

**Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the
Council Chamber, Epsom Town Hall on 17 July 2025**

PRESENT -

Councillor Steven McCormick (Chair); Councillor Phil Neale (Vice-Chair); Councillors Chris Ames, Steve Bridger, Tony Froud, Alison Kelly and Chris Watson

In Attendance: Councillor James Lawrence, Natalie Jerams (Deputy Head of Partnership, Southern Internal Audit Partnership) (in attendance remotely), Joanne Barrett (Audit Manager, Southern Internal Audit Partnership) (in attendance remotely), Ade Oyerinde (External Auditor, Grant Thornton) (in attendance remotely for items 1-10) and Usman Rasheed (External Auditor, Grant Thornton) (in attendance remotely for items 1-10)

Absent: Councillor Jan Mason

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)), Sue Emmons (Chief Accountant), Will Mace (Corporate Governance & Strategy Manager) and Phoebe Batchelor (Democratic Services Officer)

1 QUESTIONS AND STATEMENTS FROM THE PUBLIC

The Committee received one written statement from a member of the public which was delivered verbally at the meeting.

2 POINT OF ORDER

Councillor Chris Ames raised a Point of Order regarding the non-attendance of the Chief Executive at the Committee Meeting.

Councillor Ames highlighted that the Committee voted to require the attendance of the Chief Executive at the 17 July Audit and Scrutiny Committee Meeting. Councillor Ames asked for an explanation as to why the Chief Executive is not present.

Councillor Ames asked what was done to request the attendance of the Chief Executive to the July A&S Meeting. Councillor Ames asked if the Scrutiny Officer asked the Chief Executive to attend, he asked for the terms of the request, and the response to be shared.

Councillor Ames expressed frustration at the non-attendance of the Chief Executive at the Committee Meeting and at not receiving responses to the questions he raised prior to the Committee Meeting.

The Chair informed the Committee that the Chief Executive did not refuse to come to the meeting. The Chair explained that the Chief Executive will be present at the September Audit and Scrutiny Committee Meeting.

The Chair continued to explain that the Scrutiny Officer followed the correct steps, and a discussion took place with the Chief Executive regarding attendance at the meeting. The Chair explained that Members could discuss the report and raise questions and then the Chief Executive will be present at the September Committee Meeting.

Councillor Ames asked the Chair if the Chief Executive was invited to the July Meeting or the September Meeting. The Chair informed the Committee that he had invited the Chief Executive to the September Meeting.

Councillor Ames expressed frustration at the Chair's decision to invite the Chief Executive to the September Meeting, rather than the July Meeting, as specified in Councillor Lawrence's motion which A&S Committee Agreed on the 27 of March 2025. The Chair noted Councillor Ames comments.

Councillor Ames asked which officer will speak to the report if the Chief Executive is not present. The Chair confirmed that the Director of Corporate Services (S151) would speak to the report and answer questions as a representative of the Council's Strategic Leadership Team (SLT).

Councillor Ames stated that they believed the Chair was obstructing scrutiny by inviting the Chief Executive to the September Meeting instead of July.

The Chair noted the comments and informed the Committee that his role is to execute the Committee under the Terms of Reference, and with officers' support. The Chair stated that this discussion could continue under the relevant item on the agenda.

3 DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests were declared by Members with respect to any item to be considered at the meeting.

4 MINUTES OF THE PREVIOUS MEETING

A Member of the Committee asked if Minute 57 of the March 27, 2025 minutes was correct, or paragraph 2.2 in the Management Response to External Auditor's report. The Chair asked the Member if they had a query as to accuracy of the minutes. The Member confirmed they believed the minutes were accurate.

The Committee confirmed as a true record the Public Minutes of the Meeting of the Committee held on 27 March 2025 and authorised the Chair to sign them.

5 OMBUDSMAN ANNUAL REPORT 2024-25

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman (LGO) between April 2024- and March 2025 inclusive.

