

**Minutes of the Audit Committee
25 September 2025**

Present:

Councillor J. Button (Chair)
Councillor K. Howkins (Vice-Chair)

Councillors:

G. Neall	H.R.D. Williams	R. Chandler
L. E. Nichols	P.N. Woodward	

Independent Members: P. Briggs, S. Seehra

In Attendance: Councillors C. Bateson and T. Burrell

43/25 Apologies and Substitutes

There were none.

44/25 Minutes

The minutes of the meeting held on 10 July 2025 were approved as a correct record.

45/25 Disclosures of Interest

Councillor Nichols declared he was a board member of Knowle Green Estates, Councillor Woodward declared he was a board member of Spelthorne Direct Services.

46/25 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2025/2026 Municipal year.

The Chair advised that the action plans previously on the Committee's forward plan would be superseded by the Improvement and Recovery Plan once approved by Council. This would then be added to the Committee's forward plan for monitoring.

Resolved that the Committee Work Programme for the remainder of the 2025/26 Municipal year, be approved.

47/25 Public Questions

In accordance with Standing Order 40, three questions were received from a member of the public.

Question one from Kath Sanders, as follows:

“As at time of writing (15th September), the draft statement of accounts for 2024/25 has not been published. It was due to be published on 30th June, and at the last Audit Committee meeting in July, the Council said that there was a delay and it would be published by the end of August. If it is not published for this Audit Committee meeting, what is the hold up please, and when will it be published?”

The Chair responded as follows:

“The draft Statement of Accounts for 2024/25 were published on 16th September and are available on the Council’s website. The external audit of those accounts started last week and is likely to take until shortly before Christmas. As previously advised to the Committee, working in collaboration with Commissioners, it was decided that in order to ensure that the issues raised in the 2023-24 Audit Findings were addressed that it was important to do a very thorough drafting process of the statement of accounts building in additional external reviews of drafts by technical accounting experts. Therefore it was agreed that it worth spending a bit longer on drafting this year’s accounts.”

Question two from Kath Sanders, as follows:

Context: In the previous Corporate Risk Register report to this committee (dated June 2025), 14 risk areas were identified over 9 risk categories with an average "combined score" in June of just over 10 (out of a possible 16). Only one risk area had the RAG status of GREEN, and that was the Local Plan. The average combined "Future risk scores" showed the average combined score predicted to drop to just over 8, with none actually forecast to increase. This looked optimistic.

However, it is not clear from the detail which risk areas the officers consider to be the most significant to the Council as there were a number of risk areas with combined scores of 12 or 16 in June (and a RAG status of RED). However, the "commercial portfolio" and "reducing debt" risk areas had combined scores of only 9 in each case in June and were therefore seemingly not considered high risk (having a RAG status only of AMBER).

Question: “Does the Chair believe that the corporate risk to the Council is really reducing across the board (as the "Future risk scores" from the last report would indicate) or is the "Future risk score" more of an aspirational target?”

The Chair responded as follows:

“Under the Council’s current Corporate Risk Register we assess and score risks in relation to their likelihood and impact, with their current controls and mitigations in place. The future risk scores outlined in the Register are based on the risk owners’ assessments of any change in the likelihood and impact scores with the implementation of planned controls and mitigations outlined in the Register. In most instances, the Council would expect such control and mitigation measures to reduce the risk scores. However, in some instances, even with those measures fully implemented, they may not have a significant impact on scores due to a range of externalities and residual risks which the Council has limited or no control over.

As part of the Council’s actions to address the recommendations from the Best Value Inspection and 2023-24 External Audit, the Council and Audit Committee are in the process of implementing a new governance assurance approach to risk management. This approach will have less focus on risk scores, which are inherently subjective, and have a greater focus on the effectiveness of our governance and control arrangements such that we can ensure we deliver our objectives and corporate and service responsibilities in a more positive way, and that stakeholders receive sufficient assurance that appropriate arrangements are in place.

As part of this work, we will be reviewing and updating our Risk Management Framework and Policy and with this, any supporting documentation. This will include how we will capture and manage our key areas of assurance (risks), the assessment process, roles and responsibilities, how and where we will report and the training resources required. The Corporate Risk Register will similarly be reframed to take account of this new approach and is likely to be used for any updates to the Audit Committee from November this year.”

Question three from Kath Sanders:

Context: In addition, the covering report to the Audit Committee in July did not provide any commentary on the new risk category 9 amongst its "key headlines" detailed in para 2.5 - that being the response to external audit/best value inspection recommendations which carried a combined score of 12 - nor any text under "current mitigating actions" in the detailed report. Furthermore, the "Future risk score" in the detailed report for Risk Category 9 "Response to External Audit/Best Value Inspection Recommendations" was only perceived to be 6 in June.

