Minutes of the Audit Committee
23 June 2026

Present:

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

Councillors:

M. Beecher	L. E. Nichols	P. Briggs
J.R. Boughtflower	P.N. Woodward	

Substitutions: Councillors C. Bateson

Apologies: Councillor J.P. Caplin

31/26 Apologies and Substitutes

Apologies were received from Councillor Caplin.

Councillor Bateson attended the meeting as a substitute.

32/26 Minutes

The minutes of the meeting held on 19 May 2026 were agreed as a correct record.

33/26 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.

There were no additional disclosures of interest.

34/26 External Audit Plan

Sarah Ironmonger, Key Audit Partner and Paul Jacklin, Senior Manager of Grant Thornton presented the External Audit Plan for 2026/27. The Committee were advised that, due to the national audit recovery arrangements, the audit would focus primarily on in-year transactions and substantive testing. While a limited assurance position in relation to opening balances was anticipated, the approach was intended to support a pathway towards recovery from historic audit backlogs.

The Committee noted the key audit risks relating to the valuation of pension liabilities, land and buildings, investment properties and capital expenditure. Grant Thornton also outlined its planned work on Value for Money arrangements, including a focus on financial sustainability, governance arrangements, delivery of the Improvement and Recovery Plan as well as procurement and contract management.

In response to questions regarding audit continuity following the change of Engagement Lead, Grant Thornton provided assurance that robust handover arrangements were in place and that the audit team had full access to previous audit files. Members reiterated the importance of receiving clear and detailed reporting, particularly where audit opinions were affected by historic issues.

The Committee discussed the anticipated disclaimer relating to opening balances. Grant Thornton representatives explained that this was a consequence of historic audit backlogs rather than concerns regarding current year transactions and advised that the audit approach was intended to provide a clear pathway towards lifting such limitations over time.

Members of the Committee sought assurance regarding the availability of resources within both Grant Thornton and the Council to support the audit process. Terry Collier, Deputy Chief Executive confirmed that regular liaison arrangements were in place, work would commence early, and experienced finance staff had been retained to support both the current authority and future West Surrey arrangements.

The Committee also discussed the valuation of property assets and it was reported that this was a technical area with expertise referring to a range of industry standards to provide valuation data.

Members also queried the application of the Council's Minimum Revenue Provision (MRP) policy, particularly in the context of Local Government Reorganisation and whether the approach was being applied in the same way across the other councils. Officers advised that work would be undertaken across the constituent authorities to consider future harmonisation of policies, although no decisions had yet been taken.

Resolved: That the External Audit Plan 2026/27 be noted.

35/26 Internal Audit Conclusion

Natalie Jerams, Audit Manager of Southern Internal Audit Partnership (SIAP), attended the meeting on behalf of Iona Bond and presented the Annual Internal Audit Opinion summarising the key findings. Members were referred to the overall opinion, the graphical overview of assurance opinions across the year and the summary of audit outcomes.

The Committee noted that the majority of audits had received positive assurance opinions. Limited assurance opinions had been issued in relation to risk management and two exempt reports. SIAP advised that the recent review of the Improvement and Recovery Plan had also been completed. Members noted that 100% of the agreed audit plan had been delivered and that positive feedback had been received through the satisfaction survey. SIAP explained that the performance indicator relating to the timeliness of reporting measure was particularly sensitive to minor delays and that work was underway with service areas to reduce bottlenecks and improve the efficiency of the reporting process.

In response to questions regarding the future internal audit arrangements following Local Government Reorganisation, SIAP confirmed that the 2026/27 audit plan would continue to be delivered through to the end of the financial year, with reporting timetables brought forward where possible. Responsibility would then transfer to the new authority from 2027/28.

During discussion of the root cause analysis included within the report, Members sought further assurance regarding recurring themes identified across audit findings, particularly in relation to governance and organisational competence. SIAP advised that the analysis was a new reporting requirement and reflected issues identified through reviews within the Council rather than benchmarking against other authorities. The Committee requested that the findings be referred to Corporate Management Team for further consideration.

Resolved: That the Annual Internal Audit Opinion and Report be noted.

36/26 Monitoring of Revised Improvement and Recovery Plan

Nic Fell, Interim Programme Director, presented the report on the governance arrangements supporting delivery of the Improvement and Recovery Programme (IRP). The Committee noted that the revised Plan had been approved by the Corporate Policy & Resource Committee (CPRC) and was structured around four key themes. High priority areas were agreed by CPRC in April.

