

**Minutes of the Audit Committee
28 July 2022**

Present:

Councillor L. E. Nichols (Chairman)
Councillor R.O. Barratt (Vice-Chairman)

Councillors:

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| J. Button | I.T.E. Harvey |
| T. Fidler | S.J Whitmore |

Substitutions: Councillors S. Buttar

Apologies: Councillors A.J. Mitchell and S. Sehmi

In Attendance: Councillors C. Bateson and M. Beecher

13/22 Apologies and Substitutes

Before the Committee were informed of any apologies, Councillor Harvey asked that the meeting go into a closed session to discuss a confidential matter that he wanted to raise.

The Committee **resolved** to enter into a closed session.

After the confidential issue had been discussed the meeting moved back into an open meeting.

Apologies for absence were received from Councillor Mitchell, Councillor Buttar attended as his substitute.

14/22 Minutes

The minutes of the meeting held on 24 March 2022 were approved as a correct record of proceedings.

15/22 Disclosures of Interest

There were none.

16/22 Corporate Project Management update

The Committee received a verbal update from the Group Head Commissioning and Transformation on the new Corporate Project Management system.

The Committee were advised that this system would allow officers to update projects as they progressed. Members would be able to view each project to see track changes and what progress had been made.

The Group Head Commissioning and Transformation advised that all members and officers would be provided with training on the system.

17/22 Risk Appetite Framework update

The Internal Audit Manager presented the Committee with an update on the Risk Appetite Framework.

The Committee asked that a further verbal update be provided at the next meeting of the Committee on 24 November 2022.

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

18/22 The Council's risk exposure to wider externalities and impact

The Internal Audit Manager presented the Committee with an update on the Council's risk exposure to wider externalities and impact.

Concerns were raised about the current cost of living crisis and how this has impacted on the Council's Council Tax payers and the level of arrears. The Deputy Chief Executive advised that he would update the Committee on the current arrears position compared to pre-COVID19. He would also update the Committee further at the next meeting on 24 November 2022.

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

19/22 Corporate Risk Management

The Internal Audit Manager presented the Committee with a report on the Corporate Risk Management that sought consideration of the significant strategic risks and issues highlighted in the report and the approval to present these to the Corporate Policy & Resources Committee.

Concerns were raised by the Committee about the lack of reference to equality, diversity and inclusion on the Corporate Risk Register. This was considered an important strategic risk category. Members asked that this be put on the register under the ownership of the Head of Paid Services. Issues surrounding the recruitment and retention of staff were also raised and the Chair asked that a report be presented to the Administrative Committee. The Committee requested that they be shown the results of the recently held staff survey. The Deputy Chief Executive advised that this would be shared with members once the members' survey had been completed and the results analysed so that both sets of outcomes could be considered together.

The Committee **resolved** to make a recommendation to the Corporate Policy & Resources Committee to note the significant strategic risks and issues highlighted in the report.

20/22 Annual Review of Internal Audit Effectiveness

The Internal Audit Manager presented the Committee with a report on the Annual Review of Internal Audit Effectiveness.

The Committee asked that the Audit Charter be added to the Forward Plan for this committee.

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

21/22 Internal Audit Annual Report 2021/22

The Committee considered a report from the Internal Audit Manager that set out her independent audit opinion for the 2021/22 period.

Concerns were raised that the Council no longer had a designated Overview & Scrutiny Committee. Committee Services were requested to provide minutes from the Committee System Working Group that would explain why it had been decided that the scrutiny function was not added to the remit of the Administration Committee.

The Committee **resolved** to:

1. note the Annual Internal Audit Report for 2021/22; and
2. note the annual audit opinion on the Council's internal control environment, risk management and governance arrangements.

22/22 Internal Audit Plan 2022/23

The Committee considered a report from the Internal Audit Manager that sought to provide an update on the Internal Audit Plan 2022/23.

Concerns were raised by the Committee in respect of lack of resources within the Audit Team that would impact on their ability to address all the audit/business needs identified in the report.

The Committee **resolved** to:

1. note and approve the revised Internal Audit Plan for 2022/23 based on the current level of audit resource continuing to operate throughout 2022/23; and
2. note that the incoming permanent Group Head of Corporate Governance will be advising this Committee further on any future additional resourcing. In the interim, the Internal Audit Manager had set out alternative options to explore in addressing service priorities and business needs, including risk implications and considerations associated with each option.

23/22 External Audit Update

This item was not discussed at the meeting.

24/22 Annual Governance Statement 2021/22

The Committee considered a report from the Deputy Chief Executive on the Annual Governance Report 2021-22.

The Committee were advised that this report had to be submitted the following day.

The Committee expressed some concerns about the grammar and the non-consistent approach to information provided within the report. The Deputy Chief Executive advised the Committee that all their concerns would be addressed when producing the report for 2022-23.

The Committee **resolved** to approve the draft Annual Governance Statement and endorse the improvement actions identified in the Statement.

25/22 Draft Unaudited Accounts 2021/22

The Committee considered a report from the Chief Accountant that outlined the draft unaudited financial statements for 2021/22.

The Committee were advised that the draft accounts for year ended 31 March 2022 needed to be published by 31 July 2022. The Chief Accountant advised the Committee that details of any additional transactions after the draft accounts had been submitted would be sent to the Committee members before the final financial statement was submitted.

The Committee **resolved** to note the report and the draft unaudited financial statements.

26/22 Draft Unaudited Accounts for Knowle Green Estates - Verbal Update

The Committee received a verbal update from the Chief Accountant.

The Chief Accountant advised the Committee that the final accounts would be brought before the Corporate Policy & Resources Committee.

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

27/22 Draft Unaudited Accounts for Spelthorne Direct Services - Verbal Update

The Committee received a verbal update from the Chief Accountant

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

28/22 Budget setting process for additional staff

The Committee considered an update from the Deputy Chief Executive

The Committee asked how much the staffing costs have risen over the past 5 years. The Deputy Chief Executive advised that he would provide these figures to committee members.

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

29/22 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2022/23 Municipal year.

The Committee asked that a Value for Money Task Group Update item be put on the Forward Plan to be considered at the March 2023 meeting of the Committee.

Resolved that the Committee Work Programme for the remainder of the 2022/23 Municipal year, be approved.

30/22 Re-constitution of Value for Money Task Group

The Committee considered whether they wished to reconvene the Value for Money Task Group.

The Monitoring Officer advised the Committee that any Committee could potentially convene a Task & Finish Group and that membership of the group would be decided by the Committee. However the Council's Constitution

would need to be revised to reflect this. The Committee asked that the Committee Manager write to the Chair of the Committee System Working Group to request that this be considered at their next meeting.

31/22 Exclusion of Public & Press

It was proposed by Councillor Fidler, seconded by Councillor Harvey, and **resolved** that the public and press be excluded during consideration of the following item, in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in being able to undertake even-handed negotiations and finalising acceptable contract terms.

32/22 Value for Money Update

The Deputy Chief Executive advised the Committee that the external auditors, KPMG were still compiling a final draft opinion following receipt of additional information. It is unknown when their final opinion would be received.

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

The Monitoring Officer advised the Committee that she had reviewed an issue around a contractual irregularity. The Monitoring Officer and the Section 151 Officer had agreed that process improvements are to be implemented involving the Procurement Team and Group Heads. The Committee were advised that the issue had been noted by Accountancy and Internal Audit. The Contract Register would be brought up to date by end of August 2022. A further update will be provided to the committee at the next meeting.