

Minutes of the Audit Committee
8 May 2025

Present:

Councillor J. Button (Chair)

Councillors:

J.R. Boughtflower

L. E. Nichols

P.N. Woodward

J.P. Caplin

H.R.D. Williams

Independent Member: Philip Briggs

Substitutions: Councillor D. Saliagopoulos

Apologies: Councillor K. Howkins

20/25 Apologies and Substitutes

Apologies were received by Councillor K. Howkins. Councillor D. Saliagopoulos was in attendance as her substitute.

21/25 Minutes

The minutes of the meetings held on 28 January 2025 and 25 February 2025 were approved as a correct record.

22/25 Disclosures of Interest

Councillor Nichols advised that he was a Director of Knowle Green Estates.

Councillor Woodward advised that he was a Director of Spelthorne Direct Services.

23/25 Committee Forward Plan

The Committee considered the Forward Plan for future Committee business.

The Chair proposed adding the process of conducting a self-assessment against the CIPFA checklist for Audit Committees to the Forward Plan for the Committee meeting on 10th July 2025.

The Chair also noted that it is likely the BDO Value for Money reports will be available for review by the 10th July Committee meeting.

The Committee requested that a demonstration of the Argus Software be held in a separate session and an agenda item to discuss the software be added for the next Committee meeting.

The Committee **resolved** to note the Forward Plan for future Committee business subject to the inclusion of additional items as agreed.

24/25 Internal Audit Charter and Internal Audit Plan 2025-26

The Committee considered the Internal Audit Charter and Internal Audit Plan for 2025-26. The Charter outlined the mandate, organisational position, reporting relationships, and scope of work for the internal audit function, ensuring compliance with the Global Internal Audit Standards effective from April 2025. The Plan, developed through a risk-based approach, aligned with the Council's strategic priorities and includes high and medium priority reviews.

The Deputy Head of the Southern Internal Audit Partnership updated the Committee on the timing adjustments for some audits, including bringing forward the review on decision-making and accountability. Additionally, an update was provided on changes within the senior management team at Southern Internal Audit Partnership (SIAP). Due to the upcoming retirement of a senior member of SIAP, strategic lead and audit manager responsibilities had been realigned. Natalie Jerams will no longer be the Strategic Lead for Spelthorne Borough Council and Iona Bond will take over this role. Joanne Barrett will be the new Audit Manager to replace Punita Talwar. One member expressed disappointment that the Audit manager (previously employed by Spelthorne as the Internal Audit Manager) would not continue in post for Spelthorne, emphasising the need for consistency and someone familiar with the Council. Natalie assured that herself and Punita Talwar will remain part of the management team and ensure a smooth handover to the incoming colleagues.

During the discussion, the Committee inquired about the Chief Internal Auditor's role under Section four of the Charter, and it was clarified that Iona Bond will assume this role, previously held by Natalie Jerams. Concerns were raised about the Charter's wording not reflecting the partnership with an external audit company. It was explained that SIAP discharged the functions of the Chief Internal Auditor similarly to an internal auditor within the organisation. It was suggested to clarify terms such as "Chief Internal Auditor" in the document, and it was agreed to update the Charter to make roles clearer and bring it back for the next Committee meeting for sign-off.

Further discussions included queries regarding the separation of the audit of Knowle Green Estates from the Governance of companies at Knowle Green Estates, to which Natalie explained the rationale for the separate reviews. There were also discussions about the use of Blue Box software in the context of commercial property management, which Natalie confirmed would be considered as part of the commercial property review. Other members inquired about contingency reviews, specifically the use of agency staff, and it was highlighted that this review addressed potential risks associated with recruitment and retention challenges across the organisation. It was finally acknowledged that Commissioners may provide direction on some audit areas, and plans are subject to change.

The Committee **resolved** to:

1. Suggest amendments to the report and agreed to consider and approve at the next Committee the final Internal Audit Charter 2025-26
2. Approve the Internal Audit Plan 2025-26

25/25 Internal Audit Progress Report

The Committee received the Internal Audit Progress Report from the Southern Internal Audit Partnership, outlining activity against the 2024/25 internal audit plan. The report confirmed that progress had been affected by the ongoing Best Value Inspection, which concluded in January 2025 and reported in March. Despite deferrals of some audit reviews to accommodate officer capacity and avoid duplication, sufficient work remains to support the Chief Internal Auditor's annual opinion. The Committee was informed of the status of outstanding management actions, resourcing considerations, and emerging issues impacting governance, risk management, and internal control. The report also assured members that audit activity continued to be risk-based, aligned with corporate priorities, and responsive to changing circumstances.