The following matters were considered:

- a) **Report Correction.** The Corporate Governance and Strategy Manager highlighted that in paragraph 3.4 of the report, it should state that 'Details of these complaints have *not* previously been reported to this committee, *as the complaints were not upheld.*' He continued to explain that details can be shared if Members wish to know more and invited interested Members to get in touch with the relevant Head of Service.
- b) **Population Figures.** A Member of the Committee raised that it would be helpful to add the borough and district population figures to the table on page 17, so people can see a measure of complaints per person across the county.
- c) **Improvements.** A Member of the Committee asked if there was an improvement which the Council have documented to get the results. The Corporate Governance and Strategy Manager explained that the Council has been reviewing their complaint procedures and processes and making updates through providing training and appointing staff who can lead on complaints.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2024-25.**

6 USE OF URGENT DECISIONS ANNUAL REPORT

In accordance with the Council's Scheme of Delegation to officers, the Committee received a report setting out urgent decisions taken by officers in consultation with committee Chairs for the period 3 June 2024 to 3 June 2025.

The following matters were considered:

- a) **UD 151.** A Member of the Committee expressed their opinion that urgent decision 151 was not actually an urgent decision, but a decision of convenience. The Member asked what was the serious prejudice that was result from not postponing the meeting of Full Council and what was the Mayor told about the knock-on effect of postponing the April Full Council meeting to May, in terms of other decisions then being taken as urgent decisions. The Chair confirmed that a written response could be provided following the meeting.

- b) **UD 143-145.** A Member of the Committee asked why there has not been further urgent decisions regarding parking concessions for Playhouse staff and volunteers. The Chair stated that he believed the issue had been resolved but encouraged the Member to look at the UD forms which have been published on MemberNews. The Chair confirmed that a written response could be provided following the meeting.

Following consideration, the Committee unanimously resolved to:

- (1) **Note the urgent decisions taken by officers, in consultation with relevant committee Chairs, recorded using urgent decision forms from 3 June 2024 to 3 June 2025**

7 PERFORMANCE AND RISK REPORT: 2024-25 END OF YEAR REPORT

The Committee received a report providing an update of the council's end of year corporate performance with respect to its 2024-2025 annual plan objectives, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

The following matters were considered:

- a) **PD31.** A Member of the Committee raised a query about risk PD31 about Trees. The Member asked if the Council is confident that the regular tree monitoring is sufficient, given the impact dry weather can have on trees and the concerns many residents have raised. The Member also asked if the regular monitoring is unaffected by the additional costs of things like Ash dieback, and what mitigations can be taken to reassure residents they are safe. The Corporate Governance and Strategy Manager confirmed a written response would be provided following the meeting.
- b) **ICT Strategy.** A Member of the Committee asked about AP24/5.3 and queried why it has been red for so long and what the status of the project was. The Member also asked if the Head of IT could attend the September Committee to speak to the item. The Corporate Governance and Strategy Manager informed Committee that a more detailed response could be provided from the relevant officer following the meeting. The Chair confirmed that an updated date and description could be provided from the relevant service area, and confirmed that a request would be made to the relevant Head of Services to attend the next meeting of the Committee.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and comment on the corporate performance report (Appendix 1), including those targets which have not been achieved.**

8 ANNUAL GOVERNANCE STATEMENT 2024-2025

The Annual Governance Statement (AGS) is an important document which provides assurance concerning the council's governance arrangements, both

financial and non-financial. It is prepared on an annual basis for inclusion in the Statement of Accounts. The Committee received a report seeking the Committee's approval of the draft AGS 2024-25.

