

**Minutes of the Audit Committee
24 November 2022**

Present:

Councillor H. Harvey (Chairman)
Councillor J. Button (Vice-Chairman)

Councillors:

S. Buttar	I.T.E. Harvey	L. E. Nichols
T. Fidler	K. Howkins	

In Attendance: Councillor C. Bateson

33/22 Apologies and Substitutes

There were none.

34/22 Minutes

The minutes of the meeting held on 28 July 2022 were approved as a correct record.

35/22 Disclosures of Interest

There were none.

36/22 Review of the Internal Audit Charter

The Internal Audit Manager presented her report on the mandatory Public Sector Internal Audit Standards' (PSIAS) requirement for public bodies to have an audit charter and for this to be reviewed biennially by the Audit Committee.

The report included a clean version of the Internal Audit Charter alongside a track-changed version for completeness. The Internal Audit Charter set out the purpose, authority and responsibilities of the internal audit function with the aim of demonstrating compliance with standards and the effectiveness of systems of internal audit control. The covering report highlighted the wider responsibilities of the team, including non-audit duties.

The Committee discussed the capacity of the internal audit team and noted that additional work could be undertaken with additional resourcing. The Committee noted that a growth bid had been presented by the internal audit function and that CIPFA expectations for resourcing needed to be considered.

The Committee noted the ongoing development of risk management and of the Corporate Risk Register. A risk appetite framework was in the process of being implemented across the Council.

The Committee **resolved** to approve the Internal Audit Charter.

37/22 Corporate Risk Management

The Internal Audit Manager presented a report on corporate risk management. This included the Corporate Risk Register (CRR), which had been RAG rated in response to members' requests, and a Risk Action Plan, also colour coded, which demonstrated mitigating actions taken to control risks.

The Internal Audit Manager explained that CRR reporting was constantly evolving. A numerical risk score had been developed for each broad risk category and compared to a previous risk score, enabling that the most significant risks to be identified, managed, monitored and reported.

The Committee noted the Influence on risk of wider externalities, such as the macro-economic and geo-political situation. There were many activities which the Council was not able to directly mitigate or influence. The report set out those areas where the Council could exercise control or influence.

The Committee commended the new format for the CRR. They noted collective ownership and responsibility of all risk categories rested with the relevant Committees, the management team and lead officers. They requested minor changes such as attributing committee ownership for some categories and colour coding at the top of each item. The Committee thanked the Internal Audit Manager for her work on this report.

The Committee **resolved**

1. to note the significant strategic risks and issues highlighted in the report and, subject to the changes discussed, and
2. to recommend the report to the Corporate Policy and Resources Committee.

38/22 The Council's Risk Exposure to Wider Externalities and Impact

The Internal Audit Manager presented a report on the Council's exposure to wider externalities impacting the effective delivery of the Council's corporate priorities alongside a wider externalities and impact risk assessment report.

The Internal Audit Manager drew attention to two major areas of risk: the macro-economic environment (cost-of-living crisis, recession, increased borrowing costs) and the current geo-political situation (war in Ukraine). She highlighted key issues, actions being taken to mitigate risks, and the increased demands on the Council.

The Committee noted that £200k had been ringfenced for a grants programme to help with the cost-of-living crisis.

The Committee noted the written update provided by members on the council tax collection levels which had been slightly better than anticipated. Members noted that there would be a reduction in business rates funded by central government.

The Committee **resolved** to note the report setting out the impact and broader impact of wider externalities and the supporting risk assessment.

39/22 Interim Internal Audit Report

The Internal Audit Manager presented her report which summarised work undertaken by the Internal Audit Service during the period April to October 2022.

The report contained a work summary which provided evidence of and assurance to Council for corporate and non-audit work as well as regular reporting to the Audit Committee. The Committee noted the evidence provided and recognised that some audits had a longer time scale for implementation than others and therefore would be open longer. The Committee noted that recruitment for a new Group Head of Assets was underway.

The Committee **resolved** to note the Interim Internal Audit Report.

40/22 Confidential Reporting Code

The Monitoring Officer advised the Committee that she had undertaken a review of the Confidential Reporting Code (Whistleblowing Policy). The Confidential Reporting Code was part of the Council's constitution and set how to raise serious concerns about any aspect of the Council's work.

The Monitoring Officer informed members that she had not needed to make any significant changes and that the Code was robust and fit for purpose. The Code formed part of the new staff induction programme, information had been disseminated at the November staff meeting and online training was being developed.

The Committee **resolved** to note the review of the Confidential Reporting Code by the Monitoring Officer and to retain the current Whistleblowing Policy.

41/22 Appointment of Independent Person to Audit Committee

The Deputy Chief Executive advised the Committee that the previous Independent Person had been unable to continue in the role. A former

applicant had been interviewed but had not completed the requested assessment process. As the anticipated engagement from this candidate had not been forthcoming it was planned to go out to open recruitment.

Members expressed a desire to have a new Independent Lay Person in place by the next meeting. The remuneration for this role would be discussed by the Independent Remuneration Panel.

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

42/22 Procurement Action Plan Update

The Interim Head of Procurement presented her report on the progress of the actions in the Procurement Action Plan. The report sought to provide assurance to the Committee that adequate procurement controls were in place.

Following a review of the Council's constitution and an update of the contract standing orders further improvements had been made. A new procurement strategy had been developed in October 2021 and reviewed in October 2022. All live contracts had been published.

A new contract management system enabled automated contract renewals, and identification of savings. A Procurement Assistant was due to be recruited on an internal transfer. The Procurement Project Board had been reinstated and the Committee noted a new Procurement Bill, anticipated in March 2023.

The Committee noted that the Interim Head of Procurement would review all contracts in order to avoid evergreen contracts rolling forward from one year to another.

The Committee queried the absence of information about modern slavery. The Interim Head of Procurement advised that this would be included in the next policy update in order to ensure visibility of suppliers' supply chains and mandatory exclusion for those convicted of human trafficking offences. The Monitoring Officer agreed to add a modern slavery statement to the Council's website.

The Chair thanked the Interim Head of Procurement for her work on this.

The Committee **resolved** to note the progress on the actions in the Procurement Action Plan.

43/22 Audit Committee Training Needs

Committee members expressed a desire to receive external training, specific to the needs of the Audit Committee.

The Committee suggested a number of topics for training, both for all Councillors and training tailored to the needs of the Audit Committee, as well as a number of ways that training could be undertaken.

The Deputy Chief Executive agreed to circulate the slides from previous Audit Committee training.

The Chief Accountant agreed to provide training on accounts at an appropriate stage.

The Committee **resolved** to agree the topics for external training as suggested at the meeting.

44/22 Committee Forward Plan

The Committee considered its work programme for the remainder of the 2022/23 municipal year.

Members discussed a number of topics and the Chief Accountant agreed to circulate the audited accounts for Knowle Green Estates (KGE) and Spelthorne Direct Services (SDS) for 2021 to members.

The Committee **resolved** to note the Forward Plan for the remainder of the 2022/23 municipal year.

45/22 VFM Task Group Update

The Deputy Chief Executive advised the Committee that there was currently no formal Value for Money Task Group. The Committee noted that KPMG was close to completing its external audit and BDO would then take over and may be able to work on more than one year's Accounts at a time.

The Committee noted that PSAA (Public Sector Audit Appointments; the body responsible for appointing auditors for local authorities) had allocated Grant Thornton as external auditors for the next round of contracts commencing in 2023/24.

PSAA had also proposed an increase in external audit fees of 150%. The budget for external audit had been increased in anticipation of this rise.

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