The Audit Manager reported that the Building Control audit had revealed issues with preparedness and compliance due to insufficient reporting options and unavailable data. Despite this, the Deputy Chief Executive clarified that the Council was complying with mandatory regulations as best as possible within the current framework, but recognised that improvements were needed. An update on the Building Safety Regulator audit will be provided at the July Audit Committee meeting. Separately, concerns were raised about the volume and pace of work, with the need for more reliable information across various areas. It was confirmed that the progress report at the July meeting will cover 10 internal audit reviews.

The Committee acknowledged that this had been a transitional year with SIAP as internal auditors, and it was crucial that internal audit comments informed the Annual Governance Statement, due by the end of June 2025. Resource pressures, including local government reorganisation, were noted.

The Committee **resolved** to agree they had been informed and assured of Internal Audit progress.

26/25 Action Plan to address Annual Audit Report

The Committee received an update on the Action Plan to address the recommendations set out in Grant Thornton's 2023/24 Annual Audit Report. It was confirmed that the plan also aligned with the Best Value Inspection outcomes, and the workstreams were intended to address both sets of recommendations consistently. The report aimed to assure members that actions were progressing within expected timeframes. The report additionally included a summary and full explanation of the key recommendations made in the Annual Audit Report.

In discussion, the Committee queried whether the plan was solely a response to Grant Thornton's report. Officers clarified that while the annual audit was a key driver, the plan was also influenced by the findings of the Best Value Inspection. The Committee requested that full names of lead officers be included in the Action Plan for clarity going forward. Members raised concerns about the accessibility and interpretation of certain Key Recommendations, including KR1.1 which suggested that councillors had full access to Centros. It was agreed this would be referred to the Financial Reporting Group for review, with feedback to be given to the Finance Systems Administrator.

The Committee cautioned against over-refining the plan, noting that potential incoming Best Value Commissioners may seek to reshape it. The Independent Member suggested improving the layout of the plan to include clearer start and completion dates, RAG ratings to track progress, and a sign-off column to be updated at each Committee. The Deputy Chief Executive acknowledged that further refinement was ongoing and noted that some overlaps with Best Value work may lead to a clearer position at the next meeting. The Chair highlighted the need for the Consolidated Action Plan spreadsheet to be shared with members ahead of meetings, which was agreed by officers. In closing, the Committee emphasised the need to move away from paper-based reporting and explore more advanced tools to improve clarity and oversight of the Action Plan.

The Committee **resolved** to:

1. Consider the progress against the action plan and responses to the 2023-24 External Auditor's Annual Audit Report.

The Committee **Adjourned** 20:36 and **Readjourned** at 20:45.

27/25 Action Plan to address Audit Findings Report

The Interim Chief Accountant presented the progress against the Action Plan addressing the Audit Findings Report 2023-24 recommendations. The Action

Plan aimed to improve governance, risk, and accounting control processes. Significant progress had been made, with most actions completed by the target date. Some key developments included the conclusion of the finance partnership with Mole Valley, with Ola Owolabi as the new interim Chief Accountant/Deputy Chief Finance Officer now in post. Regular dialogue with Grant Thornton had been established on a fortnightly basis to review progress. The Committee was asked to note the progress updates and continue receiving regular updates at future meetings to ensure ongoing oversight and improvement in financial reporting and governance.

The Committee inquired about International Financial Reporting Standard (IFRS) 16 issues referenced in the Action Plan. Ola explained that the Council had been advised to reverse its work on IFRS 16 for 2023-24 and undertake a detailed review in 2024-25, aligning with CIPFA code expectations. This involved identifying all leases where the Council was a lessee, lessor, or intermediate lessor, and gathering detailed information for each lease. The Council was expected to implement IFRS 16 in 2024-25, in line with most public sector bodies. The Committee also asked about the state of the fixed asset register. Ola mentioned the introduction of new CIPFA Fixed Asset Register software, to be implemented to reconcile to the Financial Statements. It was noted that the 2023-24 register needs to be updated before data migration. The Committee questioned the quality assurance measures for the migration process. Ola responded that the Finance team was working with the Assets team to ensure proper capture of assets.

The Committee **resolved** to agree they had been informed and assured as to the progress against the Action Plan and responses to the 2023-24 External Auditor's Audit Findings Report.

