

**Minutes of the Audit Committee
24 February 2026**

Present:

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

Councillors:

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

Apologies: Councillor R. Chandler and S. Seehra

In Attendance: Councillor Bateson

8/26 Apologies and Substitutes

Apologies were received from Councillor Chandler and Sati Seehra.

9/26 Minutes

The minutes of the meeting held on 22 January 2026 were approved as a correct record.

10/26 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.

11/26 Audit Progress Report and Sector Updates from the External Auditor

The Committee received the Audit Progress Report and Sector Updates from the Council's external auditors, Grant Thornton. The Chair welcomed Joanne Brown from Grant Thornton, attending remotely, to present the item. Grant Thornton informed the Committee that the report provided an update on the conclusion of the 2024/25 external audit, noting that the Audit Findings Report and Value for Money (VfM) work had previously been shared with the Committee. The finance team had made the required amendments to the final

financial statements, which were on the agenda for approval. Subject to the Committee's consideration, Grant Thornton expected to sign the audit opinion before the statutory backstop date at the end of the week.

Grant Thornton also outlined the planning work underway for the 2025/26 audit, including early substantive testing focused on operating expenditure, fees and charges, investment income, payroll, and property, plant and equipment. Early testing would support a more efficient year-end process, with the aim of completing the audit by November 2026. It was confirmed that members of the finance team had attended Grant Thornton's annual Local Government Accounts webinar.

Grant Thornton highlighted that the remainder of the report provided broader updates on sector developments.

Philip Briggs queried the disclaimer of opinion referenced in the audit report, particularly concerning uncertainty over closing balances for property, plant and equipment and investment property. He asked whether, as at 31 March 2025, there were any material asset or liability balances over which the auditors had continuing concerns. Grant Thornton referred to the RAG-status appendix within the Audit Findings Report, which summarised where assurance could and could not be obtained. She explained that the absence of cumulative opening balance assurance continued to present challenges, particularly for PPE valuations. She undertook to reconfirm the position after the meeting.

Philip Briggs also asked about the reference to internal audit programme deficiencies within the VfM commentary. Grant Thornton explained that this reflected the position reported in their Annual Auditor's Report presented to the Committee in November, where several recommendations had been agreed. The audit opinion cross-referenced the same points for completeness.

Councillor Nichols asked what actions the Committee should take between now and the next external audit deliverables in November. Grant Thornton advised that they had been working with the finance team on lessons learned and on improving the quality and timeliness of audit evidence. Early testing was intended to relieve pressure during the main audit period. It was also noted that progress against the Council's improvement plan including areas relevant to Value For Money would continue to be reviewed.

Councillor Nichols further asked how the Committee would have visibility of progress. Grant Thornton confirmed that the Audit Plan scheduled for the July meeting would provide an update on early testing, planning progress, and the status of recommendations.

RESOLVED:

That the Committee noted the Audit Progress Report and sector updates from Grant Thornton.

12/26 Audited Statement of Accounts

The Committee received the final Statement of Accounts and Audit Report for 2024-25. The Chair noted that late amendments had been issued earlier in the day but emphasised that the changes did not affect the overall financial position. The Interim Deputy Chief Finance Officer, Altin Bozhani, highlighted the key elements of the accounts, including:

- That External auditors had issued a disclaimed opinion due to limitations in verifying opening balances following several years without audit;
- A net revenue underspend of £455k was transferred to the General Fund;
- There had been strong collection rates for Council Tax at 97.4% and Business Rates at 97.9%;
- Commercial income had made a contribution of £9.1m, with occupancy levels at approximately 91%;
- Capital programme expenditure was £33.1m, including completion of the Eclipse leisure centre;
- There had been movements in the balance sheet, including an increase in net liabilities and reductions in reserves due to the £50m regeneration scheme write-off.