The following matters were considered:

- a) **Page 101.** A Member of the Committee asked if the statement made by the Monitoring Officer, *'The Council shall be considering the commencement of a Community Governance Review (CGR) at its extraordinary full council meeting scheduled for 26 June 2025,'* could be updated to reflect the fact that the meeting and decision have taken place. The Corporate Governance and Strategy Manager explained that the report has a long lead in time, which explains why the statement references a meeting that has now taken place. The Corporate Governance and Strategy Manager confirmed that the requested change can be made.
- b) **Page 102.** A Member of the Committee highlighted the final section on page 102, regarding the Council's External Auditors' comments, and asked for clarification, as it was their understanding that the statement was untrue. The Chair stated that it was their understanding that the statement is true. The Member quoted the February 2025 External Auditors' Findings report, *'We have raised a significant weakness in respect of the Council's governance arrangements,'* and reiterated that they do not believe the statement in the Annual Governance Statement is correct. The Member also raised their concern that the External Auditors' findings have been dismissed and not taken seriously by the Council's Strategic Leadership Team. The Chair noted the comments. The Chair raised that if further amendments are to be made of the Annual Governance Statement, that they can be made and then circulated to Members or return to Committee. The Member stated that the AGS must say explicitly that the External Auditors identified a serious weakness in relation to the Council's governance.
- c) **CIPFA Principle G.** A Member of the Committee raised that they were unhappy with the green light being given for implementing good practices in transparency. The Member expressed that this is inappropriate and unacceptable given the External Auditors' finding of a significant weakness in the Council's governance arrangements. The Chair noted the comments and raised that the issues raised would be taken back to Officers and the AGS rereviewed.
- d) **Page 115.** A Member of the Committee asked why there are no actions listed on the AGS Action Plan which relate to transparency and taking action to improve it. The Member quoted the comments of the previous Director of Corporate Services (S151) at the February 2025 meeting, *'expressed that the Strategic Leadership Team acknowledge the recommendation of the external auditors to the Council and take it on board and fully understand the need for transparency and appreciate there is more work to be done to provide that as much as possible,'* and

the March 2025 meeting, *'informed the Committee that the Strategic Leadership Team do accept the recommendations of the External Auditors, and the comments from the Committee, and do intend to continue to deliver improvements in the areas identified.'* The Member queried why the AGS does not reflect the acknowledgement and comments of the previous S151 Officer in regarding to making improvements when it comes to transparency. The Member asked why there are no actions listed on page 115 as promised by the previous S151 Officer. The Chair noted the comments and reminded the Member that the green traffic light mentioned, covers several other items that this Council deals with, not just the transparency matter. The Chair confirmed that the queries could be taken back to the Strategic Leadership Team and response can be provided following the meeting. The Member put on the record that the absence of any reference to improving transparency, improving governance in the additions to the AGS Action Plan undercuts the statements that the Member has read out by the previous S151 Officer.

- e) **Strategic Priorities.** A Member of the Committee queried that in section D on page 106, it reads as though the Council's Strategic Priorities will enable and optimise the achievement of the intended outcomes, rather than that they are the Council's intended outcomes. The Chair noted the comments and confirmed they would be reviewed.
- The Chair proposed that the following wording, italicised and in bold, is added to recommendation one,

*'(1) Approve the 2024-25 draft Annual Governance Statement as set out at Appendix 1, **noting the questions and comments raised by Audit and Scrutiny Members**, prior to it being signed by the Chief Executive and the Chair of the Strategy and Resources Committee and received to note by Full Council.'*

Councillor Kelly seconded the proposal.

The Committee agreed (6 FOR and 1 ABSTAINING) the proposal to include the additional wording in recommendation one.

Following consideration, the Committee resolved (6 FOR, 1 ABSTAINING) to:

- (1) **Approve the 2024-25 draft Annual Governance Statement as set out at Appendix 1, noting the questions and comments raised by Audit and Scrutiny Members, prior to it being signed by the Chief Executive and the Chair of the Strategy and Resources Committee and received to note by Full Council.**
- (2) **Nominate and authorise the Chief Finance Officer, in consultation with the Chair and Vice-Chair of Audit & Scrutiny Committee, to make any required amendments to the Annual Governance Statement prior to its submission with the Statement of Accounts.**

9 WORK PROGRAMME - JULY 2025

The Committee received a report presenting its annual Work Programme.

