

Minutes of a meeting of the **Audit Committee** held at the **New Council Chamber - Town Hall, Reigate** on **Wednesday, 7 September 2022** at **7.30 pm**.

Present: Councillors J. King (Chair) J. Baker (Vice-Chair), J. Booton, G. Buttironi, V. Chester, Z. Cooper, A. King, C. Thompson and R. Coyle (Co-Opted Member)

Visiting Member present: Councillor Lewanski

14 Minutes

The minutes from the meeting held on 14 June 2022 were **APPROVED**.

15 Apologies for Absence

Apologies for absence had been received from Councillors Adamson and Schofield.

16 Declaration of Interest

There were none.

17 Treasury Management Strategy Outturn 2021/22

The Chief Finance Officer explained that this report provided an update on the performance of the Council's treasury management activities for the last financial year. The report formed part of formal reporting requirements under the CIPFA Code of Practice on Treasury Management.

This report would be considered by the Executive on 15 September 2022 before submission to Council for approval on the 22 September 2022.

Overall, the report showed that the Council's treasury management activity for last year was on track and complied with the limits that members previously approved.

Following a member question, it was explained that the difference in the figures shown within tables 2 and 3 (page 23 of the report) were due to budget adjustments in the year and reconciliation of the figures would be provided via written response. The presentation of these the figures would be reviewed when preparing future reports.

A member of the Committee stated that the format of the report did not always allow the Committee to understand the basis for the figures. The chief Finance Officer explained that the Council followed templates provided by its Treasury Advisor. She also advised that there were currently two leading Treasury Advisors in the market and the Council was due to go through a tendering process in the autumn to re-let its contract; as part of that tender evaluation the quality of template formats for reporting could be considered.



Following a member question, it was explained that Greensand Holdings was a wholly owned company, with a Board of Directors and a business plan. This was a property holding company whose assets were Crown House (an office building) and a plot of land adjacent to Gatwick Airport. The sum shown in the Treasury Management report represented the value of the loan funding that the Council provided to the company to purchase those assets and the accrued interest. Members were apprised that the loan from the Council to Greensand Holdings could only be provided on commercial terms. A written response would be given to members outlining the terms of the loan.

RESOLVED that:

- I. The Committee notes the Treasury Management Performance for 2021/22;
- II. Feedback from the Committee be provided for consideration by the Executive; and
- III. Written responses would be sent to Members.

18 Internal audit - Quarter 1 2022/23 progress report

Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (SIAP), gave the Committee an overview of the quarter 1 progress report on the delivery of the internal audit plan, highlighting any key observations and giving an update on live audit reports.

It was noted that 5% of the audits had been completed to date and 37% were in progress, with 2 audit reports at draft report stage. Internal audits were on track with the audit plan for 2022/23. Page 48 of the report detailed the analysis of live audit reviews and those with pending or overdue management actions. Annexes 1 and 2 provided the detail of the management actions along with any revised target dates set by officers. SIAP followed all management actions through to completion.

The audit of contract management received a limited assurance audit opinion, and this was detailed on pages 49 and 50 of the report. A response from officers was also outlined in the report.

In quarter 1, 2 additional reviews were added to the 2022/23 audit plan and these were:

- Test and Trace Contain Outbreak Management Fund (COMF)
- Test and Trace Support Payment Scheme Funding (TTSP)

It was explained that these audits looked at the Government grants that the Council was responsible for administering during the pandemic to residents and businesses. These grants required an internal audit review and sign off by the Council's Chief Internal Auditor. In order to accommodate these reviews within the 2022/23 plan, the audit on the Corporate Plan was being deferred until next year.

In response to a member questions it was stated that:

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- The remaining outstanding report from 2021/22 (parking and enforcement review) was looking to be finalised shortly, it was currently at draft report stage. A management response would be sought from the service head.
- SIAP had 200 days programmed for audits in 2022/23 and the two new audits that had been programmed in would take approximately 8-10 days to complete and this equated to approximately 5% of the auditor's time. It was felt this was proportionate to the large sums of money that had been administered on the Government's behalf. It was noted that the TTSP review was close to completion.
- Two reviews were currently at draft report stage. In respect of the business continuity review, a response had been received from the service lead. The decision-making review remained at draft report stage currently. It was not appropriate to disclose the assurance opinions on these reports until the reports were finalised.

In respect of the contract management audit, a question relating to the value of the contract where the contract manager did not hold a copy of the contract was asked and the reasons for the oversights described in the report were requested. The Strategic Head of Legal and Governance would provide a written response to these points. However, the Committee was assured that the contract manager highlighted within the appendix (page 49), did now have the information they required to oversee the contract effectively and monthly meetings were now being recorded; this contract would continue to be monitored. Members encouraged the Council to consider purchasing a contract module system to assist with contract management.

It was acknowledged that improvements were required in respect of corporate oversight of contracts and this included more dip sampling of contracts across the board. In respect of the procurement audit, it was acknowledged that the Council was facing challenges within procurement due to staffing requirements. Discussions were taking place with CIPFA regarding strategy and other local authorities to assist in plugging this gap.

More detail was sought regarding the overdue low and medium management actions shown in annex 2 to the report. It was requested that the Committee received this as a regular update and a written response was requested on the overdue management action for IT Virtualisation.

RESOLVED that:

- I. The Committee notes the Q1 2022/23 internal audit progress report available at annex 1; and,
- II. The Committee makes any comments and/or observations on the report to the Council's Chief Finance Officer.
- III. Written responses would be sent to Members.

19 Risk management - Quarter 1 2022/23

The Head of Head of Corporate Policy, Projects & Performance stated that this report provided an update on risk management in Q1 2022/23. No new strategic risks were proposed, and no strategic risks had been identified for closure.

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Following on from the Committee's meeting held in June 2022, it was confirmed that the Executive agreed to maintain two separate strategic risks on challenging economic conditions, with one focussing on residents and the other on businesses and that these should be considered as part of the 2022/23 update on risk management.

As well as showing the strategic risks, the report highlighted one red operational risk, and this was set out in the part 2 exempt annex.

RESOLVED that Committee notes the Q1 2022/23 update on risk management provided by the report and make any observations to the Executive.

20 Audit Work Programme Schedule 2022/23

The Clerk explained that the work programme set out the intended work to be carried out by the Committee over the coming municipal year. This was a live document and was subject to change according to requirements and availability of information.

The action tracker gave members information relating to the status of actions that had been requested by the Committee.

RESOLVED that the report be noted.

21 Any Other Urgent Business

Members were requested to contact the Clerk if they wished to attend the forthcoming CIPFA training later in the month.

22 Exempt Business

RESOLVED that members of the press and public be excluded from the meeting for part of agenda items 5 (Internal Audit – Quarter 1 2022/23 progress report) and 6 (Risk Management Quarter 1 - 2022/23) under Section 100A(4) of the Local Government Act 1972 on the grounds that:

It involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Act;

i. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The meeting finished at 8.30 pm