The Interim Chief Executive and S151 Officer, Terry Collier, provided further clarification on the accounts. He noted that the 2024/25 Statement of Accounts had been prepared under the previous Minimum Revenue Provision (MRP) policy, and reminded the Committee that a new MRP policy was approved in November 2025. He highlighted that this change would represent a significant shift in accounting treatment and would impact the preparation of the 2025/26 accounts, discussions on which were already underway with Grant Thornton and other stakeholders. He welcomed the work planned ahead of the new financial year to support a timely and well-managed accounts closure process, noting that the timetable would be challenging for both the external auditors and the finance team. He added that the Committee had previously considered and approved the Audit Findings Report, the Value for Money Report and the Annual Governance Statement. The Annual Governance Statement included in the Statement of Accounts which had been signed by the Leader and the Interim Chief Executive in line with requirements. The remaining document requiring signature was the Letter of Representation, which the Chair and Interim Chief Executive would sign as part of the meeting's decisions.

Members of the Committee raised serious concerns regarding the late publication of papers, which some felt significantly limited their ability to scrutinise the accounts effectively. They were also unhappy that amendments issued on the day of the meeting were shared without a clear summary of changes.

Councillor Howkins asked for it to be noted in the minutes that she would not be voting to approve the accounts due to the late circulation of the papers, late amendments and requested a recorded vote.

The Committee's concerns regarding the late circulation of papers were noted. Members also recognised the substantial effort by the finance team and auditors in finalising the accounts. Officers advised that a written summary of the amendments made would be provided to members after the meeting.

Committee members also sought clarification on the size of certain audit adjustments and queried inconsistencies previously identified in the reserves figures. Officers advised that the inconsistencies were presentational only and had been corrected in the final version.

The external auditor, Joanne Brown, advised the Committee that a disclaimed opinion had been issued on the accounts. Grant Thornton explained that the Audit Findings Report set out the work completed, the balances the auditors were able to conclude on, and the audit adjustments identified. External audit had worked with the finance team to agree which adjustments should be made and which should remain unadjusted, and these were captured in the Audit Findings Report. All adjustments the auditors expected to be reflected in the final accounts had been incorporated.

The auditor noted that, given the Council had not been subject to audit for approximately five years, a higher number of adjustments was expected, comparable to other bodies in similar circumstances. As the finance team further strengthens its working papers, evidence collation and overall quality of draft accounts, the volume of adjustments should reduce in future years. It was confirmed that from an external audit assurance perspective, the accounts presented to the Committee included all required changes.

The Committee discussed at length the balance between meeting statutory deadlines and ensuring members had adequate time to review the accounts. Some members expressed the view that approving the accounts was necessary to support ongoing improvement work, while others felt they could not support approval given the timescales and volume of information they had been asked to review. It was debated whether their role was to understand the detail of the account or be assured that the proper processes had been followed finalising them. Members asked that their significant concerns about approving the accounts within the tight statutory timescales were formally recorded.

Officers clarified that the Committee was the sole approving body and that non-approval would necessitate arranging a further meeting within statutory deadlines or if they remained unapproved then this would initiate further government intervention.

Grant Thornton reiterated that they were signing their disclaimed opinion as changes within the accounts were correct and the changes made were as they had expected in this version.

The Committee considered the following motion:

1. To approve the Statement of Accounts for 2024/25 and the Letter of Representation.
 2. To accept the external auditors' report and disclaimer opinion.
- A recorded vote had been requested for this item.

For	Councillors Button, Neall and Nichols 3 votes
Against	Councillor Howkins and Woodward 2 votes
Abstain	Councillor Williams 1 vote

RESOLVED: That the motion be carried.

13/26 Improvement and Recovery Plan Assurance Report

The Committee received an update from Ruth Adams, Interim Programme Director, on the assurance work associated with the Improvement and Recovery Plan (IRP) following the Secretary of State's Directions. She noted that the original IRP had been approved by Council in October 2025. Amendments subsequently agreed by the Corporate Policy and Resources Committee (CPRC), along with feedback from both the Audit Committee Chair and CPRC, had been incorporated as work progressed towards shaping the 2026/27 audit planning.

The Interim Programme Director confirmed that the activities referenced in sections 2.8–2.12 had now been completed. She advised, however, that the Local Government Reorganisation (LGR) workstream had taken longer than expected, as the Council continued to receive updates on the development of the Future Surrey arrangements.

