

15 ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND ANNUAL GOVERNANCE STATEMENT FOR 2019/20

15.1 The Committee considered a report by the Assistant Chief Executive. He set out the Internal Audit opinion of substantial assurance following their review of the process to develop the Annual Governance Statement.

15.2 The Assistant Chief Executive highlighted Annex B as being new this year in response to best practice recommended by the Committee on Standards in Public Life regarding bodies owned or established by the Authority. As had been agreed by the Governance Committee, the Annex covered those bodies which are a separate legal entity on which the County Council is a member or has appointed a Member or officer as a director. The Assistant Chief Executive sought the views of the Committee which would be reported to the Governance Committee.

15.3 The Committee RESOLVED to (1) note the report;

(2) recommend to the Governance Committee that the following should be added to the Business Services (BSD) actions at Annex A to the Annual Governance Statement: Report on progress towards full implementation of the Requirements and Recommendations of the Local Government Transparency Code 2015, including information in Part 3 of the Code; and

(3) request that the format of Appendix 1 be reviewed. .

16 INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 2020/21

16.1 The Committee considered a report by the Chief Internal Auditor, which presented outcomes of five reasonable assurance and two partial assurance. The Audit Manager also set the work the Team had done in advising departments on changed ways of working caused by the pandemic, and the redeployment of Internal Audit staff.

16.2 The Committee discussed:

- Cultural Compliance – Contracts Management Group and the comment about recovery of VAT
- Digital Postal Hub – Control Environment Review and the Data Security breach
- Library asset management and the effect of other services, for instance Parking Teams, relocating into libraries
- Purchase to pay, and the monitoring of departmental figures for high volume low value transactions
- MBOS Requirement Catalogue and assurance of avoiding unnecessary costs

16.3 Officers responded:

- The Cultural Compliance audit was an assessment of the Group's compliance with the Council's policies on performance, supervision, training, administration of sickness and travel claims. In respect of the VAT issue, it related to Purchase Card transactions and only £240 was not reclaimed.
- The Post Hub Data Security breach happened when the system went off-line and two items were printed back-to-back and placed in a single envelope. The recipient notified the Information Commissioner's Office. The Audit Team then assessed the overall control environment of the Hub.
- The effect of other Teams relocating into Libraries was not part of the original scope of the audit, but will be taken forward in the follow up.
- Processing of invoices without purchase orders (retrospective orders) is monitored through SAP. Multiple low value transactions are addressed by the Orbis Sourcing Solutions team, who look to aggregate orders through the procurement process. The audit found no evidence of systematic avoidance of the procurement rules.

- The MBOS Requirement Catalogue is a live document that is kept under review by the Project Board and Programme Manager. All requirements are reviewed by subject matter experts (SMEs) and challenged to ensure a future-proofed system, and not a replication of current features.

16.4 The Committee RESOLVED to note the report.

17 INTERNAL AUDIT STAFFING AND RESOURCES

17.1 The Committee considered a report by the Chief Internal Auditor, which he plans to replicate with the other Orbis partners' Audit Committees. He set out the current structure of three sovereign Internal Audit teams with two specialist teams working across the three authorities. These are the IT Audit and the Counter Fraud Teams led by Mark Weston and Simon White respectively. The new structure allows the Team to be marketed to other local authorities in these highly specialised areas.

17.2 The Chief Internal Auditor set out the challenges of recruitment, and that once the right calibre of person had been identified and appointed, then technical skills can be focussed on.

17.3 The Committee asked about the need to buy in specialist help. The Chief Internal Auditor set out that the main area remained IT Audits, and that external assistance would be brought in on a case by case basis. Technical training is underway, and the spend on external help should diminish over time.

17.4 The Committee RESOLVED to (1)note the report and (2) commend the training programme for staff.

18 STRATEGIC RISK MONITORING 2020/21 - Q1 (01.04.20 - 30.06.20)

18.1 The Committee considered a report by the Chief Operating Officer, which presented the Strategic Risk Register ahead of it being considered by Cabinet. He highlighted the inclusion of a new "No Trade Deal Brexit" Risk, which had been suggested by the Committee at the previous meeting.

18.2 On Risk 16 – Covid-19, the Committee asked whether the local outbreak plans took into account business continuity of the Authority, and whether a sudden outbreak might affect the work of a department. The Chief Operating Officer confirmed that the Director of Public Health is the local lead officer and informs a weekly strategic officer group meeting. Business Services have done scenario planning, and has prepared for a potential reduction in resource in terms of prioritisation of services.

18.3 The Committee RESOLVED to note the report.

19 WORK PROGRAMME

19.1 The Committee considered the Work Programme. The Chief Operating Officer set out that in regard to the potential impact of a unitary authority for Surrey on the Orbis partnership, the Devolution White Paper may not be published until next year. A report will be presented at the appropriate time.

19.2 The Chief Finance Officer recommended an additional report for the November meeting, on the "Independent Review into the Oversight of Local Audit and the transparency of Local Authority financial reporting" by Sir Tony Redmond. The Committee agreed.

19.3 The Committee RESOLVED to note the revised Programme.

The meeting ended at 11.07 am.

Councillor Colin Swansborough (Chair)