The following matters were considered:

- a) **Work Programme Process.** A Member of the Committee asked for confirmation that there is a process for adding items to the Audit and Scrutiny work programme. The Chair confirmed that there is a process set out in the Constitution for getting items added to the Audit and Scrutiny agenda and work programme. The Chair encouraged Members to reach out to the Scrutiny Officer to raise potential agenda items for consideration. The Chair explained the next step would be to put the question to Committee as to whether they would like to add the item to the work programme and where it could fit. The Corporate Governance and Strategy Manager confirmed that this is the process and informed Members that if there are any significant implications to adding an item to the agenda, they will be presented to Committee to get their view before proceeding.
- b) **Additional Item.** The Corporate Governance and Strategy Manager proposed that an additional Internal Audit Progress Report was added to the work programme for the November 2025 Audit and Scrutiny Committee Meeting. He explained that this would be beneficial and would ensure there is not a large gap between September and March Internal Audit Progress reports. The February progress report has been removed because of its proximity to the March meeting and its progress report. The additional report would enable Quarter 2 progress to be presented to Committee at the November meeting. The Corporate Governance and Strategy Manager welcomed Members views.

Councillor Lawrence gave a verbal statement to the Committee.

- The Chair proposed that an additional Internal Audit Progress Report was added to the November 2025 Meeting on the work programme.

The Vice Chair seconded the proposal.

The Committee unanimously agreed the addition to the work programme.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and agree the ongoing Work Programme as presented in Section 2.**

10 MANAGEMENT RESPONSE TO EXTERNAL AUDITORS' REPORT

The Committee received a report on the management responses to the External Auditor's recommendations as requested at the last A&S committee.

The following matters were considered:

Councillor Lawrence gave a verbal statement to the Committee.

- a) **Chief Executive attendance.** A Member of the Committee raised that a report should not be deferred because of the Chief Executives non-attendance. The Member asked for an explanation as to why the Chief Executive is not in attendance and specifically why they were not invited to the July Committee meeting, since they were specifically requested to attend by the Committee at the March 2025 meeting. The Chair clarified that the Chief Executive did not decide to not attend, but rather it was mutually agreed to bring the report back to July committee and get questions from Members and then have the Chief Executive attend the September meeting.
- b) **Report concerns.** A Member of the Committee raised concerns that the report highlighted SLT's complacency with the External Auditors' recommendations and did not acknowledge that there is any need for change or improvement. The Member stated that there is no point bringing the report back to the September Committee, unless significant changes are made. The Member stated that there has been a change in attitude from SLT, from the March meeting to the July Meeting, which has gone from acknowledging there is room for improvement and changes will be made, to saying there is nothing to change. The Chair noted the comments. The Chair invited questions and views from all Members to be fed back to SLT. The Chair set out that the report can be accepted, and questions followed up on, or it can be deferred and discussed again in September.
- c) **Attendance.** A Member of the Committee raised concern that the Chair did not follow the correct process to invite the Chief Executive to the July A&S Committee, as set out in the motion passed by the Committee in March. The Chair responded to explain that it is their responsibility to balance the needs of officers' time and responsibility with the Committee's requirements. The Chair explained that the report could be discussed, and further questions and comments raised to the Chief Executive before and at the September Committee meeting. The Chair reminded members that the Director of Corporate Services (S151) is present and is a part of the Strategic Leadership Team and would therefore be able to answer questions related to the report. The Member expressed frustration that the process set out in the operating framework, regarding requiring a senior officer's attendance at committee, was not followed or adhered to. The Chair noted the comments.
- d) **Exempt Items.** A Member of the Committee suggested that an additional comment could be added to section 3.31 of the report to highlight that exempt agenda items are placed at the end of the agenda to ensure that the meeting can stay public for as long as possible and any conversations that do not need to be had in private are not done so. The Member stated that it is also important to have these restricted items at the end of the