Internal Audit were reviewing the governance arrangements for the IRP, with fieldwork completed and findings due to be reported to the Committee through the standard audit process.

The Interim Programme Director outlined that the improvement and recovery process was structured around four phases: diagnose, recover, improve, and embed. The first plan focused on the diagnostic and recovery phases. CPRC had now directed a shift towards the "improve" and "embed" stages, requiring refreshed narrative, strengthened content, and a more detailed implementation plan incorporating SMART objectives and KPIs. Work was underway to baseline data and develop those KPIs. A communications strategy was also being prepared in response to feedback from officers and Members seeking greater consistency. A RACI framework would support clearer role and responsibility definitions.

The Committee were invited to comment on what further assurance they wished to receive to help shape the forward plan of assurance reporting.

Councillor Woodward expressed concern that a single Project Manager supporting all five workstreams represented a resource risk. The Interim Programme Director clarified that a core team was in place undertaking the

detailed work, ensuring sufficient capacity and avoiding any single point of failure. The Interim Chief Executive added that discussions with Commissioners regarding additional resource for the LGR programme were ongoing.

In response to a question on the use of the term “scrutiny”, the Deputy Chief Executive confirmed that the Audit Committee’s role was to obtain assurance on the governance supporting delivery, while operational scrutiny rested with service committees which for the IRP was CPRC. Rob Winter reiterated that the Committee’s focus should remain on governance assurance rather than operational detail.

Councillor Neall queried the specific reference to strengthening Finance capacity, observing that other areas of the Council were also under pressure. The Interim Programme Director explained that financial capability had been identified as a key strand within the Directions and therefore featured prominently, alongside strengthening commercial functions.

The Interim Chief Executive advised that work continued with external auditors to build the required evidence base and improve assurance. The recent revision to the Minimum Revenue Provision (MRP) policy was expected to support improvements for the 2025/26 accounts.

Philip Briggs noted that under the new framework, risk owners would attend future meetings to provide assurance on their respective areas. He sought clarification on how the scope of Internal Audit’s review of IRP governance had been determined and whether Audit Committee members involved with IRP workstreams or sitting on the IRB could face conflicts of interest. The Interim Programme Director explained that such involvement was intended to provide real-time challenge and additional assurance and that the scope had been determined before her role began. The Interim Chief Executive emphasised that Senior Responsible Officers (SROs) remained accountable for delivery, with oversight from Commissioners, CPRC, and theme sub-boards. No conflicts had been identified to date. SIAP’s attendance at the March Audit Committee meeting would allow further discussion of the audit scope and governance findings. The Chair also noted that the Improvement and Recovery Board (IRB) was not a decision-making body.

Councillor Howkins queried the choice of lead councillors and why twin hatted Surrey County Council councillors had not been utilised. She also asked about the work on asset validation and figures previously considered at CPRC. The Interim Chief Executive confirmed that expert advisers had been appointed and that adherence to approved processes remained essential to maximise the likelihood of achieving the Plan’s targets.

Councillor Nichols sought clarity on the respective roles of the Audit Committee, lead Members, and Commissioners within the IRP governance structure. The Interim Chief Executive confirmed that work was underway to establish clear terms of reference and role definitions for the sub-boards.

Councillor Williams raised concerns about the clarity of the Audit Committee's role in the governance of the IRB, the absence of measures in some areas, and the lack of reference to social value within regeneration work. He also noted that the measures presented did not capture all completed IRP activity.

The Interim Programme Director reiterated that the Audit Committee's role was not to scrutinise the delivery process but to obtain assurance that the IRP was being implemented effectively. She confirmed that work would continue to clarify the Audit Committee's role within the assurance framework and to define wider roles within the IRP programme. This would be taken forward as the first substantive topic for discussion at the March meeting.

The Committee resolve to note

- 1) the arrangements for the governance of the IRP
- 2) progress made to date on IRP actions and the shift to tracking outcomes
- 3) the recommendation for IRP information coming to Audit Committee as amended to prioritise clarification on roles.

