

**East Surrey Shadow Authority Audit & Governance Committee
on 2 September 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:

+ David Lewis (was in attendance remotely and consequently did not take part in the voting on any matter) as nominated substitute for Lynne Fletcher,
+ Mark Johnston as nominated substitute for Wendy Gibbs

7 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Lynne Fletcher (with Councillor David Lewis as nominated substitute) and Wendy Gibbs (with Councillor Mark Johnstone as nominated substitute).

8 DECLARATIONS OF INTEREST

No declarations of interest were made by Members in respect of any items of business considered at the meeting.

9 MINUTES OF THE PREVIOUS MEETING

The Committee confirmed as a true record the minutes of the meeting of the Committee held on 06 July 2026 and authorised the Chair to sign them.

10 FINANCIAL PROCEDURE RULES AND CONTRACT STANDING ORDERS

The Committee received a report presenting early sight of both the Finance and the Procurement and Contract sections of the new Constitution for East Surrey and inviting comments on the draft and principles ahead of finalising and bringing back to the Committee for final consideration.

The Interim Chief Finance Officer introduced the draft Finance Procedure Rules, seen at Annex 1 to the report, as the framework through which East Surrey Council would manage public money, establish financial responsibilities and accountability, maintain compliance with legislation, protect against fraud and error, and ensure best value for money. She explained that the draft procedure rules had been prepared following a review of the financial procedures used across the current 12 Surrey authorities, with further work underway to compare the draft to the rules used by existing Unitary Authorities. She explained that financial thresholds and references to the future East Surrey committee and staff structure would be updated as the information became available.

The Interim Chief Finance Officer explained that Annex 2 provided a draft structure for the East Surrey Procurement and Contract Procedure Rules. The full document would set the full contract and procurement lifecycle, from identification of a requirement and initial business case through to procurement and contract award, contract management, performance monitoring, expiry and renewal. She stated that Annex 3 set out proposed thresholds, routes to market and delegations of authority for contract award, informed by an ongoing benchmarking exercise against comparable unitary councils.

Members were reminded that they were not being asked to approve the documents at this stage – final versions would be brought back to the Committee in November before being recommended through the Constitution Committee to the Shadow Authority.

The following matters were considered:

- a) **Annex 1: Draft Financial Procedure Rules.** The Committee generally welcomed the draft and acknowledged the work undertaken to bring together procedures from multiple authorities. However, Members identified a number of areas where they believed further detail would strengthen the document.
 - a. **Reporting of Financial Non-Compliance.** Members queried whether instances of financial non-compliance would automatically be reported to the Audit and Governance Committee. Concerns were expressed that reliance on officer judgement regarding where reports were directed could potentially limit Audit & Governance Committee oversight. Officers agreed to include provision for all breaches to be reported to the Audit & Governance Committee, whilst also clarifying reporting arrangements to other relevant committees where required.
 - b. **Definition of “Substantial” Non-Compliance.** Members noted that the draft referred to substantial non-compliance but did not define what constituted a substantial breach. It was suggested that clear criteria and thresholds would be required to ensure consistency and transparency. Officers agreed that such definitions

would be incorporated into the draft procedure rules alongside the future work on financial decision thresholds.

- c. **Inter-Authority and Hosted Services Arrangements.** Members highlighted that, post vesting day, a number of services were expected initially to be hosted by East or West Surrey Councils, covered by an inter-authority agreement. Concern was raised that the draft procedure rules did not currently reference the governance, financial accountability or management arrangements of hosted services. Officers agreed that provisions for the financial responsibilities associated with hosted services would be incorporated into the draft procedure rules.
- b) **Annex 2: Procurement and Contract Procedure Rules Structure.** Discussion focused on ensuring that the future procurement framework would provide robust oversight of contract performance and adequately address the complexities arising from local government reorganisation.
 - a. **Contract Management and Performance Monitoring.** Members emphasised the importance of actively managing contracts after award. Particular concern was expressed about ensuring there were effective mechanisms to monitor contractor performance, intervene where services were underperforming, and terminate contracts where necessary or apply penalties.
 - b. **Tripartite Contract Arrangements.** Members discussed existing contracts that, following vesting day, would be duplicated across East Surrey and West Surrey through tripartite arrangements. Concern was raised that these arrangements would create unique procurement and contract management challenges not usually encountered by local authorities. Members suggested that the procedure rules should acknowledge and provide guidance on such arrangements.
 - c. **Placement of Exemptions within the Framework.** Members questioned whether exemptions should appear earlier within the procurement process, suggesting that potential exemptions are often considered before procurement activity begins. Officers explained that the current structure followed the lifecycle of a contract but agreed to review the sequencing.
 - d. **Grants Versus Contracts.** Members raised concerns that some arrangements involving charities or external organisations may be genuine grant funding rather than contractual arrangements. They stressed the importance of distinguishing between grants and contracts so that inappropriate procurement requirements were not applied. Officers agreed that this distinction was important and suggested it may be more appropriately addressed within the Financial Procedure Rules.

