

Corporate Governance and Standards Committee Report

Report of Audit and Business Improvement Manager

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## Summary of Internal Audit Reports - 1 May 2020 – 31 October 2020

### Recommendation

The Committee is requested to note the summary of audit reports for the period 1 May 2020 to 31 October 2020 and note the recommendations arising from the governance reports.

#### Reason for Recommendation:

To ensure an adequate level of audit coverage.

**Is the report (or part of it) exempt from publication? No**

### 1. Purpose of Report

1.1. To present a summary of audit work for the period 1 May 2020 to 31 October 2020.

### 2. Strategic Priorities

2.1. The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

### 3. Summary of Audit Reports – 1 May 2020 to 31 October 2020

3.1. The Audit Plan for 2020-21 is now being delivered by Neil Hewitson from KPMG who is the Council's internal audit manager for the next 3 years. A copy of their audit report for the period May to October 2020 is attached as **Appendix 1**. The number of planned reports that were carried out in the first six months was significantly affected by the Covid 19 restrictions brought in by the Government, but we are now beginning to get back on track.

3.2. There were, however, two governance reviews which were due in March 2020 which were delayed until after lockdown in August and they are attached as appendices 2 and 3.

#### **4. Burchatts Farm Barn Governance Review**

- 4.1 A review of the process to let Burchatts Farm Barn was commissioned at the end of 2019-20. The work was carried out by KPMG who are the Council's contracted internal auditors. The leasing of Burchatts Farm Barn has been a contentious issue and the scope of the review was to look at whether we had followed due process and what lessons can be learned for the future.
- 4.2 The review included speaking to staff, councillors and external parties. It was clear in responses from officers that they felt that they had followed the required procedures for obtaining best consideration and best value for this asset. There was no indication or direction at that stage that specific consideration or preference should be given to a particular type of user.
- 4.3 The review, a copy of which is attached as **Appendix 2**, identified areas for improvement in governance and transparency. In particular, it highlights the need to have clear policies and procedures when dealing with community assets. This is a fundamental issue and it is suggested that if the Council wishes to support the provision of assets for community led organisations we need a clearly defined Community Strategy. This would involve assessing community need in each local area within the borough and specifying the types of organisation the Council wants to support and the level of financial and other contributions it is willing to make. This would provide clear and transparent direction on what assets and in which locations the Council wants to support.

#### **5. North Downs Housing Governance Review**

- 5.1 North Downs Housing Ltd was set up to enable the Council to provide homes across a range of tenures other than social rent and aims to tackle the shortage of affordable homes in the Borough. It is a separate limited company and as such has its own Board of Directors and governance arrangements. The review carried out by KPMG, a copy of which is attached as **Appendix 3**, identified the following areas for improvement:
- Establish consistent performance management, monitoring and reporting structures
  - Establish clear terms of reference with defined roles and responsibilities for the North Downs Housing Ltd and GBC Holdings Ltd Boards.
  - Establish robust monitoring and action tracking of decisions agreed by the Board.
- 5.2 The recommendations have been agreed.

#### **6. Background Papers**

None

#### **7. Appendices**

Appendix 1: Internal Audit Progress Report (November 2020)  
Appendix 2: Burchatts Farm Barn Internal Audit Review  
Appendix 3: North Downs Housing Ltd: Governance Review