Minutes of the Audit Committee
24 September 2026

Present:

Councillor K. Howkins (Vice-Chair)

Councillors:

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

Substitutions: Councillors C. Bateson

Apologies: Councillors J. Button and J.P. Caplin

46/26 Apologies and Substitutes

Apologies were received from Councillors Button and Caplin.

Councillor Bateson attended the meeting as a substitute for Councillor Caplin.

47/26 Minutes

The minutes of the meetings held on 23 June and 23 July 2026 were agreed as correct records and would be signed by the Chair in due course.

48/26 Disclosures of Interest

Councillor Nichols declared that he was a director of Knowle Green Estates.

Councillor Woodward declared that he was a director of Spelthorne Direct Services.

Councillor Bateson's position as a county councillor was also noted.

49/26 Internal Audit Progress Report

Iona Bond, Deputy Head of Southern Internal Audit Partnership (SIAP) attended the meeting to present the Committee with the internal audit progress report to the end of August 2026, together with updates from early

September. The Committee was advised that delivery of the audit plan was behind the expected position. This reflected delays in receiving information as pressures associated with Local Government Reorganisation increased, together with additional time required to scope several complex reviews so that the work would add value.

Draft reports had been issued and management responses were being progressed on the accounts receivable and debt management audit as well as the Medium-Term Financial Strategy and savings realisation audit. The proposed audit of temporary accommodation sourcing and costs had been revised to focus on the overall delivery plan for nightly paid accommodation because the intended procurement framework was not yet in place. Relevant coverage of sourcing, costs and savings monitoring remained within the revised review and the Medium-Term Financial Strategy audit.

The Committee noted a positive position in relation to management actions, with very few overdue. The high-priority action relating to the Community Infrastructure Levy had been completed. One medium-priority action concerning contract management for the leisure centres remained overdue and was due to be considered at a meeting intended to finalise the annual plan and performance targets.

The Internal Auditor advised that completing the planned work would be challenging and likely to run close to the deadline. Performance against the percentage of audits completed was reported as red and the timely issue of draft reports as amber. Work could continue into the final quarter, although audits completed too late would not contribute to the annual conclusion. Priority was therefore being given to the key audits required to support that conclusion.

In response to questions, it was explained that each council's audit plan within West Surrey remained bespoke, based on previous coverage and emerging local risks. However, audit work across Surrey was expected to contribute useful assurance to the new authorities. Section 151 Officers had discussed common Local Government Reorganisation themes during audit planning and completed reports were being shared with the interim West Surrey Section 151 Officer. No issues arising within other Council's required an immediate change to Spelthorne's plan.

Members raised concerns about workforce capacity and the risk that competing operational and Local Government Reorganisation demands could affect completion of the audit plan. Officers confirmed that progress, recommendations and resourcing risks were reviewed through monthly MAT assurance meetings, with additional discussions arranged when concerns arose. The importance of completing a comprehensive audit plan and providing assurance to West Surrey was acknowledged.

RESOLVED that the Committee:

1) noted the Internal Audit Progress Report; and

2) approved the adjustments to the Internal Audit Plan 2026/27.

50/26 2025/26 Draft Unaudited Statement of Accounts

Terry Collier, Deputy Chief Executive, and Altin Botzhani, Interim Deputy Chief Finance Officer, presented the draft unaudited Statement of Accounts for 2025/26. They explained that the accounts had been published on 4 September 2026, later than the national target, following extensive work on the Collection Fund and the validation of complex accounting treatments.

It was reported that auditors Grant Thornton had indicated that it remained on track to present its audit opinion to the Committee in November, subject to audit progress.

The Committee was advised that strengthened close-down arrangements, enhanced quality assurance and specialist support had been introduced. The revenue outturn showed a £10.5 million overspend, met from earmarked reserves. The Council's net liabilities had reduced significantly following debt restructuring, including repayment of Public Works Loan Board debt and replacement borrowing which generated a discount. The accounts also included several prior-year accounting adjustments. The Committee were advised that most did not affect cash balances or council tax, although a Collection Fund correction had affected reserves.

Officers explained that the national local government audit backlog and earlier disclaimed opinions continued to affect the current audit position. A further disclaimed opinion for 2025/26 remained likely because of reliance on opening balances, although improvements were expected in subsequent years. The external audit was underway and any identified significant adjustments would be reported to members before final approval.

Philip Briggs reported on a discussion held with the Vice-Chair and Grant Thornton and sought clearer reporting on the work completed, areas not tested and any remaining risks. Questions were raised about the presentation of prior-year adjustments, the Collection Fund, asset classifications and the extent of external audit sampling. Officers confirmed that key Collection Fund reports had been produced at the required dates and that the auditors had received the specialist report and supporting ledger work. Regular meetings with the audit manager were taking place and any emerging concerns about the timetable would be reported to the Chair and Vice-Chair.