- e. **Social Value Requirements.** Members stressed the importance of embedding social value considerations into procurement decision-making and sought assurance that this would be developed fully in future drafts. Officers highlighted that social value was addressed at section 7 of Annex 2, and that it would form a significant element of the final Procurement and Contract Procedure Rules.
- c) **Annex 3: Procurement Thresholds and Delegations.** The Committee discussed the governance implications of procurement thresholds and the need to balance effective controls with efficient decision-making.
 - a. **Balance between Control and Bureaucracy.** Members recognised that setting thresholds too low could create excessive administrative burden, while thresholds that were too high might reduce oversight. Officers explained that benchmarking was underway and that the final proposals would seek an appropriate balance between operational efficiency and financial control. Officers confirmed that the rationale for proposed thresholds would be presented alongside the final recommendations.
 - b. **Differing Procurement Approaches.** Discussion took place regarding the varying approaches to procurement adopted by different authorities. Members noted that Surrey County Council uses procurement specialists for relatively low-value thresholds, whereas other authorities use procurement specialists only for larger procurements. It was requested that the advantages, disadvantages and resource implications of both approaches be clearly set out before decisions were made.
 - c. **Legal Oversight of Contracts.** Members with legal experience highlighted the importance of establishing clear rules governing when legal services must be involved in contract preparation, review and approval. Concerns were expressed that lower-value contracts could potentially proceed without legal scrutiny unless this was clearly addressed. Officers confirmed that different levels of legal involvement would apply depending on value and complexity and that these arrangements would be incorporated within the final rules.

Following consideration, the Committee unanimously resolved to:

- (1) Agree the proposed approach and details provided in respect of the Finance Procedure Rules;
- (2) Comment on the draft Finance Procedure Rules in Annex 1: Draft Finance Procedure Rules for East Surrey Council;
- (3) Agree the proposed approach and details provided in respect of the Procurement and Contract Procedure Rules;

- (4) Comment on the proposed heads of terms set out in Annex 2: Proposed Procurement and Contract Procedure Rules Structure and Content Framework;
- (5) Comment on the required key governance thresholds and related detail set out in ANNEX 3: Proposed Thresholds, routes to market, delegation of authority for contract award etc; and
- (6) Note that a further report will be brought to the November meeting of the Committee with final versions of all documents for recommendation to the Shadow Authority via the Constitution Committee.

11 WHISTLEBLOWING POLICY

The Committee received a report to consider and adopt a 'Speak Up Policy' (including whistleblowing arrangements) for the shadow period and for East Surrey Council beyond Vesting Day on 1 April 2027.

The policy was intended to provide a safe and accessible route for staff, contractors and others to report concerns about wrongdoing or risks within the organisation. Officers emphasised that the document had been framed as a broader "Speak Up" policy rather than solely a whistleblowing policy in order to support a positive organisational culture where concerns could be raised early and channelled through the most appropriate process.

Members supported the principles behind the policy but expressed a view that the draft required substantial further development before adoption. Officers advised that if Members were not comfortable approving the policy in its current form, it could be revised and brought back to the Committee's November meeting.

The following matters were considered:

- a) **Confidentiality Protections.** Members considered that confidentiality should be assumed wherever possible, rather than relying on individuals specifically requesting it. Concerns were raised that some people might be deterred from raising concerns if they were uncertain how their identity would be protected. It was suggested that clearer processes be developed to demonstrate how confidentiality would be maintained.
- b) **Fair Treatment and Protection of Individuals.** Members considered that the draft contained strong statements of intent but lacked sufficient detail on how fairness, independence and objectivity would be delivered in practice. It was requested that clearer safeguards be put in place to reassure individuals that their concerns would be handled impartially.
- c) **Assessment and Triage of Concerns.** It was suggested that concerns should be subject to a structured initial assessment process, including the identification of immediate risks, escalation requirements and investigation

timelines. Members considered this particularly important for ensuring consistency and preventing delays in addressing serious matters.

- d) **Raising Concerns and Accessibility.** Members considered that the process for raising concerns needed to be simple, clear and accessible. Suggestions included the creation of a dedicated reporting contact point, a confidential helpline, Speak Up champions roles within the organisation, and access to independent support for individuals who wished to raise concerns but required assistance in doing so.
- e) **Clarity of Reporting Routes.** It was felt that the multiple reporting routes described in the draft could be confusing for users. They suggested simplifying the process and potentially introducing a decision matrix to help staff identify the most appropriate route for the concern.
- f) **Communication with Those Raising Concerns.** Members considered the importance of keeping individuals informed throughout investigations. They argued that complainants should receive updates on progress, outcomes and any findings, even where confidentiality considerations limited the information that could be shared.
- g) **Duty to Speak Up.** Some Members suggested that the Council should consider not only providing opportunities to raise concerns but also creating an expectation that employees have a responsibility to report issues where appropriate.
- h) **Reporting Frequency to the Committee.** It was questioned whether annual reporting on the policy would be sufficient. It was suggested that more frequent reporting initially may be appropriate.
- i) **Malicious Complaints.** Members sought greater clarity regarding the circumstances in which a complaint might be regarded as malicious and how such conclusions would be reached. Officers acknowledged the complexity of the issue and noted that malicious intent often only becomes clear through investigation.
- j) **Appeals and Review Mechanisms.** It was suggested that individuals dissatisfied with the handling or outcome of their concerns should have access to a review or appeal process and that these arrangements should be more clearly defined.
- k) **Anonymous Concerns.** Members discussed the treatment of anonymous concerns. Whilst recognising the difficulty of assessing anonymous allegations, there was general support for retaining the ability to investigate them where appropriate rather than dismissing them automatically.
- l) **Relationship to other Policies.** Questions were raised regarding how the policy would interact with various employment and governance policies.

