

## Annual Report of the Audit and Scrutiny Committee 2023-2024

### 1. Introduction

- 1.1. This Annual Report provides the Council with an overview of the work of the Audit and Scrutiny Committee undertaken between April 2023 and February 2024. This meeting (28 March 2024) will be included in the next year's Annual Report 2024-2025.
- 1.2. The Committee met five times between April 2023 and February 2024 and the membership has changed during this period following the Council Election in May 2023. The table below shows the members' attendance of pre- and post-election.

<b>Member</b>	<b><u>Pre-election</u></b> 6 April 2023 Meeting - actual attendance	<b><u>Post -election*</u></b> 4 meetings on 18 July, 28 Sept, 16 Nov and 1 Feb – actual attendance
Councillor Steve Bridger (Chair)	1	4
Councillor Nigel Collin (Vice Chair)	1	Term ended
Councillor Rob Geleit	1	Term ended
Councillor David Gulland	0	Term ended
Councillor Christine Howells	0	Term ended
Councillor Phil Neale	1	4
Councillor David Reeve	1	Term ended
Councillor Alan Sursham	1	Term ended
Councillor Chris Webb	1	Term ended
Councillor Robert Leach (Vice Chair)	N/A	4
Councillor Chris Ames	N/A	4
Councillor Rachel King	N/A	4
Councillor James Lawrence	N/A	4
Councillor Jan Mason	N/A	0
Councillor Chris Watson	N/A	4

\*This meeting (28 March 2024) has not been held yet at the time of writing this report and hence its attendance has not been recorded in the above table.

- 1.3. The Committee considered and agreed its work programme for 2023-2024 in April 2023. The work programme is designed to ensure that 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. The Committee’s 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.”<sup>1</sup> 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.”<sup>2</sup>
- 2.3. To ensure good governance, the Committee has considered six reports from the Council’s independent internal audit function between April 2023 and February 2024. 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 on 18 July 2023, concluding that for the year 2022-2023, the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control was “reasonable”. The outcomes of 13 completed audits are as follows:<sup>3</sup>

Number and (percentage) of completed audits	Assurance Opinion - category
1 (8%)	<b>Substantial</b> – 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 (61%)	<b>Reasonable</b> – 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.
4 (31%)	<b>Limited</b> – Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of

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

<sup>2</sup> 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].

<sup>3</sup> See SIAP (2023) *Annual Internal Audit Report & Opinion 2022-23*, Southern Internal Audit Partnership. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CIId=157&MIId=1478> [Last accessed 21/02/2024].

	governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
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There were no ‘No’ assurance opinions given during this period, which would require immediate actions to address fundamental gaps, weaknesses or non-compliance identified.

- 2.5. 69% of the audits received a “reasonable” or “substantial” opinion. Where weaknesses and risks have been identified through internal audit review, SIAP have worked with management to “agree appropriate corrective actions and a timescale for improvement.”<sup>4</sup> 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 [2022-2023 AGS](#) was approved by the Committee on 18 July 2023. 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. The AGS is 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 corporate performance and risk reports, which updated the Committee on the progress of the objectives within the 2023-2024 annual plan, key performance indicators, the Corporate Risk Register, the policy committees’ risk registers, and AGS actions.
  - 2.7.2. The annual report on the Council’s counter-fraud and whistleblowing arrangements, and the annual report on the Council’s equality and diversity activities.
  - 2.7.3. The annual review of local [Code of Corporate Governance](#) for the Council in November 2023.
  - 2.7.4. An annual report on the Council’s activities relating to surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) for 2021.
  - 2.7.5. Two annual reviews of complaints received by the Local Government and Social Care Ombudsman (LGSCO) during 2021-2022 and 2022-2023. In addition, a new report on complaints, including those from the LGSCO and the Information Commissioner’s Office (ICO) where the

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<sup>4</sup> Ibid, footnote 3.

Council was found at fault, has been introduced as a standard item on every Committee meeting's agenda.

- 2.7.6. An annual review of the work undertaken by the Epsom and Ewell Community Safety Partnership.
- 2.8. The Head of Finance presented forecasts for the revenue and capital outturn for the financial year. The Committee received Quarter 1 in September 2023. With the agreement of the Committee Chair, Quarter 2 reports were deferred to enable the finance team to focus on the delayed external audit. Quarter 3 reports were brought back to the Committee in February 2024 which cover the period from 1 April to 31 December 2023.
- 2.9. Revenue monitoring identifies favourable and unfavourable variances and any mitigating actions. Capital monitoring reports focus on the core capital programme, property acquisition fund, S106 developers' contributions and Community Infrastructure Levy.
- 2.10. The Committee has also received regular external audit updates throughout the financial year.
- 2.11. As agreed at Full Council in July 2023, Financial Strategy Advisory Group (FSAG) has conducted treasury management monitoring on behalf of Audit and Scrutiny Committee throughout the year. Treasury management monitoring reports and minutes are available for members to view within the FSAG's [committee papers](#).

### **3. Scrutiny activities**

- 3.1. This section pertains to the scrutiny element of the Committee's responsibilities. Specifically, it is responsible for the review and scrutiny of Committee decisions and performance of the Council, including the Council's budget and associated financial reports and the Annual Governance Statement.
- 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 2023-2024 the Committee:
  - 3.3.1. Received a report in July 2023 on the Use of Delegated Powers. This report sets out the significant decisions taken by officers under delegated powers in the previous year.
  - 3.3.2. Received a report on the IT Strategy approved by the Strategy and Resources Committee in March 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. In July 2023, the Committee reviewed the 2022-2023 [end of year report](#). The table below provides the end of year position, noting the number of key objectives that were achieved in 2022-2023. It also includes information from the last two years.

2022-2023			Previous Years	
Status	No.	%	2021-2022	2020-2021
Blue (achieved)	16	53.3%	70.3%	58.5%
Amber (slippage)	10	33.3%	10.8%	9.4%
Red (off track)	4	13.3%	18.9%	32.1%
<b>Total</b>	<b>30</b>	<b>100%</b>	100%	100%

- 4.3. The year-end report for 2022-2023 highlighted that 53.3% of the year's objectives had been achieved and 33.3% had been delayed. There were 13.3% of objectives that were not achieved.
- 4.4. The Committee also considered the specific update on targets which had been delayed as well as those which were not achieved. These objectives have been encapsulated in the 2023-2024 Annual Plan and/or Service Delivery Plan for progression.

#### 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.