

**Minutes of the Audit Committee
9 July 2024**

Present:

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

Councillors:

J.R. Boughtflower	L. E. Nichols
J.P. Caplin	P.N. Woodward

Independent Member: P. Briggs

Apologies: Councillor H.R.D. Williams

In Attendance: Councillor C. Bateson

24/24 Apologies and Substitutes

Apologies were received by Councillor Williams.

25/24 Minutes

The minutes of the meeting held on 19 March 2024 were approved as a correct record.

26/24 Disclosures of Interest

There were none.

27/24 Internal Audit Plan 2024/25

Neil Pitman, Head of the Southern Internal Audit Partnership presented the Committee with a report on the Internal Audit Plan 2024/25. The internal audit plan provided the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resource to provide a clear statement of assurance on risk management, internal control, and governance arrangements.

The Committee queried whether the plan as presented was in line with previous plans and whether there will be a similar level of continuation within the Internal Audit delivery considering the changeover on 1st April 2024 from our in house internal audit provision to the Southern Internal Audit Partnership now providing Internal Audit services. It was clarified that the Southern Internal Audit Partnership were guided by comparable procedures and standards which will ensure a seamless transition and continuity in our internal audit delivery.

The Committee discussed the benefit of having sight of full reports on internal audit reviews. The Committee **resolved** to agree to have sight of full reports on key internal audit reviews related to governance, including the Corporate Plan and Best Value – post inspection.

The Committee **resolved** to approve the Internal Audit Plan 2024-25.

28/24 Internal Audit Charter 2024-25

The Committee considered the Internal Audit Charter 2024-25 presented by Neil Pitman, Head of Southern Internal Audit Partnership. In accordance with the Public Sector Internal Audit Standards (PSIAS) all internal audit activities were expected to maintain an 'internal audit charter.' This defined the purpose, authority, and responsibility for the internal audit service consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. Neil Pitman highlighted that as part of the charter, members could refer to a list of definitions referenced throughout the report for clarity. A list of Audit reports which members could expect to be received over the year were also referenced within the charter for a full understanding.

The Committee **resolved** to approve the Internal Audit Charter 2024-25.

29/24 Corporate Risk Management

The Committee received a report from Lee O'Neil, Deputy Chief Executive on the Corporate Risk Register (Corporate Risk Management) which set out the significant strategic risks to the Council in delivering its priorities. The Deputy Chief Executive reported that there had been some delay in generating the new register due to technical constraints, however this had since been resolved. It was clarified that the overriding ownership of the risk register now sat with Corporate Management Team and Corporate Policy and Resources Committee members. The main changes to the register included a review and update of risk categories, and risk scores for certain categories had also been adjusted to reflect current threat and impact. The change in risk rating from amber to red for climate change was highlighted as this category brought specific risk to Spelthorne, as demonstrated by recent flooding events within the borough during January 2024.

The Committee queried whether the risk register was designed to ensure that risk assessments were completed meaningfully by managers. The Deputy Chief Executive confirmed that the current format was adopted by the previous Audit Manager, and worked well. Efforts had always been made to evolve the Corporate Risk register to make it effective and easier for managers to focus on key risks and mitigating actions to make the process simpler.

The Committee requested that latest housing register numbers should be quoted on the Corporate Risk Register each time the register was updated and reported to committee for additional context to expand on the risk category of Housing. Terry Collier, Deputy Chief Executive explained that the numbers were ever-changing however he would liaise with colleagues to ensure latest figures are included in the Corporate Risk Register at future Audit Committee meetings.

The Committee identified that there was some overlap within certain risk categories including housing. Lee O'Neil, Deputy Chief Executive agreed that there were categories which could be combined, and this would be addressed with individual risk owners to avoid repeating information going forward.

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.

30/24 Annual Internal Audit Report and Opinion for 2023/24

The Committee considered the Annual Internal Audit Report and Opinion for 2023/24 which was presented by Terry Collier, Deputy Chief Executive on behalf of Punita Talwar, Internal Audit Manager, Southern Internal Audit Partnership.

The Deputy Chief Executive highlighted a point of clarification related to the footnote under Spelthorne's quantified Counter Fraud Returns for 2023/24. Notably, the additional council tax revenue mentioned as in excess of £296k was the total Council tax revenue, and Spelthorne's share was ten percent, equating to around £29k in additional savings. This was still a good return considering Surrey County Council had coordinated and paid for the Single Person Discount (SPD) data matching exercise.

The Committee queried the position of Corporate procurement which was not clear within the report. The Interim Monitoring Officer advised that there had been ongoing recruitment difficulties within Procurement, however an Interim Procurement Manager was now in post and a permanent post was also being advertised. The Committee would receive a procurement progress report at its September 2024 committee meeting for a full update. The Interim Monitoring Officer also confirmed she will liaise with the Chair to organise procurement training, specifically in preparation for the implementation of the Procurement Act 2023.

The Committee expressed their keen interest to participate in Procurement training, and also thanked the Internal Audit Manager for her work on this report.

The Committee **resolved** to:

1. Note the Annual Internal Audit Report for 2023/24
2. Note the annual audit opinion on the Council's internal control environment, risk management and governance arrangements.

31/24 Annual Governance Statement 2023-24

The Committee received a report from Terry Collier, Deputy Chief Executive on the Annual Governance Statement 2023-24. There was a statutory duty to undertake an Annual Governance Statement (AGS), reviewing risks and the appropriateness of controls and mitigations. The statement was also required to be included by Councils in their Statement of Accounts, which will be reviewed by our external auditors, Grant Thornton.