meeting because it avoids any difficulties members of the public might have attempting to rejoin the online meeting and makes it clear the meeting will not come back online. The Chair confirmed that exempt items are placed at the end of the agenda because once the Committee elects to exclude the press and public, they cannot return back to the public part of the meeting. The Chair informed the Committee that the Strategic Leadership Team can be asked to add an additional sentence to the report to clarify this.

- e) **Acknowledgement.** A Member of the Committee asked for an acknowledgement that the External Auditors identified a significant weakness in the Council's arrangements for governance. The Chair confirmed that the question would be fed back to the Strategic Leadership Team. The Director of Corporate Services (S151) informed the Committee that the External Auditors have been asked to provide more information as to how they reached the conclusion they did, and to enable the Strategic Leadership Team to understand what areas were looked at and considered. The Member expressed frustration that there has not been an acknowledgement from a Member of SLT that the External Auditors identified a significant weakness in the Council's arrangements for governance. The Member asked for an example of the Strategic Leadership Team acknowledging something hasn't been done right and highlighting what will change. The Member also asked what specifically is going to change to address the significant weakness identified by the External Auditors. The Chair noted the comments and agreed the questions would be relayed to SLT for a response. The Director of Corporate Services (S151) noted that in 2023/24, when the referenced External Auditors' finding was made, the overall opinion was an unqualified audit opinion, which in order to come to that conclusion, the Council's arrangements would need to be good.
- The Chair proposed the report was deferred to the September 2025 Audit and Scrutiny Meeting, in order to update the report based on Members' comments, get responses to questions raised during the discussion, and to have the Chief Executive will be present.

Councillor Ames seconded the proposal.

The Committee unanimously agreed the proposal and the item was deferred.

- f) **Thanks.** The Vice Chair expressed thanks to Councillor Ames and Councillor Lawrence for their enthusiastic approach to the meeting.

Following consideration, the Committee unanimously agreed to **defer the item to the September 2025 Audit and Scrutiny Committee Meeting.**

11 EXTERNAL AUDIT UPDATE – 2024-25 AUDIT PLAN

The Committee received a report presenting the External Audit Plan for 2024/25. In accordance with audit regulations, it must be presented to Committee.

The following matters were considered:

- a) **Report updates.** The Chair highlighted that on page 127, paragraph 2.2 of the report currently states that the unaudited 2024/25 Statement of Accounts was published on the 11th of July (TBC), this can now be confirmed as having been published on the 14th of July. The Chair also explained that on page 164, Grant Thornton have provided an estimate of £9000 for the fee for providing additional work related to the implementation of IFRS 16.
- b) **Governance.** A Member of the Committee brought attention to the fact that the External Auditors' will be following up on their 2023/24 identification of a weakness with the Council's governance arrangements, set out on page 159. The Member expressed their dissatisfaction with the lack of acknowledgement either verbally or in writing from SLT on the External Auditors' finding of a significant weakness with the Council's governance arrangements. The Member asked for an acknowledgement that the terms of the audit plan are a recognition of the finding of a significant weakness and that the External Auditors are planning to assess the Council's arrangements to strengthen transparency. The Director of Corporate Services (S151) explained that the audit plan is not expressing an opinion of the 2024/25 accounts, it is setting out the areas the External Auditors' will be looking at. The Director of Corporate Services (S151) informed the Committee that a decision will be made by assessing the Council's systems, processes and various other lines of decision making. The Director of Corporate Services (S151) explained that Grant Thornton have an arrangement that they put in place to look at areas of potential weakness or risk and the Council will be able to respond to that, and at the end of December, the Council will provide evidence to show whether there are weaknesses. The External Auditor informed the Committee that the report sets out the plan and approach they will be taking to follow up on the previous year's recommendation, and part of that process set out includes a conversation where the Strategic Leadership Team review documentation. The External Auditor explained that once that work is done, they will be able to form a view in terms of whether they feel adequate progress has been made in response to that recommendation.
- c) **Housing situation.** A Member raised a concern with the Council's finances given the current housing situation, particularly with the cost of temporary housing. The Member raised it might be of benefit to include this area in the External Audit Plan, and whether the Council would receive guidance as to how it is managing the housing situation. The Director of Corporate Services (S151) explained that this topic has been taken to the Financial Strategy Advisory Group and the Strategy and