Question: “Does the Chair agree that the "Changes in risk scores and other key updates" in the covering report for September's update properly highlight the main areas of concern?”

The Chair responded as follows:

“The Corporate Risk Register is designed to highlight the main areas of concern for the Council. The detail in relation to each of the risk areas is

provided in the Register, with the covering report designed to provide a summary of some of the key changes and issues outlined in the Register.

A new category relating to the Council's Response to External Audit/Best Value Inspection Recommendations was added to the Corporate Risk Register in May 2025.

The covering report for the July Corporate Risk Register update made it clear at the beginning of the report (in section 1.4) that the June 2025 Risk Register had been updated to reflect:

(a) The Council's ongoing response to External Audit Reports and Best Value Inspection including the development of a detailed Consolidated Action Plan to address the recommendations from these reports and other external reviews, and (b) The subsequent intervention by Government appointed Commissioners following the Best Value Inspection of the Council.

The Register itself referenced that the Commissioners had been appointed, and that the Council was at that time working with them to develop an Improvement and Recovery Plan to address the issues raised in the Best Value Inspection report. A number of control actions were specified in the Register relating to that risk category, but it was not possible to provide any further detail (for example in relation to any mitigation actions) until we had clarity on how the planned Improvement and Recovery Plan would affect the Consolidated Action Plan that had previously been reported to the Committee. Once the Commissioners were in place, they advised that the Improvement and Recovery Plan should supersede the existing Consolidated Action Plan and that the Improvement and Recovery Plan would be designed to pick up all the key External Audit recommendations. The governance arrangements associated with the Improvement and Recovery Plan will ensure that the issues identified in the Best Value Inspection report and External Audit Reports are appropriately addressed. These arrangements will include appointment of a Programme Management Officer, the regular review and oversight of the progress of the Plan by the Improvement and Recovery Board (chaired by the lead Commissioner), and regular progress reports to be submitted to Corporate Policy and Resources Committee, the Audit Committee and to the Ministry of Housing, Communities and Local Government.

Due to the volume of reports scheduled for this evening's Committee, the next update to the Corporate Risk Register will now be provided at the additional scheduled Audit Committee meeting for 21 October 2025, and as Chair I will continue to ensure that the covering report for that update properly highlights the main areas of concern."

48/25 External Audit Quality Assessment

The Committee received a report regarding arrangements for the pending external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector. The Deputy Head of Southern Internal Audit Partnership advised the Committee that the Chief Internal Audit was required to develop a plan for an external quality

assessment, and the assessment must be performed at least once every five years. Southern Internal Audit Partnership had opted to conduct their external assessment as a self-assessment with Independent Validation with an aimed completion date by December 2025.

The Committee **resolved** to note arrangements for the pending external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

49/25 Annual Internal Audit Report and Conclusion 2024-25

The Committee received the Annual Internal Audit Report and Conclusion 2024-25 from the Deputy Head of Southern Internal Audit Partnership. The Deputy Head of Southern Internal Audit Partnership advised that from the original plan, five reviews had required deferral. A majority of reports had been delivered through to final conclusion or final draft stage, with a further two remaining in-progress. A number of delays in delivering audits had been experienced due to officer capacity to engage and respond due to internal and external pressures.

The Committee noted assurance levels of individual audits and explored how improvements would be monitored. Members noted that some workstreams of the Improvement and Recovery Plan would address some of the concerns raised from the individual audits.

The Committee **resolved** to note the Annual Internal Audit Conclusion 2024-25.

50/25 Internal Audit Strategy

The Committee received the Internal Audit Strategy 2025-28 from the Deputy Head of Southern Internal Audit Partnership. The Internal Audit service was required to have a strategy which included their vision, strategic objectives and supporting initiatives for the internal audit function. The strategy would be periodically reviewed with any significant or ongoing updates to the strategy or objectives brought to the Committee.

The Committee **resolved** to note the Internal Audit Strategy 2025-28.

51/25 Internal Audit Progress Report

The Committee received the Internal Audit Progress Report for August 2025 from the Deputy Head of Southern Internal Audit Partnership.

The Deputy Head of Southern Internal Audit Partnership confirmed that due to resource and capacity issues from both internal audit and the Council, work on audits had been delayed, however this was closely monitored by internal audit and senior officers and escalated if required. The Q1 and Q2 Audits for 2025-26 were currently underway, with Q3 and Q4 audits under discussion.

