

**Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 17 November 2022**

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**PRESENT -**

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Rob Geleit, Phil Neale, David Reeve and Alan Sursham

In Attendance: Paul Cuttle (Director, Grant Thornton) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor))

Absent: Councillor David Gulland, Councillor Christine Howells, Councillor Previn Jagutpal and Councillor Chris Webb

Officers present: Andrew Bircher (Interim Director of Corporate Services), Brendan Bradley (Head of Finance), Sue Emmons (Chief Accountant), Will Mace (Business Assurance Manager), Tim Richardson (Democratic Services Manager) and Stephanie Gray (Data Protection Officer)

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**10 QUESTION TIME**

No questions were asked or had been submitted by members of the public.

**11 DECLARATIONS OF INTEREST**

No declarations of interest were made in relation to items of business to be discussed at the meeting.

**12 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the previous meeting of the Audit and Scrutiny Committee held on 14 June 2022 were agreed as a true record and signed by the Chair, it being noted that an update on the ICT Strategy would be presented to the April 2023 meeting of the Committee, and not the November 2022 meeting as referred to under item 7 (a) of the Minutes.

**13 2021-22 STATEMENT OF ACCOUNTS AND AUDIT FINDINGS**

The Committee received a report presenting the 2021/22 Statement of Accounts and Grant Thornton's Provisional Audit Findings report following the external audit.

The following matters were considered by the Committee:

- a) **The possible delay in the completion of the Audit:** A concern was raised by a Councillor regarding the fact that the completion of the audit is dependent on the completion of the audit of the Surrey County Council Pension Fund. It was noted that there is a risk that this audit will not conclude by the end of November, which would prevent any Surrey district from publishing their audited accounts in time. Mr Paul Cuttle from the external auditors, Grant Thornton, stated that the delay in finalising this audit, was caused by factors outside the control of Grant Thornton.
- b) **Financial Statements – other communication requirements:** it was agreed that the word “other” would be removed from the commentary relating to “Matters in relation to fraud” on page 28 of the agenda, so that the commentary reads: “We have previously discussed the risk of fraud with the Audit & Scrutiny Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures”.
- c) **Fees for infrastructure assets:** A Councillor queried what work would be done under the amount stated for “Infrastructure assets” on page 37 of the report. It was explained that since 2021, any Council who holds material infrastructure assets cannot have their accounts signed off until government performs certain statutory overrides. This has necessitated additional work having to be performed by the auditors in this regard. This additional work was not part of the initial scoping.

Following consideration, it was resolved to:

- (1) Approve the Statement of Accounts for the year ended 31 March 2022;**
- (2) Receive the Provisional Audit Findings for 2021/22;**
- (3) Agree the management action in response to the audit recommendations detailed at Appendix A of the Provisional Audit Findings report;**
- (4) Agree that the Chair or Vice Chair of Audit and Scrutiny Committee and the Chief Finance Officer sign the Letter of Representation on behalf of the Council;**
- (5) Delegate any further amendments to the 2021/22 Statement of Accounts to the Chief Finance Officer in consultation with the Chair or Vice Chair of Audit and Scrutiny Committee.**

#### **14 INTERNAL AUDIT PROGRESS REPORT 2022-2023 (NOVEMBER 2022)**

The Committee received a report summarising progress against the Internal Audit Plan 2022-2023.

Natalie Jerams from SIAP presented the report.

The following matters were considered by the Committee:

- a) **Categorisation of opinions:** A Councillor enquired whether there is an “excellent” category, with reference to the assurance opinion categories on page 162 of the agenda. The internal auditor confirmed that CIPFA guidance is followed regarding terminology, and the 4 categories are Substantial, Reasonable, Limited and No. The “Adequate” category has been replaced with “Reasonable”.

Following consideration, it was resolved to:

- (1) Note the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1 to the report.**

**15 TREASURY MANAGEMENT YEAR-END PERFORMANCE 2021/22**

The Committee received a report that was carried forward from September’s cancelled meeting. It presented the Council’s treasury management performance in 2021/22.

Following consideration, it was resolved to:

- (1) Receive the report on the Council’s treasury management performance 2021/22;**  
**(2) Approve the 2021/22 prudential indicators.**

**16 2022/23 INTERIM TREASURY MANAGEMENT PERFORMANCE**

The Committee received a report providing an update on treasury management performance for the first six months of 2022/23.