Members requested clearer explanations of several material figures and accounting terms, including the £98 million movement in investment property valuations, the pension liability adjustment and unfunded pension contributions. Officers agreed to provide further information and reconciliations.

The Committee discussed errors identified through the Collection Fund review, including the use of an incorrect transaction report and omitted

prepayments. Officers explained that the specialist review undertaken had enabled the issues to be identified and corrected. Further questions concerned prior-period adjustments relating to Knowle Green Estates. It was confirmed that these principally concerned accounting treatment and classification and did not have a significant impact on the Council's overall net worth or revenue account.

Concern was raised that the detailed LG Futures background paper had not been readily accessible to all members. Officers agreed that a link would be recirculated to the Committee. The Monitoring Officer agreed to provide further clarification on the basis for treating the paper as exempt, including the relevant legislative provision. It was therefore formally noted that not all of the Committee had seen the relevant background paper before considering the report.

RESOLVED that the Committee noted the report and acknowledged the draft unaudited Statement of Accounts 2025/26, published on the Council's website on 4 September 2026.

51/26 Governance Assurance Register

Sandy Muirhead, Group Head of Commissioning and Transformation, presented the report on the development of the Governance Assurance Register and the current status of the Governance Assurance Framework. She 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.

Sandy Muirhead, Group Head Commissioning and Transformation presented the report relating to 'ensuring and maintaining our Organisational Resilience' advising that vacancies, turnover and the use of agency and interim staff continued to be monitored. Recruitment to permanent roles would be restricted after 9 October, increasing the potential for capacity pressures as Local Government Reorganisation progressed. Support arrangements included regular one-to-one meetings, performance reviews, training, employee assistance and counselling services, staff briefings and Local Government Reorganisation updates. Officers confirmed that staffing indicators, including turnover and retention, were reviewed through monthly assurance meetings.

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'. Recent staff engagement with the incoming West Surrey Chief Executive and Leader had been well attended and had helped make the transition more tangible.

Members sought assurance about emergency planning and the risk of flooding. Training for emergency coordinators and incident liaison officers was planned for November, followed by a flooding exercise in early December. Information on drainage and local flood risks was being shared with colleagues supporting the future West Surrey arrangements.

The Committee discussed the pressures on managers undertaking both business-as-usual and LGR work. Officers advised that priorities were being reviewed, including identifying work that could be stopped or reduced. Members asked that the Committee's recognition of these pressures be reported to the Management Team.
Assurance was also provided on the resilience of payroll arrangements. Existing legacy systems were expected to remain in use initially to support continuity of payments to staff, claimants and suppliers while new authority arrangements were developed and tested.

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 was advised that forthcoming staff departures would limit the capacity available for climate change work during the remaining period of the Council. Progress already achieved was noted, but the assurance entry would need to be updated to reflect the reduced resource position and the expectation that the area would remain a priority for West Surrey.

Linda Heron, Head of Corporate Governance presented the report in relation to 'ensuring effective Procurement and Contract Management arrangements'. The Committee noted that training and additional support were leading to improved compliance and a shift from requests for exemptions towards earlier permission to procure. A number of amber actions were expected to improve by the next review. The action relating to a comprehensive review of social value remained red because work had not commenced and officers were considering whether it represented best use of limited resources before transition.

Linda Heron, Head of Corporate 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 was advised that further general and targeted fraud awareness training was planned for November, including focused sessions for higher-risk service areas. Officers had concluded that an external review of anti-fraud arrangements would not provide sufficient value at this stage, but were considering what additional assurance could be presented to the Committee.

Members discussed whether actions unlikely to be completed before transition should remain on the register. The Committee supported retaining the indicators, with wording to show where the risk had been consciously acknowledged and accepted for the remaining period, rather than removing the issue from view.

It was noted that the update in relation to ‘ensuring our arrangements for Cyber Resilience and manage the threat of a cyber-attack are effective’ was restricted and therefore no questions were raised in open session. A member indicated that a separate question would be submitted by email rather than requiring the Committee to move into exempt session.

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 restricted Appendix C of the agenda report).

52/26 Draft Audit Committee Annual Report

The Committee considered its Annual Report for the 2025/26 municipal year, which had been prepared in consultation with the Chair and circulated to members in advance.

It was confirmed that a further annual report would be prepared for the final meeting of the Committee to reflect activity during 2026/27.

RESOLVED that the Annual Report for 2025/26 be recommended to the next available meeting of the Council for endorsement.

53/26 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2026/27 municipal year.

Members highlighted the limited time and staff resources available before transition and asked officers to review whether all planned items could be completed. Officers noted that a number of items, particularly those connected with external audit and the value-for-money opinion, remained essential.

It was agreed that the Audit Committee Annual Report for 2026/27 should be included. Members also suggested that Improvement and Recovery Plan updates could be presented in a shorter format where possible, while retaining the necessary assurance and scrutiny.

RESOLVED: that the forward plan be agreed subject to the noted amendments.