - £2.6m
- 2020/21 closing - £2.8m
- 2021/22 closing - £2.8m
- 2022/23 closing - £2.8m (expected)

The general fund has remained relatively stable following the deficit in 2019/20, as surpluses have mainly been transferred to a series of earmarked reserves, depending on decisions made by Strategy and Resources Committee at outturn. The full reserve movements are presented as an appendix to the Council's budget each February.

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