Following consideration, it was resolved to:

- (1) Receive the presentation from Link Asset Services – Treasury Solutions;**  
**(2) Note the performance on return of investments for the first six months of 2022/23;**  
**(3) Note the current investment decisions being made within the terms set out in the Treasury Management Strategy.**

**17 COUNTER FRAUD & WHISTLEBLOWING**

The Committee received a report providing it with an overview of the systems and processes the Council has in place to prevent, detect and address fraud.

The following matters were considered by the Committee:

- a) **External and Internal Audit of fraud systems and processes:** following a query from a Councillor, it was confirmed that our external auditors do request our anti-fraud, anti-money laundering and related policies. Our internal auditors will also be picking up this issue again.

Following consideration, it was resolved:

- (1) The Committee is asked to note and comment on the contents of the report, the measures in place and the work being undertaken to prevent and detect fraud.**

## 18 EQUALITY, DIVERSITY & INCLUSION REPORT

The Committee received a report providing an overview of the activities undertaken by the Council regarding equality, diversity and inclusion.

The following matters were considered by the Committee:

Following consideration, it was resolved to:

- (1) Note and comment on the activities undertaken by the Council regarding equality, diversity and inclusion.**

## 19 PERFORMANCE & RISK REPORT - SEPTEMBER 2022

The Committee received a report including an appendix which provides an overview of the council's performance with respect to its annual plan objectives, key performance indicators and corporate risks.

- a) **Format of Appendix 1:** The Committee noted the format of the Corporate Performance Report set out in Appendix 1. Members provided comments on the format and content of the report. These comments related to amendments and additions to existing key performance indicators, which were noted by Officers.

Following consideration, it was resolved to:

- (1) Note and comment on the performance and risk information located at Appendix 1 of the report.**
- (2) Note the format of Appendix 1 of the report.**

## 20 REVENUE BUDGET MONITORING - QUARTER 2

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2022/23, as at Quarter 2 (30 September).

The following matters were considered by the Committee:

- a) **Under-achievement of budgeted cemetary:** a £32 000 income shortfall was forecast at the cemetary however with winter months still ahead, there is scope for the forecast to change before year-end.
- b) **Under-recovery of income in respect of stray dogs contract:** A Councillor enquired as to whether we have any statutory duties in respect of stray dogs. The Chief Accountant undertook to ascertain the current position and revert to the Councillor.

Following consideration, it was resolved to:

- (1) **Receive the revenue budget monitoring report, which sets-out a projected favourable budget variance of £243,000 for 2022/23;**
- (2) **Agree that a report should be prepared for the Licensing & Planning Policy Committee to address reduced forecast planning income and identify mitigation options;**
- (3) **Agree that the updated Quarter 3 position will be reported back to the Audit and Scrutiny Committee in February 2023.**

## 21 CAPITAL BUDGET MONITORING - QUARTER 2

The Committee received a report presenting the capital monitoring position at Quarter 2 for the current financial year 2022/23.

Following consideration, it was resolved to:

- (1) **Receive the capital monitoring position at Quarter 2, as set out in the report;**
- (2) **Note the progress of capital projects as set out in Appendix 1 of the report.**

## 22 CODE OF CORPORATE GOVERNANCE

The Committee received a report providing an update to the format and content of Council's Code of Corporate Governance ('the Code'). The previous Code was adopted in 2017. The Code acts a foundational document in the production of the Annual Governance Statement ('AGS'), which assesses the effectiveness of the Council's governance arrangements. The AGS is brought to this committee in June each year.

The following matters were considered by the Committee:

- a) **Alignment with Constitution Working Group:** A Councillor asked a question regarding the alignment of the Code of Corporate Governance with the work currently underway by the Constitution Working Group. It

was confirmed by an Officer that a meeting of this Group was taking place the following day, and that this would be taken up with them.

Following consideration, it was resolved to:

**(1) Approve the updated Code of Corporate Governance.**

**23 COMMITTEE WORK PROGRAMME 2022-2023**

The Committee received a report presenting the work programme for 2022-2023.

The following matters were considered by the Committee:

a) **Compliance with Surveillance Camera Code of Conduct:** it was noted that Officers would revert regarding whether this report should serve at the Crime & Disorder Subcommittee, or this Committee.

Following consideration, it was resolved to:

**(1) Note and agree the ongoing work programme for 2022-2023 as presented in Section 2 of the report.**

*The meeting began at 7.30 pm and ended at 8.45 pm*

COUNCILLOR STEVE BRIDGER (CHAIR)