Resources Committee, to discuss housing related pressures. The Director of Corporate Services (S151) explained that the External Auditors might not be specifically looking at housing related issues as it is not set out in the audit plan, but they would comment on it as part of the financial review. The External Auditor explained that they would look at housing arrangements and comment.

- d) **Thanks.** A Member of the Committee expressed thanks to the External Auditors and assured Officers that they understood what page 159 is setting out. The Member noted their concern that Officers do not seem to be aware of the seriousness of the situation and expressed their disappointment that they still haven't heard an acknowledgement that there was a significant weakness identified in 2023/24 that affects the risk assessment for 2024/25. The Chair noted the comments.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive and note the External Audit Plan for 2024/25 as set out in Appendix 1 and acknowledge that the S151 Officer is satisfied with the details of the scope of the audit.**

12 ANNUAL INTERNAL AUDIT CONCLUSION 2024-25

The Committee received a report presenting the Annual Internal Audit Conclusion for 2024/25 (Appendix 1) in accordance with the requirements of the Public Sector Internal Audit Standards.

The following matters were considered:

- a) **Change of personnel.** The Chief Internal Auditor informed the Committee that there will be a new Chief Internal Auditor from the 2025/26 year onwards. The Chief Internal Auditor thanked staff and Members for their responsiveness and engagement.
- b) **Thanks.** The Chair expressed thanks to the Chief Internal Auditor for all her work and support she has provided Officers and Members.
- c) **Data Protection.** A Member of the Committee raised that on page 191, it states that the Council does not formally have a data protection officer and raised a concern regarding the news on cyber-attacks and various large companies experience data protection issues. The Member asked if there has been an update since the report was prepared on this area. The Corporate Governance and Strategy Manager informed the Committee that the Council does have a partnership with a data protection organisation, that provides the Council with expert support and a registered data protection officer. The Chief Internal Auditor appreciated that there has been an update in this area and explained that the report was finalised very early on in the year, so things will have moved on and actions taken, but the Internal Audit must report on the findings at the time.

Following consideration, the Committee unanimously resolved to:

(1) To consider and note the Annual Internal Audit Conclusion 2024-2025.

13 INTERNAL AUDIT: PROGRESS REPORT

The Committee received a report providing an overview of internal audit activity against the assurance work completed in accordance with the approved audit plan (2024-25) and providing an overview of the status of management actions.

The following matters were considered:

- d) **Playgrounds.** A Member of the Committee asked what the subject of the report was regarding playgrounds. The Internal Audit Manager informed the Committee that the playground review was looking at the inspection regime of the playground equipment, how repairs are identified and managed, the health and safety of the users of playgrounds, and the maintenance of the assets and their life cycle. The Internal Audit Manager explained that the review is still under discussion with management, who have not yet signed off the accuracy of the report, so the assurance opinion is still subject to change depending on whether any inaccuracies are highlighted within the draft report.
- e) **Thanks.** A Member of the Committee thanked officers for their timely responses to questions that were raised prior to the meeting regarding the exempt appendix 2 document.

Following consideration, the Committee unanimously resolved to:

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

The meeting began at 7.30 pm and ended at 9.45 pm

COUNCILLOR STEVEN MCCORMICK (CHAIR)