East Surrey Shadow Authority Audit & Governance Committee
on 6 July 2026
in the Council Chamber, Epsom Town Hall

Members: (+present; -absent, apologies received)
-Tim Snuggs (Chair),
+Stephen McKenna (Vice Chair),
+Nick Abear,
+Alex Coomes,
+Eva Ferlez,
+Fran Fish,
-Lynne Fletcher,
+Wendy Gibbs,
+Nick Greenfield
+Joshua Lambert,
+Barry Maguire,
-Alan Parker,
+Jeremy Pursehouse,
+Andrew Stevens
+Jolanta Waugh,

Substitutes present:
+ Steve Bax as nominated substitute for Lynne Fletcher
+ David Lewis as nominated substitute for Alan Parker

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Tim Snuggs, Lynne Fletcher (with Councillor Steve Bax as nominated substitute), and Alan Parker (with Councillor David Lewis as nominated substitute).

2 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors in items on this agenda.

3 MINUTES OF THE PREVIOUS MEETING

The Minutes of the inaugural meeting of the Committee on 20 May 2026 were agreed as a true record and the Chair was authorised to sign them, subject to the following amendments:

- That Councillor Fran Fish be recorded as being present.
- That a correction to Councillor Joshua Lambert’s name be included.

4 AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

The Committee received and unanimously agreed to note its Terms of Reference as agreed by the Shadow Authority at its meeting of 20 May 2026 and as detailed in section 3-B5 of the Constitution.

5 APPROACH TO THE APPOINTMENT OF AN EXTERNAL AUDITOR FOR EAST SURREY COUNCIL

The Committee received a report setting out proposals for appointing the Council's external auditor for the accounts audit for the three-year period 2027/28 to 2029/30.

The report set out the options available for appointing an external auditor, including joining a national framework for the appointment of an independent auditor, establishing an independent auditor panel to make a stand-alone appointment for East Surrey or joining with another Local Authority to establish a joint independent audit panel to make the appointment.

The Committee heard that Surrey County Council and all eleven District and Borough Councils in Surrey currently opted into the 'appointing person' national auditor appointment arrangements, established by Public Sector Audit Appointments (PSAA) with current external audit contracts extending until the end of the 2029/30 accounts audit. The existing arrangements therefore covered the audit of the existing councils' accounts for 2026/27, the final year they would produce accounts.

To comply with the Council's duty under the Local Government Audit and Accountability Act 2014, it was necessary to appoint an auditor to audit the Council's accounts ahead of Vesting Day. The report recommended that East Surrey Council opt in to the national auditor appointment arrangements through PSAA (soon to become the Local Audit Office) for the period 2027/28 to 2029/30. The report identified that this would ensure consistency and ease of administration and would benefit from the economies of scale and oversight provided by PSAA.

The following matters were considered:

a) **Appointment duration.** In response to a question from a member, the Interim Chief Finance Officer informed the Committee that if the Council agreed to opt in to the PSAA approach, the auditors would be appointed for a 3 year period, up until the finalisation of accounts for 2029-30. If this was the case, the Council would next be asked to consider the process for appointing the external auditor before December 2029, to commence from 1 April 2030.

b) **Cost.** The report set out that PSAA set the core audit scale fee nationally, following consultation with opted in authorities, key stakeholders and other relevant bodies. Scale fees are published on the PSAA website. Fee variations may apply depending on changes in accounting and audit standards and the auditor's assessment of the level of audit work required at each Council, following audit planning and risk assessment and taking into account local circumstances. In response to a question from a member, the Interim Chief Finance Officer informed the Committee that the cost of external audit services for the new unitary councils was not yet known, but that using other recently formed unitary authorities, in areas such as Northamptonshire and Cumbria, as a comparison, it is expected that the combined fees for the East and West Surrey authorities (and a Combined Fire & Rescue Authority) would be less than paid currently across the 12 existing authorities.

c) **Capacity of external auditor.** In response to a question from a member, the Interim Chief Finance Officer informed the Committee that joining the PSAA Scheme would provide some mitigation against the risk of the external auditor having insufficient capacity to complete its audit functions.

d) **Modified/Disclaimed audit opinions of existing council's statement of accounts.** In response to a question from a member, the Interim Chief Finance Officer informed the Committee that the County Council and three District and Borough councils in East Surrey have published unqualified audited accounts for 2024/25 by the backstop deadline of 27 February 2026 and two District and Borough councils in East Surrey had modified/disclaimed audit opinions. If modified opinions were also received for the 2025/26 and / or 2026/27 statement of accounts then they would be inherited by East Surrey Council as part of opening balances as at 1 April 2027. The Committee was informed that the Finance Workstream of the Devolution and Local Government Reorganisation Implementation Team was working with the two authorities to develop an improvement plan to address the issues causing the modified opinions. There was not a formal risk register set-up for this matter yet, but it would likely form part of future risk registers.

e) **Benefits of PSAA option.** Members of the Committee expressed support for opting in to the PSAA option, noting that there were unlikely to be any financial or other benefits of selecting the alternative approach.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the full Council.

Following consideration, the Committee unanimously agreed to recommend to East Surrey Shadow Council:

1. To opt in to Public Sector Audit Appointments (PSAA) sector-led option for the appointment of external auditors to principal local government and police bodies from 2027/28.

2. To authorise the Interim Chief Finance Officer, as the authorised officer, to sign and return the opt in notice to PSAA and s151 Officer for successor frameworks under the Local Audit Office.

6 FORWARD WORK PROGRAMME 2026-27

The Committee received and unanimously agreed to note it's forward work programme for 2026-27. In noting the work programme, the Committee also noted a correction to the wording of the Remit/Scope for the first 2 items listed upon it, which were as follows:

Replace the words "West Surrey" with the words "East Surrey".

The meeting concluded at 2.37 pm

Officers in Attendance:
Nikki O'Connor, Interim Chief Finance Officer (s151 Officer)
Tim Richardson, Democratic Services Manager
Dan Clackson, Democratic Services Officer