

Runnymede Borough CouncilStandards and Audit CommitteeTuesday, 19 March 2024 at 7.30 pm

Members of the Committee present: Councillors J Hulley (Chair), M K Cressey (In place of M D Cressey), S Dennett, S Jenkins, J Mavi, M Singh, S Whyte, S Williams and J Wilson.

Members of the Committee absent: Councillor S Walsh.

**63 Notification of Changes to Committee Membership**

To record that Councillor Michael Cressey substituted for Councillor Malcolm Cressey.

**64 Minutes**

The Minutes of the meeting of the Committee held on 23 January 2024 were confirmed and signed as a correct record.

**65 Apologies for Absence**

Apologies for absence were received from Councillor S Walsh.

**66 Declarations of Interest**

There were no Declarations of Interest.

**67 External Audit Update BDO**

The Committee noted an update from the Council's outgoing external auditors, BDO, regarding the anticipated timeframe in which they expected to conclude their audit of the Council's 2019/20 financial statements.

Members were advised that the sector backstop date had been confirmed as 30 September 2024. BDO aimed to complete the value for money section of the audit during March to May. This was still concerning the Council's previous acquisition of investment property, the adequacy of legal advice followed at the time and whether the Council had acted in accordance with the applicable statutory framework.

BDO would also consider the non-statutory Best Value Notice issued by the Department for Levelling Up, Housing and Communities, Capital Assurance Review undertaken by CIPFA and the Council's response to this.

In respect of the audits for 2020 – 2023, BDO stated that these were likely to be disclaimed audits, combined into one document, and in line with the new code requirements. It was noted that BDO had a high level of confidence that all outstanding items would be completed by the backstop date.

Officers from BDO would present their Audit Completion report to a future meeting of the Committee to include a breakdown of work undertaken, findings and intended submission to PSAA regarding the anticipated variation to the scale fee for 2019/20. There was some concern expressed about the projected fee and that of the incoming auditors Grant Thornton.

Officers confirmed that the fee for 2018/19 was also unresolved but that the PSAA (Public Sector Audit Appointments Limited) would be the body that approved the fees payable by the Council.

## 68 **External Audit Progress Report Grant Thornton**

The Committee noted the progress report and sector update from the new external auditors, Grant Thornton, who had been appointed by PSAA for the next five year appointing period.

Grant Thornton would start with auditing the Council's financial statements from 2023/24 onwards. However, if the prior year's opinion was disclaimed, they would need to start with auditing the opening balances for 2023/24, for which clarity over the additional work required was still needed. This additional work would have an impact on the fee. Officers from Grant Thornton would confirm the likely audit fee when determined to a future meeting of the Committee, noting that the PSAA had set the scale fee for 2023/24 at £199,771. Some Members queried this significant increase and it was confirmed that the previous fee had been too low and not kept pace with the nature and complexity of the audit world, particularly in local government.

Members reviewed the 'audit deliverables' for 2023/24, noting that Officers from Grant Thornton would present their audit plan to the meeting of the Committee in either May or July 2024. Preparatory meetings had taken place with the Council's Section 151 Officer and senior Finance colleagues who had also attended a useful workshop giving insights into elements of the audit approach.

The 'sector update' was appreciated by Members who gained a better understanding of pressures in the audit and finance sector that had resulted in significant delays to external audits being completed. The sections on the Public Account Committee inquiry to whom Grant Thornton had submitted evidence which raised some doubt on the backstop date of 30 September being achievable.

The report was duly noted.

## 69 **Internal Audit Update - TIAA**

The Committee noted the latest reports from TIAA the Council's outgoing internal auditors.

Members were advised that since the last meeting three key audits had been finalised. These were for Payroll (Substantial outcome), Key Financial Control (Reasonable outcome) and Meals at Home (Limited Outcome).

Officers went through each of the reports and summarised the recommendations and timescales in which to achieve them.

With regard to Meals at Home, the Head of Service had requested the audit and been fully engaged with it. The findings had resulted in a limited assurance report because a range of weaknesses had been identified which could prevent objectives being achieved or give rise to a level of risk to the Council. It was clarified that whilst proper practices were being carried out they had not been sufficiently evidenced by documentation. Officers reported that bringing two local authorities together had caused some minor issues but that these were all being addressed with assistance primarily from the Council's accountant for Community Services to whom thanks were extended. In respect of some of the Management Comments, Officers considered it was important to give a balanced view and

recognise the positive findings and good practice being demonstrated. It was confirmed that findings and resolutions would be shared with Surrey Heath.

Officers from Community Services referred to the Rapid Improvement Plan and agreed to provide the Committee with a copy of it. This included details of how the recommendations would be implemented and outlined training for relevant staff. It was also important to note that despite a number of operational issues staff had still successfully delivered the services across Community Services and that there was a fuller understanding of risk reporting. This indicated that the audit had been conducted in accordance with its remit to be a risk based audit which had identified procedural gaps rather than service delivery shortcomings. Members also noted that Officers had taken a pro-active approach to the audit and were thanked for the extensive actions taken as a result.