28/25 Consolidated Action Plan

The Deputy Chief Executive introduced the Consolidated Action Plan to address external reviews. The plan integrated recommendations from various external reviews, including the Public Interest Report 2022, CIPFA Capital Assurance Report 2023, LGA Corporate Peer Challenge Follow Up Review 2023, and the Best Value Inspection Report 2025. The plan aimed to ensure progress in improving governance, financial processes, risk management, and value for money. Key actions included developing a comprehensive improvement and recovery plan, enhancing the finance function, and addressing procurement efficiency. The Plan also emphasised the importance of regular updates to the Audit Committee and Corporate Policy and Resources Committee, with an annual report to full Council.

The Committee thanked the project team and all contributors for their efforts in developing the Action Plan, noting that it had been long requested and was welcomed by the Committee. The Chair echoed this sentiment, recognising the significance of the plan's delivery. The Deputy Chief Executive confirmed that the Committee's appreciation would be relayed to the project team.

The Committee queried the current format of the 'Lead' column, which often included multiple names, and sought clarification on how lead responsibilities were communicated. The Deputy Chief Executive emphasised the importance of clearly identifying both a lead councillor and a lead officer for each action. It was acknowledged that the plan remained under refinement and that feedback on identifying key responsible individuals would be considered as part of the ongoing process.

The Committee sought clarification regarding reference CR8 within the Action Plan, specifically querying the role of the Chair of the Community Wellbeing Committee in the planning application process. The Deputy Chief Executive confirmed that a response would be provided following the meeting.

The Committee **resolved** to consider the draft Consolidated Action Plan relating to recommendations made in key external reviews of the Council and acknowledged the progress to date.

29/25 Corporate Risk Management

The Committee received a report on the Corporate Risk Register from the Deputy Chief Executive. The report highlighted the Council's continued efforts to identify, monitor, and manage its most significant strategic risks in relation to the delivery of corporate priorities. Members were advised that the Register had been revised to reflect updated risk scores and subject area consolidations, as previously agreed by the Committee, reducing the Register to 16 key areas. New risks, including the Council's response to external audit and inspection recommendations and the implications of the proposed local government reorganisation, were noted. The Register will continue to be reviewed regularly in line with the Audit Committee cycle, and further updates will be made as required, particularly in light of potential Government-led intervention following the recent Best Value Inspection.

In reviewing the Corporate Risk Register, some members raised concerns regarding the high scoring of certain risks related to Local Government Reorganisation, suggesting that a score of 16 may be premature given the current uncertainty around its impacts. The Deputy Chief Executive noted that the level of uncertainty itself was contributing to the elevated risk score and that scores could be reviewed once greater clarity emerges.

The Committee questioned whether the identified risk owners were appropriate, suggesting that responsibility should lie with those who have operational oversight. In response, the Deputy Chief Executive, Lee O'Neil, confirmed that operational officers do provide input, with an emphasis placed on lead officer accountability. A member of the Committee observed that some references in the report, including to the Business, Infrastructure and Growth Committee (BIG) and Ashford Victory Place site, appeared outdated and required revision. Another member also proposed including a "last updated" field for each risk category to improve clarity and transparency. Lee O'Neil agreed to explore this enhancement across all risk areas.

The Committee **resolved** to consider the significant strategic risks and issues highlighted in this report and present these to the Corporate Policy and Resources Committee, ensuring continued wider reporting of the Corporate Risk Register and actions across other Committees.

30/25 Counter-Fraud, Bribery and Corruption Strategy

The Committee received an updated version of the Council's Counter Fraud, Bribery and Corruption Strategy, which sets out the Council's ongoing commitment to preventing and addressing fraudulent activity. Members were advised that the strategy was reviewed annually in line with best practice and incorporated guidance from CIPFA and national counter-fraud frameworks. Minor revisions were proposed following feedback from senior officers, reflecting recent operational changes and aligning with good governance principles. The strategy had last been reviewed in March 2024, but due to the transition of internal audit services to the Southern Internal Audit Partnership, the updated version had not yet been formally adopted. The Committee approved the proposed amendments and agreed to recommend to Council that the revised strategy be incorporated into the Constitution.

The Committee noted that it was encouraging to see training being made available. The increasing prevalence of fraudulent cyber threats, including recent high-profile incidents affecting major retailers highlighted the importance of maintaining robust awareness and preparedness in this area.

The Committee **resolved** to:

1. Acknowledge the annual review of the Council's Counter Fraud, Bribery and Corruption Strategy;
2. Approve the proposed amendments to the Council's Counter Fraud, Bribery and Corruption Strategy; and
3. Recommend to the Council that the Constitution be updated with the revised Counter Fraud, Bribery and Corruption Strategy

Meeting ended at 21:44