The meeting was adjourned at 8.55pm and restarted at 9pm.

14/26 Counter Fraud, Bribery and Corruption Strategy

The Committee received a report on the Council's Counter Fraud, Bribery and Corruption Strategy from the Group Head of Corporate Governance, Linda Heron, who advised that this was a routine annual review to ensure the document remained up to date and aligned with good practice. It was not considered necessary to undertake a full rewrite of the Strategy due to the Local Government Reorganisation, and therefore only minor amendments had been proposed to reflect contextual changes; these were shown using tracked changes.

The Group Head of Corporate Governance clarified that the deleted narrative in sections 3.4 and 3.5 no longer reflected current operational arrangements. She also explained that the issue with the embedded link to other policies was due to the format of the agenda and would be resolved on publication.

Councillor Woodward provided positive feedback, noting that the presentation of tracked changes made it much easier to understand the proposed alterations.

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 Council that** the Constitution be updated with the revised Council's Counter Fraud, Bribery and Corruption Strategy.

15/26 Governance Assurance Update

The Committee received an update on progress with implementing the Council's new governance assurance approach to risk management. It was noted that, following approval of the Governance Assurance Policy and Framework by the Corporate Policy and Resources Committee (CPRC) on 19 January, work to embed the new arrangements was now underway.

Lee O'Neal, Deputy Chief Executive and Rob Winter, External Adviser attended to present the update. They confirmed that the transition of the former Corporate Risk Register into the new format was in progress, with all risks now reconciled to the 12 assurance areas set out in the briefing. Risk Governors had been identified for each area. It was intended that the new register would be implemented in April 2026, with a view to presenting it to Committee by the start of the new financial year.

Training sessions for Members and Officers were scheduled for 9–11 March to support wider understanding of the governance assurance model. Representatives from SIAP and Grant Thornton had also been invited to attend. Positive engagement had been received from officers, with ICT producing PowerBI activity to support implementation.

During the discussion, Councillor Howkins raised concerns regarding the housing demand figures reported to CPRC, noting that earlier information had proved inaccurate. She queried how Members could have confidence in the data provided.

The Deputy Chief Executive acknowledged the concerns raised and explained that the new framework was designed to provide clearer accountability and enable Members to more effectively challenge officers where required. He confirmed that if a service committee required specific information, such as detailed housing need figures, this could be raised with the relevant officers.

The Interim Chief Executive highlighted that the Community Wellbeing and Housing Committee was the appropriate forum for scrutiny of housing matters, including the homelessness strategy. He reported that recent independent assurance work by DLUHC on temporary accommodation included extensive metrics, which would be reported to that Committee. The refreshed governance assurance model would support service committees in fulfilling their roles more effectively.

Rob Winter emphasised that the new arrangements distinguished more clearly between governance assurance (for the Audit Committee) and operational performance (service committees). Service committees would receive performance reports to assess delivery against outcomes, while the Audit Committee would focus on the assurance underpinning those arrangements. He noted that data quality was a common theme in assurance reviews and would form part of the Committee's focus.

He added that where service reviews identified improvements in governance arrangements, these would be reported to the Audit Committee, while implementation of recommendations and operational performance would be monitored through the relevant service committee.

The Chair encouraged Members to confirm their attendance at the upcoming training sessions, and it was confirmed that the invitation would be followed up and extended to the Committee's independent members.

The Committee **resolved** to note the update.

16/26 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2025/26 Municipal year.

It was raised that changes were required to reflect the conversations relating to assurance for the IRP, with the roles and responsibilities being the priority item to be considered first. Further clarification would be sought from Grant Thornton regarding the timing of the Audit Plan, as it had been indicated this would be considered in July, whereas the plan currently scheduled this for March. The Committee were keen for this to be discussed as soon as possible in light of that evening's discussions, even if the initial item was only an update on progress.

The Interim Chief Executive advised that the minutes of the meeting would be shared with both Grant Thornton and SIAP to ensure they were briefed on the Committee's concerns, and confirmed that it would be highlighted to SIAP that the Committee wished to be informed of the outcome of the IRP audit.

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