The Committee noted that the Improvement and Recovery Board (IRB) provided oversight, challenge and progress monitoring but was not a decision-making body. Members were referred to the programme delivery framework, including the use of delivery plans, progress reporting through RAG ratings and the maintenance of risk, assumption, issue and dependency (RAID) logs. Regular Member briefings were also being provided to support transparency and oversight.

In response to questions regarding asset disposals, officers advised that the programme remained on track and that the first phase of the disposal process was underway. It was noted that, owing to commercial sensitivities, some information could not be discussed in public session at this stage. The Committee discussed the extent to which information relating to commercial and disposal assets should be shared more widely. Officers acknowledged the request for greater visibility and agreed to consider how appropriate information could be reported through existing governance arrangements, including future reports to the Community, Place and Resources Committee and the Improvement and Recovery Board.

Resolved: That the update and the governance arrangements in place to monitor delivery of the Improvement and Recovery Programme be noted.

37/26 Draft Annual Governance Statement

The Committee considered the draft Annual Governance Statement (AGS) for 2025/26. Members were advised that the document had been further refined following the Committee's previous consideration and had been reviewed by a governance specialist to ensure compliance with CIPFA and SOLACE guidance and to support the external audit process.

Key amendments included a revised executive summary, closer alignment with the Council's Improvement and Recovery themes, the inclusion of findings from external assurance work and the resolution of previously identified data gaps. Officers advised that the overall approach remained balanced, recognising both improvements made and areas requiring further development.

Members noted that the AGS remained a draft document and would be formally approved alongside the Statement of Accounts later in the year. The Committee also requested a minor amendment to the presentation of the identified improvement actions as the green backing indicated to some readers that they had already been completed and also clarification of the Chief Executive’s signatory designation.

Resolved: That the Annual Governance Statement 2024/25 be approved for inclusion within the draft Statement of Accounts, subject to the amendments discussed.

38/26 Governance Assurance Register Update

Lee O’Neil, Deputy Chief Executive presented the report on the development of the Governance Assurance Register and the current status of the Governance Assurance Framework. He reported that progress continued to be made in implementing the Council's new Governance Assurance Approach to Risk Management. He advised that the overall assurance levels across the 12 governance assurance areas were shown and the next six governance assurance areas to be reviewed were appended to the report noting that one area had been restricted because disclosure to the public would compromise the effectiveness of the Council’s cyber security safeguards and weaken its risk mitigation.

He reported that governance assurance reporting would be introduced to service committees and the timetable was being adjusted to considering the key areas and the performance indicator data being collated.

Sandy Muirhead, Group Head Commissioning and Transformation presented the report relating to ‘ensuring and maintaining our Organisational Resilience’ advising that key risks continued to be monitored, including the implications of the Environmental Health and Renters' Rights legislation and the impact of Local Government Reorganisation (LGR). Workforce resilience remained under regular review through one-to-one meetings and staff pulse surveys to understand staff wellbeing and capacity during the transition period.

In response to questions from Councillor Bateson regarding additional workload arising from new authority meetings, the Head of Law and Governance advised that the additional responsibilities were currently being absorbed within existing resources. Temporary support had been secured until the end of March and, whilst the current arrangements were operating effectively, the position would continue to be monitored.

The Group Head Commissioning and Transformation advised that there was a need to strengthen both service and corporate performance monitoring arrangements to ensure focus on the most meaningful Key Performance Indicators (KPIs). It was noted that some measures may require further review to ensure they remained effective and relevant.

Councillor Nicholls commented that the report did not contain a specific reference to performance management and requested that this be included as a defined item within future reporting.

Councillor Howkins queried the position regarding long-term sickness absence and whether recent improvements reflected employees leaving the organisation. The Group Head Commissioning and Transformation explained that sickness levels had historically been concentrated within operational service areas where staff were unable to undertake their duties remotely, unlike many office-based roles.

Councillor Howkins also questioned the green performance status relating to mental health and wellbeing, noting that the associated action list appeared to require updating following staff departures. In response, the Group Head Commissioning and Transformation advised that the Council continued to exceed its statutory requirements in this area, although the action plan would be reviewed and updated to reflect current staffing arrangements.

Sandy Muirhead, Group Head Commissioning and Transformation presented the update in relation to ‘ensuring our programme and change management arrangements are effective to support the successful transition to the new unitary council’. The Committee noted that project and change management processes were supported by established guidance and frameworks, including PRINCE2 methodology, with training provided to staff where required. Whilst effective guidance and reporting tools were available, it was acknowledged that these were not always utilised as proactively as intended and that embedding consistent approaches across the organisation remained an ongoing challenge.