Officers from TIAA were asked to provide the Committee with a copy of the last audit of Safer Runnymede and Officers from SIAP to confirm when Safer Runnymede was next due an audit.

In terms of progress with the 2023/24 audit plan Officers from TIAA would bring the audit on Risk Management to the next meeting of the Committee in May 2024 along with their final Annual Audit Assurance report and the findings of the audit on Safeguarding.

It was noted that since the last meeting, 4 recommendations had been completed, leaving just one outstanding in respect of Data Protection and Information Governance which Officers expected to be finalised very shortly.

The report was duly noted.

## 70 **Internal Audit Charter 2024-25**

The Committee was asked to approve a new internal Audit charter presented by the Council's incoming Internal Auditors, SIAP (Southern Internal Audit Partnership) with whom the Council had entered into a contract from 1 April 2024, as approved by the Corporate Management Committee in December 2023.

The charter was drawn up in accordance with the current Public Sector Internal Audit Standards which provided a consolidated approach to audit standards across the public sector and set out the purpose, authority and responsibility of the audit function.

Officers drew attention to the suite of forthcoming reports for the year and the list of assurance services SIAP would provide. It was confirmed that SIAP were open to the Committee requesting a particular audit, depending on its scope and nature. SIAP would continue the agreed risk-based audit approach and could perform the role of critical friend on the Council's various systems and processes.

Officers from SIAP would present the new Public Sector Internal Audit Standards to a future meeting of the Committee after their introduction in January 2025.

Members were content with the proposed charter, its mission and core principles and were satisfied with the arrangements to ensure independence and objectivity of the auditors.

**Resolved that –**

**The Internal Audit Charter for 2024/25 be approved**

## 71 **Internal Audit Plan 2024-25**

The Committee was asked to approve the Internal Audit Plan for 2024/25 presented by

Officers from SIAP.

The plan had been drawn up following meetings with the current auditors for a smooth handover and with Officers from the Council's Senior Leadership Team. Members noted the role of the internal audit function and their aim to support the Council's framework of internal control and identify risks to the achievement of the Council's objectives as outlined in the Corporate Business Plan and other key documents.

Officers had scrutinised the Council's corporate risks when creating the plan and sought to align it with this but remain flexible. In Quarter 1 the following audits were planned; Information Governance, Climate Change, and Disabled Facility Grants. Quarter 2 contained a greater number of audits including Emergency Planning and Business Continuity, the non-statutory Best Value Notice Programme, ITIL Assurance Mapping, Tree Safety and Housing Health and Safety. In Quarter 3 SIAP would focus on some Core Financial audits and changes to the Environmental Act 2021. With regard to the latter, should the regulations require any significant change to service delivery Officers from Environmental Services would, present a report to a future meeting of the Environment and Sustainability Committee. In the last quarter of the year Members noted that the following areas would be audited; Community Safety, for which a more detailed scoping document would be produced, Housing Repairs – Reactive, IT Contingency, and Workforce Planning.

Officers from SIAP would as with the current auditors, bring update reports to each meeting of the Committee and agreed to add a 'priority' column to the plan against each planned audit.

Officers were thanked for their report and Members looked forward to the next meeting's update.

**Resolved that –**

**The Internal Audit Plan for 2024/25 be approved**

## 72 **Standing Order 27 Request - Internal Data and Reporting on Contract Management**

The Committee welcomed an information report on contract management which had been requested under Standing Order 27.

Two Members of the Committee had asked for four specific issues to be covered with some statistical information against each area.

Officers had firstly set out the Council's powers and obligations with regard to contracts and the circumstances under which a waiver to contract standing orders could be made. It was noted that from 1 April 2022 to 22 February 2024, 73 waivers had been granted. The Council's register as at December 2023 contained 186 live contracts with a value of over £5,000. Officers confirmed that there were more contracts but were under the threshold so not included on the register from which the data had been extracted.

With regard to improvement notices it was reported that there had been three issued in the last five years to three different contractors, one of whom was currently still engaged by the Council and was related to Housing.

In respect of instances where contracts may have been stopped or abandoned due to Council omissions or failures in the specification/requirements, Officers confirmed there had been none. However, there had been a revision to a specification in respect of one procurement of a software system following pre-procurement engagement with suppliers. It was stressed that the procurement had not been abandoned, rather having early engagement allowed the Council to revise its specification prior to commencing formal

procurement.

In relation to the final question, Officers referred to the Council's Procurement Policy and advised that, to date, no contractor had breached the provisions and no formal action had been required.

The Committee was very pleased with the report and the Section 151 Officer was requested therefore to report annually on contracts and contract waivers including providing some benchmarking data with other local authorities.

### 73 **Provisions in Member Code of Conduct relating to Member interaction with Press**

The Committee noted a report which had arisen from a recent discussion at the Constitution Member Working Party concerning the Council's revised Publicity and Media Handling Protocol. This had led to a request to review guidance on how Councillors interacted with the press.

