

Annual Report of the Audit and Scrutiny Committee 2022-2023

1. Introduction

- 1.1. This Annual Report provides the council with an overview of the work of the Audit and Scrutiny Committee undertaken during 2022-2023.
- 1.2. The Committee met four times between April 2022 and March 2023, with the following Member attendance. The meeting in September 2022 was cancelled due to the death of Her Majesty the Queen and the national mourning period.

Member	Actual Attendance at Meetings	Nominated Substitute
Councillor Steve Bridger (Chair)	4	
Councillor Nigel Collin (Vice Chair)	4	
Councillor Rob Geleit	4	
Councillor David Gulland	3	
Councillor Christine Howells	1	
Councillor Previn Jagutpal*	0	
Councillor Phil Neale	4	
Councillor David Reeve	2	1
Councillor Alan Sursham	3	
Councillor Chris Webb	2	

* Acted as a member between April 2022 and 8 December 2022. Resigned from being a councillor on 9 December 2022

- 1.3. The Committee considered and agreed its work programme for 2022-2023 in April 2022. The work programme is designed to ensure the Committee meets its statutory and local responsibilities and provides the council with added value and assurance.

2. Monitoring and Improving the Council's Governance

- 2.1. Following Full Council's approval of the Committee's updated terms of reference in February 2022, the 2022-2023 work programme has focused on maintaining an oversight of the council's framework of governance, performance, risk management, and internal control environment.
- 2.2. Governance can be defined as "comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and

achieved.”¹ Governance includes processes, procedures, policies, administrative systems, legal arrangements and so forth, “through which [an organisation’s] objectives are set and pursued in” their environmental context, while “ensuring that stakeholders can have confidence that their trust in that [organisation] is well founded.”²

- 2.3. To ensure good governance, the Committee has considered five reports from the council’s independent internal audit function within the year. These reports cover audit planning for the year, internal audit’s findings with respect to individual business units’ governance arrangements, and an overall opinion on status of the council’s governance.
- 2.4. The Head of Southern Internal Audit Partnership (SIAP) provided their annual opinion to Committee in June 2022, concluding that for the year 2021-2022, the overall adequacy and effectiveness of the council’s framework of governance, risk management and control was “reasonable”. The outcomes of 17 completed audits are as follows:³

Number and (percentage) of completed audits	Assurance Opinion - category
2 (12%)	Substantial – A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
8 (47%)	Reasonable – There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
7 (41%)	Limited – Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

There were no ‘No’ assurance opinions given during this audit period, which would require immediate actions to address fundamental gaps, weaknesses or non-compliance identified.

- 2.5. 59% of the audits received a “reasonable” or “substantial” opinion. Where weaknesses and risks have been identified through internal audit review, SIAP

¹ CIPFA (2014) *International Framework: Good Governance in the Public Sector*. London: Chartered Institute of Public Finance and Accountancy, p. 8.

² The Chartered Governance Institute UK & Ireland (no date) *What is corporate governance?* Online available: <https://www.cgi.org.uk/about-us/policy/what-is-corporate-governance> [Last accessed 10/03/22].

³ See SIAP (2022) *Annual Internal Audit Report & Opinion 2021-22*, Southern Internal Audit Partnership. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s23876/Appendix%201%20-%20Annual%20Internal%20Audit%20Report%20Opinion%202021-2022.pdf> [Last accessed 02/03/2023].

have worked with management to “agree appropriate corrective actions and a timescale for improvement.”⁴ Progress on improvement actions are reported within each Internal Audit progress report brought to the Committee.

- 2.6. The internal audit annual opinion also underpins the council’s Annual Governance Statement (AGS). The 2021-2022 AGS was approved by the Committee in June 2022. The statement presented the council’s opinion on its governance arrangements and their effectiveness, as well as reporting on how governance improvements identified in the previous statement had been addressed, and actions to be pursued in the following year.⁵ The AGS was also reviewed by external audit and included alongside their annual audit of the council’s finances.
- 2.7. In addition to the above, the Committee considered:
 - 2.7.1. Two refreshed performance and risk reports, which updated the Committee on the progress of the objectives within the 2022-2023 annual plan, key performance indicators, and the Corporate Risk Register.
 - 2.7.2. Reports on the council’s counter-fraud and whistleblowing arrangements, and the council’s equality and diversity activities.
 - 2.7.3. An updated local code of corporate governance for the council, which will sit alongside the 2022-2023 AGS in July 2023.
- 2.8. A report regarding compliance with the camera code of practice was initially removed by the Committee from its work programme. This report has now been scheduled to come to the Committee in April 2023.
- 2.9. The Head of Finance presented forecasts for the revenue and capital outturn for the financial year. The Committee received Quarter 1 in September (although the actual meeting was cancelled due to the national mourning period), Quarter 2 in November and Quarter 3 in February. The revenue monitoring identifies favourable and unfavourable variances and the actions to address these.
- 2.10. Capital monitoring reports focus on the core capital programme, property acquisition fund, S106 developers’ contributions and Community Infrastructure Levy. These were presented to the Committee in September (although the

⁴ Ibid, footnote 3, page 15.