The Committee heard that the pace of change associated with LGR, alongside shifting timescales and priorities within the programme, had created a complex operating environment. Officers emphasised the importance of ensuring that staff and managers were appropriately supported through clear project management processes, training opportunities and regular communications.

Members noted that the Council's HR Hub continued to provide managers with access to relevant policies, guidance and frameworks to support organisational change. Further training and development opportunities would be considered as the requirements of the LGR programme became clearer. The Committee was informed that Nick Cave had recently joined the organisation and would be leading a workshop on Local Government Reorganisation the following week to help ensure that staff remained informed and engaged as the programme progressed.

Sandy Muirhead, Group Head Commissioning and Transformation presented the update in relation to ‘ensuring we meet our zero carbon targets and wider environmental responsibilities’. The Committee noted progress in reducing the Council’s carbon footprint through greenhouse gas reporting, staff awareness initiatives, training, and the development of a Climate Change Supplementary Planning Document (SPD). Oversight of this work was provided by the Environment and Sustainability Committee.

The Committee heard that climate change remained an increasingly important area of focus, with more frequent extreme weather events likely to impact residents, homes and services. Emergency planning arrangements continued to be reviewed to ensure they were able to respond effectively to climate-related incidents.
Phillip Briggs asked whether the Council’s revised governance and assurance framework had proved effective in focusing attention on key risks. In response, Group Head Commissioning and Transformation advised that officers had received training on the new arrangements and, although the process continued to be refined, it had improved the identification and management of risks across the organisation.

Linda Heron, Head of Law and Governance presented the report in relation to ‘ensuring effective Procurement and Contract Management arrangements’. The Committee noted that procurement policies had been reviewed in Autumn 2025 and remained up to date. The impact of the revised arrangements continued to be monitored.

Members heard that a new electronic process for procurement waivers and exceptions had been introduced and was being refined but the Procurement Board was satisfied that the process was operating effectively.

The Committee noted that new Key Performance Indicators (KPIs) had recently been approved by CPRC. The current red rating reflected the absence of performance data under the new framework rather than concerns about delivery. Officers were confident that the KPIs were achievable and expected ratings to improve as evidence became available.

Members were advised that the contract register continued to be refined, with additional assurance provided through support from Runnymede Borough Council. No significant omissions had been identified.

The Committee heard that training had been delivered to officers and a contract management toolkit introduced to strengthen contract management practices. Phillip Briggs expressed concern that this remained one of the more challenging risk areas and asked whether performance was moving in the right direction. In response, the Head of Law and Governance advised that good progress was being made but the effectiveness of these measures would be kept under review and that embedding the new arrangements represented a cultural change that would take time to evidence fully.

The Head of Law and Governance confirmed that procurement and contract management formed part of the internal audit programme. The review would examine a sample of contracts and expenditure and provide further assurance on the effectiveness of the Council's arrangements.

Linda Heron, Head of Law and Governance presented the update in relation to 'ensuring our arrangements against the threat of fraud and maintaining assurance that our anti-fraud arrangements are robust and effective'. The Committee noted that a number of controls were operating effectively, resulting in more green-rated actions and fewer amber ratings.

Members heard that the introduction of regular fraud risk assessments across the Council remained a red-rated action. Work was underway with the finance team to establish the necessary arrangements, and officers expected the rating to improve once evidence of implementation was available.

Members were advised that the Anti-Fraud and Corruption Policy and associated procedures were being reviewed and updated to ensure they remained effective and fit for purpose.

The Head of Law and Governance highlighted that Local Government Reorganisation (LGR) could increase opportunities for fraudulent activity during a period of significant change and stressed the importance of maintaining vigilance and robust controls throughout the transition.

It was noted that the Committee had discussed the update in relation to 'ensuring our arrangements for Cyber Resilience and manage the threat of a cyber-attack are effective' in a closed pre-briefing as the report contained details of the Council's cyber security safeguards.

RESOLVED that the Committee noted

i) the overall assurance level for the 12 Governance Assurance Areas, which form the new Governance Assurance Register (Appendix A of the agenda report); and

ii) the review of the six Governance Assurance Areas (Appendix B and D of the agenda report).

39/26 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2026/27 municipal year noting that the next update on Improvement Recovery Plan should be deferred to October and that Grant Thornton would be reporting to the November Committee.

RESOLVED: That the forward plan be agreed.