Members requested greater clarity regarding the distinction between the policy itself and the supporting procedures that would sit underneath it.

- m) **Application to Schools and Education Settings.** Members sought clarification regarding the extent to which schools could or should be expected to adopt the policy. Officers agreed to look into the matter further.
- n) **Public Access to the Process.** Members emphasised that the policy should be easily understandable and accessible not only to staff but also to members of the public, contractors and any others who may wish to raise concerns about council activities.

Throughout the debate, Members repeatedly indicated that they supported the objectives of the policy in principle but wished to see a revised draft incorporating the detailed suggestions made during the meeting before formal adoption. Following consideration, the Committee agreed that the policy should not be adopted at this stage. Officers were requested to:

- a) Revise the policy, taking account of Members' comments.
- b) Share a revised draft with Committee members ahead of the next meeting for informal feedback.
- c) Present the revised policy to the November 2026 Committee meeting for further consideration.

12 APPOINTMENT OF CO-OPTED MEMBERS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Committee received a report requesting that the East Surrey Shadow Audit and Governance Committee consider and endorse the proposed process for the appointment of two Independent Co-Opted Members for the remainder of the Shadow Period and thereafter for a four-year term until 31 March 2031.

The report explained that CIPFA guidance recommends at least one independent member on local authority audit committees and that the Government intends to make such appointments a statutory requirement. Independent members would provide additional expertise, continuity beyond the electoral cycle, enhanced scrutiny and independent perspectives on governance, audit and financial matters. The Shadow Constitution already provided for such appointments.

The following matters were considered:

- a) **Value of Independent Oversight.** Members acknowledged the benefits that independent members could bring to the Committee, in the form of external expertise, alternate perspectives and additional scrutiny that would complement the experience of councillors on the Committee.

- b) **Appointments Extending Beyond Vesting Day.** In response to a query from the Committee, Officers confirmed that Independent Member appointments made prior to vesting day were intended to be sustained beyond vesting day, through to the proposed date of March 2031.
- c) **Independence and Impartiality of Recruitment.** Officers provided Members with assurance that the recruitment process would be objective and transparent, particularly given that successful candidates would ultimately scrutinise the Council's governance arrangements.
- d) **Recruitment and Advertising.** Officers outlined plans to maximise the pool of candidates by advertising the role via public advert, the Council's website and social media, as well as through more specialist recruitment channels.
- e) **Practical Benefits of Appointing Two Members.** Members considered that two independent members would provide a greater breadth of experience and expertise than a single appointment. Having two members would also reduce the risk of meetings proceeding without any independent representation if one of the members was unavailable.
- f) **Independent Member Presence at Meetings.** In response to a query from the Committee, Officers confirmed that, should independent member(s) be appointed to the Committee, it would not be a requirement for any of those independent members to be present at meetings of the Committee in order for business to be transacted.

Councillor Fran Fish nominated Councillor Eva Ferlez for appointment to the recruitment panel – this was seconded by Councillor Barry Maguire. Councillor Mark Johnston nominated the Chair of the Audit and Governance Committee for appointment to the Panel – this was seconded by Councillor Alan Parker. Subsequently, the Committee unanimously agreed to appoint Councillor Eva Ferlez and the Chair of the Audit and Governance Committee (Councillor Tim Snuggs) to the Panel.

Following consideration, the Committee resolved (13 for, 1 against) to:

- (1) Approve the recruitment and selection process to appoint two co-opted independent members to the Audit and Governance Committee for the remainder of the Shadow Period and thereafter for a further four-year term until 31 March 2031.

13 FORWARD WORK PROGRAMME 2026-27

The Committee received its forward work programme for 2026-27.

Members noted that the programme should be updated to include:

- a) The final Financial Procedure Rules and Procurement and Contract Procedure Rules scheduled for consideration in November 2026.

- b) The revised Speak Up Policy returning to the Committee in November 2026.

The Committee noted the Forward Work Programme, subject to the inclusion of the additional items identified during the meeting.

The meeting concluded at 4.09 pm

Officers in Attendance:

Nikki O'Connor, Interim Chief Finance Officer (s151 Officer)

Daniel Bainbridge, Interim Monitoring Officer

Dan Clackson, Democratic Services Officer

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