Members were provided with the background to the introduction of the new Councillor Code of Conduct which the Council had adopted in 2020. This set out a series of principles and standards of behaviour when acting or perceived to be acting in their capacity as a Councillor. Officers confirmed that the Code was not intended to impede Councillors' interactions, including with the press, rather when doing so they should abide by its provisions. For example, treating people with respect, not bullying or harassing people, being impartial, not taking advantage of their position. Not disclosing confidential information, not misusing Council property and not bringing their role into disrepute. Councillors also noted that they should act with integrity and honesty, lawfully and lead by example.

Officers considered that reviewing the whole code in the context of dealing with the press could lead to duplication as the Code applied to all interactions including with the press and social media.

The Monitoring Officer was asked to issue a reminder to all Councillors about their interactions with the press and social media and to provide refresher training for Councillors.

The report was duly noted.

### 74 **Standards and Audit Proposed Work Programme**

The Committee's approval was sought for a draft work programme for 2024/25 in response to a request from Members of the Committee. This review also looked at the frequency of meetings and whether additional meetings were needed to reflect the evolved role and to review the steps being taken to address receipt of the non-statutory Best Value Notice as there would be a series of updates being submitted over the next few months. With regard to the last point, Officers outlined the proposed reporting process taken from the Programme Charter.

Members noted that Article 8 of the Council's Constitution set out the Committee's current remit. This was essentially divided between a governance role and one of auditing and oversight of risk management and internal control. It was acknowledged that the audit role had expanded, with the Local Code of Corporate Governance and Annual Governance Statement being two large responsibilities and having significant input from both internal and external auditors.

Officers advised that working with 4 sets of auditors in the transitional period gave rise to additional work at least in the short term. An additional meeting in March each year had

been suggested, which the Committee agreed was sensible. The extra meeting contained a full agenda, as would May with all the auditors having something to report before the new auditors took the programme forward over the next five years.

The Committee agreed that the work programme as presented was fuller than desirable in the early part of the year. Therefore, it was agreed to move the following items from the Work Programme and Forward Plan from the May 2024 meeting to the meeting of the Committee in July 2024:

- Fraud Update and Review of the Anti-Fraud Policy
- Complaints about Councillors – municipal year 2023/24
- Adoption of the Local Government Ombudsman Complaint Handling Code

In addition, Officers from Grant Thornton would combine the report on the Annual Audit Letter with the External Audit and Auditor's Annual Report at the meeting of the Committee in January 2025.

With regard to the backlog in external audit, the Committee was advised that as at 31 December 2023 there were 771 outstanding audit opinions in local bodies in England. Parliament had set out proposals to tackle this in 3 stages, each of which were detailed in the report. This put enormous pressure on the auditing process both for councils and auditors to return to a more normal timetable by 2028 and take into account the findings of the Redmond Review which formed phase 3 of the process, looking into the challenges that had led to the backlog and a long term reform of financial reporting. It was reported that an Audit, Reporting and Governance Authority would be established which would require primary and secondary legislation to be in place. Further recommendations would be incorporated into various sector guidance such as CIPFA's Position Statement on Audit Committees 2022 or other CIPFA codes.

Officers suggested other proposals for change which were all supported by the Committee. These were to consider a paper at a future meeting on the inclusion of co-opted independent members to provide appropriate technical expertise, undertaking an annual self-assessment of the Committee's performance and reporting annually to full Council on the Committee's work. In addition, it was agreed to request that full Council approve transferring ownership of the Statement of Accounts and Annual Governance Statement from Corporate Management Committee to the Standards and Audit Committee. This would also reduce the duplication of currently submitting identical reports to each committee. Full Council was due to consider the Council's Constitution review at its meeting in April 2024. Therefore, Officers would prepare a report updating Article 8 as detailed in the report and recommendations.

It was suggested by some Members that a verbal update on the BVN programme be provided at future meetings. However, Members were reminded that written reports would come through as part of the Programme.

Some Members asked that consideration be given to the title of the Committee in the new Municipal Year with an initial suggestion of 'Governance and Ethics Committee' being made. In the meantime the Monitoring Officer would review the narrative on the website of the Committee's function and remit to make it clearer.

Members noted the financial, risk and legal implications of the report and endorsed the proposals accordingly which it was agreed would establish the Committee's key role in maintaining the Council's governance framework.

In closing the meeting, the Chair thanked the Committee, Auditors and Officers for their contribution.

**Resolved that –**

- i) the draft work programme at Appendix ‘A’ be approved;**
- ii) request that the Assistant Chief Executive (s151) develops an appropriate process for self-assessment of the Committee’s effectiveness based on Cipfa guidance and examples of best practice, in consultation with the Chair and Vice-Chair of the Committee and the Corporate Head of Law and Governance;**
- iii) commit to providing an annual report on its work programme to Full Council;**
- iv) instruct that officers explore the potential to seek co-opted independent members of the Committee, reporting options back to the Standards and Audit Committee for consideration; and**
- v) full Council be requested to confirm that responsibility for the Annual Governance Statement and the Statement of Accounts sits with the Standards and Audit Committee**

**75 Exclusion of Press and Public**

There were no exempt or confidential items on the agenda.

(The meeting ended at 10.00 pm.)

Chair