The Committee observed that the Annual Governance statement omitted a link to the LGA Corporate Peer Challenge Follow up Report which would be helpful to include alongside the original LGA feedback report for full context. The Deputy Chief Executive agreed to add a link to the follow up report.

The Committee agreed that as the Annual Governance Statement and draft statement of accounts were subject to final review by our external auditors, they **resolved** to amend the recommendation to 'endorse' the Annual Governance Statement rather than approve it.

The Committee suggested that as there was a significant amount of overlap between Audit reports, it would be useful to formulate a master register of all recommendations which linked to individual reports. The Deputy Chief Executive agreed this may provide a useful insight to the Committee and would explore this suggestion.

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

32/24 Updated Review of Self-Assessment against CIPFA Financial Management Code and Self-Assessment against the final Best Value Indicators for Use of Resources

The Committee received a report from Terry Collier, Deputy Chief Executive on the updated review of self-assessments against the CIPFA Financial Management Code and the final Best Value Indicators for Use of Resources. The Deputy Chief Executive informed the CIPFA Financial Management Code, effective from 2022-23, focused on various aspects such as value for money, governance, and financial sustainability.

The Committee had previously reviewed the self-assessments in March 2024 and had identified the need to expand the report and adopt a revised format. The updated self-assessments included revised formats for clarity and incorporated the final indicators issued in May 2024. The Deputy Chief Executive highlighted that the self-assessments may be subject to further change following the issuing of final guidance on value for money. It was also noted that an independent assessment by the Southern Internal Audit Partnership (SIAP) was scheduled for Quarter 2 of 2024-25 to further evaluate the assessments.

The Committee queried the ongoing digital transformation project which was referenced within the report and challenged why there was no further explanation to provide an understanding of this scheme. It was indicated that the digital transformation project was underway and was reflected in our Corporate Plan Action Plan, which was already evidenced by advancements in our Corporate Risk Register and online forms. There were a number of cashable savings related to digital transformation projects which will be reported back to Members in due course.

The Committee **resolved** to note and approve the self-assessments.

33/24 Public Interest Report Recommendations - Action Plan

The Committee considered the Public Interest Report Recommendations Action Plan update presented by Terry Collier, Deputy Chief Executive, on behalf of Coralie Holman, Group Head Assets.

The Deputy Chief Executive explained that Following the Council's agreement to the Public Interest Report (PIR') issued by KPMG in December 2022, and the subsequent action plan approved by the Audit Committee in July 2023, significant progress had been made which included the implementation of a proactive asset management strategy that included robust stress testing, sensitivity analysis, and the development of a comprehensive suite of Key Performance Indicators (KPIs) and risk registers. These efforts ensured the continued effective monitoring and management of our investment portfolio, enhancing governance and councillor engagement.

The Committee initially raised concerns that they had not yet had sight of the sinking fund earmarked reserves modelling. Other concern was centred around the lack of a longer term forward view of the investment portfolio which extended beyond 12 months. The Deputy Chief Executive confirmed that the sinking fund reserves modelling, which extends over a 50 year timeframe, will be presented to members during the next Committee cycle. Separately, Members could also refer to 5 year business plans for a more comprehensive overview of individual assets.

The Committee **resolved** to note the update and actions following on from the July 2023 report setting out the proposed actions in response to the recommendations within the Public Interest Report.

The Committee suspended standing orders and agreed to extend the meeting to 10:30pm.

34/24 External Audit Update

The Committee received a verbal update from Keith Mungadzi, (Audit Manager at Grant Thornton) to update on Grant Thornton's external audit progress for the year 2023-24. The representative reported that they had received the Council's draft accounts which were in the initial stages of being audited. It was confirmed that members of the Audit Committee will be updated on this audit process as the year progresses.

The representative also indicated that Grant Thornton were liaising with officers to arrange a member training session before the next Audit Committee meeting, scheduled 26 September 2024. The intention was to cover Audit training on reviewing the audit process and the financial statements.

The Committee queried Grant Thorntons position on the backlog of audited accounts of local bodies. The representative informed that they awaited statutory legislation from the new government on a proposed long-term solution to address the backlog. Terry Collier, Deputy Chief Executive also reiterated that as a result of the General Election, initially anticipated timescales for the implementation of statutory legislation will be delayed. It was however noted that BDO (the previous Auditors) were in the early stages of undertaking value for money work to cover the period 2018/19 to 2022/23.

The Committee sought clarification on our provision to pay for outstanding audits. The Deputy Chief Executive confirmed that under the guidance of the previous government, councils were only expected to be charged for audit work which had been undertaken, and therefore fees would be adjusted to reflect the work actually done.

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

35/24 Forward Plan

The Committee considered its Work Programme for the remainder of the 2024-2025 Municipal year.

The Committee **resolved** to agree that if they thought of any suggestions for future business outside of this meeting, they would contact the Chair and relevant officer to determine whether it could be added to the Forward Plan.

Resolved that the Committee Work Programme for the remainder of the 2024-2025 Municipal year, be approved.

Meeting ended at 21:59

36/24 Actions arising from meeting

The following actions arose from the meeting:

Grant Thronton agreed to liaise with officers to arrange a member training session before the next Audit Committee meeting, scheduled 26 September 2024.

The Interim Monitoring Officer agreed to organise procurement training for committee members ahead of the implementation of the new Procurement Act (October 2024).

The Deputy Chief Executive agreed to quote the latest housing register numbers within the Corporate Risk Register each time the register was updated and reported to committee.

The Deputy Chief Executive agreed to explore the suggestion to formulate a master register of all audit recommendations which linked to individual reports.