The Committee were advised of adjustments to the audit schedule, outstanding actions from previous audits, and the addition of a 'Commercial Properties' audit to Q4.

The Committee suggested it may be helpful to expand the list of officer sponsors of the audit reports. Some members of the Committee expressed concern over timing of individual audits and requested assurances on service robustness until the audit report was delivered. The Committee noted that there was currently not enough information available for the 'direction of travel' on audits for a comparison to previous audits.

The Committee **resolved** to note the Internal Audit Progress Report for August 2025 and approve the adjustments to the Internal Audit Plan 2025-26.

Meeting adjourned at 20:38
Meeting reconvened at 20:47

52/25 Annual Governance Statement

The Committee considered the Annual Governance Statement for 2024-25 from the Deputy Chief Executive and Monitoring Officer. The Deputy Chief Executive advised that reference to organisational development framework on page 122 of the draft statement should be removed. The Council has a statutory duty to prepare and publish an Annual Governance Statement. The statement provided an overview of how the Council's governance arrangements for the financial year 2024-25 operated, provided an assessment of their effectiveness, identified areas of weaknesses, and outlined the actions the Council would take over the next year to strengthen its governance arrangements. The Annual Governance Statement was a key component in the Draft Statement of Accounts which would be issued later in the year.

Issues and recommendations raised in the Grant Thornton Audit report and the Best Value Inspection report had been incorporated. A key mechanism for addressing those concerns would be through the Improvement and Recovery Plan which had yet to be approved by Council. The Deputy Chief Executive confirmed that Commissioners had reviewed the draft Annual Governance Statement.

Some members of the Committee felt that the draft statement should incorporate more information about what actions the Council was currently undertaking to address concerns raised. Some members of the Committee challenged the accuracy of some of the information provided in the draft statement, and the governance arrangements being identified as satisfactory following the Best Value Inspection and Grant Thornton Audit. The Deputy Chief Executive acknowledged that improvements that would be addressed as part of the Best Value Intervention process.

The Committee **resolved not** to approve the draft Annual Governance Statement as outlined in Appendix.

53/25 Value for Money Reports - BDO

The Committee considered the Value for Money reports from BDO, the Council's external auditors. The Value for Money reports included a Combined Annual Audit Letters for years ending 31 March 2019, and 31 March 2020, and the Auditor's Annual Reports for the years ended: 31 March 2021, 31 March 2022, and 31 March 2023. The auditor from BDO acknowledged there had been a delay in providing the report, however this was delayed due to the Best Value Inspection. Risk areas that were focused on through the audits were highlighted. Concerns identified included sustainability of commercial income to support the Council's budget, the methodology used to develop the sinking fund, and lack of asset management plans. Risk management and governance of Council subsidiaries were also raised as areas of concern. The auditor from BDO acknowledged that concerns highlighted that were also reflected in the Best Value Inspection report and these would be addressed as part of the Improvement and Recovery plan. An adverse conclusion had been issued for 2018-19 and 2019-20, and no conclusion was provided for 2020-21, 2021-22, and 2022-23.

In accordance with Standing Order 38.3, it was proposed by Councillor Howkins, seconded by Councillor Nichols and **resolved** that the meeting continue beyond 22.00.

The Committee noted that the reports did not take into account arrangements that had been put in place since March 2023. The Committee also challenged the commentary around the minimum revenue provision policy as this was highlighted as an area of concern in other audit reports, but BDO confirmed the methodology used, though they did not feel it was prudent, followed statutory guidance. The Committee explored what assurances had been put in place since 2023 to manage the sinking fund reserves.

The Committee expressed concern that if the audits had been completed in a timely manner, steps could have been taken to address the concerns raised and make improvements. The Committee also challenged the proposed fees from BDO as they felt a large portion of the reports incorporated information from other audits and reports. Some members of the Committee suggested it would be useful for all councillors to be given a separate briefing on the contents of the reports.

The Committee **resolved** to accept the Value for Money reports from BDO.

54/25 Value for Money - Grant Thornton

The Chair confirmed this would be considered at an additional meeting scheduled for 21 October 2025 to consider the remaining business on the agenda.

55/25 Audit Committee Governance Arrangements

The Chair confirmed this would be considered at an additional meeting scheduled for 21 October 2025 to consider the remaining business on the agenda.

56/25 Corporate Risk Management (Corporate Risk Register)

The Chair confirmed this would be considered at an additional meeting scheduled for 21 October 2025 to consider the remaining business on the agenda.

57/25 Argus Software Discussion

The Chair confirmed this would be considered at an additional meeting scheduled for 21 October 2025 to consider the remaining business on the agenda.