⁵ The full statement can be found at: <https://www.ewell.gov.uk/sites/default/files/documents/council/about-council/financial-reports/2021-22%20AGS.pdf> [Last accessed 02/03/2023].

meeting was cancelled due to the national mourning period), November, and February.

2.11. The Committee also approved the 2021-2022 Statement of Accounts and received Grant Thornton's Audit Findings Report in November 2022.

3. Scrutiny activities

3.1. This section pertains to the scrutiny element of the Committee's responsibilities. Specifically, it considers the scrutiny of the council's decisions and actions, matters which affect residents, future policy development and other corporate projects and initiatives the Committee feels are relevant to review.

3.2. To support effective, transparent and accountable decision making at the council, the Committee has the power to review policy committee decisions made, but not yet implemented, through the call-in procedure.

3.3. In the year 2022-2023 the Committee:

3.3.1. Commissioned the council's internal auditors to conduct a consultancy engagement piece on the updated Risk Management Strategy, approved by Strategy and Resources Committee in July 2022. The conclusion drawn by SIAP was that "revision of the Risk Management Strategy (July 2022) provides a strong foundation and framework for risk management within Epsom and Ewell Borough Council moving forward. It is acknowledged by the council that the new processes and protocols introduced are still being developed and embedded, and further refinements are expected as the Strategy matures. It is anticipated that observations highlighted in this commissioned consultancy review will aid in that journey."⁶

3.3.2. Reviewed the 'Oversight and Scrutiny' elements of the updated Constitution, via engagement with the Constitution Working Group. The updated Constitution was implemented by Full Council in May 2023.

3.3.3. Received a report in June 2022 on the Use of Delegated Powers.⁷ This report sets out the significant decisions taken by officers under delegated powers in the previous year.

⁶ See, Southern Internal Audit Partnership (2022) *Internal Audit Progress Report 2022-2023 (November 2022)*, Audit and Scrutiny Committee, 17th November, page. 9. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CIId=157&MIId=1252> [last accessed 08/03/23].

⁷ See, Audit and Scrutiny Committee (2022) *Annual Report on the Use of Delegated Powers*, 14th June, item 4. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CIId=157&MIId=1250> [last accessed 09/03/2023].

4. Improving Services and the Quality of Life for Local People

- 4.1. Scrutiny, again, is the topic of this section, within the context of how the council is performing in light of its Four Year Plan, which is split into four annual plans.
- 4.2. The Committee monitors progress made against the Four Year Plan, which encapsulates how the council will contribute to the long-term vision for Epsom and Ewell. The Committee reviewed the end of year report in June 2022.⁸ The table below provides the end of year position, noting the number of key objectives that were achieved in 2021-2022. It also includes information from the last two years.

Key to reporting Status	2021-2022		Previous years	
	No.	%	2020-2021	2019-2020
Green (achieved)	26	70.3%	58.5%	63.5%
Amber (slippage)	4	10.8%	9.4%	3.8%
Red (missed target)	7	18.9%	32.1%	32.7%
TOTAL	37	100%	100%	100%
Information only indicator	3	N/A	N/A	N/A

- 4.3. The year-end report for 2021-2022 highlighted that 70.3% of the year's objectives had been achieved and 10.8% had been delayed. There were 18.9% of objectives that were not achieved. Finally, there were three 'information only' indicators.
- 4.4. The Committee also considered: the specific update on targets not achieved; how the data is validated; a tree planting objective; and the Planning Enforcement Plan.

⁸ See, Audit and Scrutiny Committee (2022) *Four Year Plan: Year End Performance Report 2021-2022*, 14th June, item 6. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s23869/Four%20Year%20Plan%20Year%20End%20Performance%20Report%202021-2022.pdf> [Last accessed 02/03/2023]

5. Conclusion

- 5.1. The Audit and Scrutiny Committee wishes to record its thanks to all those who contributed to the work of the Committee over the year.