

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 23 July 2020

Present:

Mrs C Storey (Chair)
Cllr I Johnson (Vice-Chair)

Cllr S Ashall Cllr L S Lyons
Cllr J E Bond Cllr M A Whitehand

1. MINUTES

RESOLVED

That the minutes of the Committee held on 5 March 2020 be approved and signed as a true and correct record.

2. APOLOGIES FOR ABSENCE

No apologies for absence were received.

3. DECLARATIONS OF INTEREST

In accordance with the Members' Code of Conduct, Councillor I Johnson declared a non-pecuniary interest in any item under which Woking Football Club was discussed, arising from his wife's position as the Chairman of Woking Football Club. The interest was such that speaking and voting were permissible.

In accordance with the Officer Procedure Rules, the Director of Legal and Democratic Services, Peter Bryant, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he was a Council-appointed Director. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Director of Legal and Democratic Services, Peter Bryant, declared a disclosable personal interest (non-pecuniary) in any items concerning the Duke's Court company which had now been liquidated, as he had been a Council-appointed Director. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Director Legal and Democratic Services, Peter Bryant, declared a disclosable personal interest (non-pecuniary) in any items under which Woking Football Club was discussed, arising from his position as a Council appointed Director of Kingfield Community Sports Centre Ltd, being a member of the Cards Trust; and on occasion providing advice and assistance to the Club on an unpaid basis. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she was a Council-appointed Director. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared a disclosable personal interest (non-pecuniary) in any items concerning the Duke's Court company which had now been liquidated, as she had been a Council-appointed Director. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared a disclosable personal interest (pecuniary) in any items under which Woking Football Club was discussed, arising from her husband holding a small shareholding in the Club. The interest was such that speaking was permissible.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. UPDATE ON EXTERNAL AUDIT 2018/19

The Chairman noted that the BDO Audit Completion report for the 2018/19 financial year had been circulated to the Committee earlier in the day.

Leigh Lloyd-Thomas introduced the report and reported that the Audit work had been completed, with the Audit opinion anticipated to be issued by the end of July 2020. The Committee was advised that due to the Covid-19 pandemic, additional work had been undertaken in respect of the impact on forecast cash balances and going concern disclosures, which BDO were now content with, noting that the latter was required to be referred to the Auditor's Technical department due to its policy for all Audit completion reports to be submitted to such department.

The Committee was advised that the level of Materiality for corrections for the financial statements had been set at 1% of the value of gross assets on the balance sheet and 2% of income on the Comprehensive Income and Expenditure Statement (CIES). Material corrections had been made for the classification of revaluation gains and losses between CIES and reserves; presentation of loans to subsidiaries as short term or long term in the Council's balance sheet; and reclassification of debtors / creditors and borrowing in the Group balance sheet. The adjustments had decreased the deficit for the Council by £22.032 million and decreased the Group deficit by £20.514 million. The net assets had reduced by £1.880 million for the Council and £3.126 million for the Group.

Leigh Lloyd-Thomas stated that Audit work had included the valuation of the Council's car parks, housing stock, Pension Liability, and Hoe Valley School land and buildings. A further query had been raised earlier in the day relating to the correct line within the cashflow statement for the placement of £42m relating to the valuation of housing properties, which would be dealt with shortly.

Leigh Clarke stated that the Council approved its Minimum Revenue Provision (MRP) Policy each year as part of the annual Budget setting process and it was felt that no further funds needed to be set aside for debt repayments, with the next review due in February 2021. It was added that the Council undertook valuation reviews of assets over a certain

value on an annual basis, with the remainder conducted over a five year rolling programme.

The Chairman noted that it would be inappropriate for the Independent Member to sign the Audit report and so the final page would need to be amended.

Regarding BDO's recommendation that the presentation of the Statement of Accounts be updated to take account of the latest CIPFA model, Leigh Clarke stated that much work had already taken place on the finalising of the Accounts for 2019/20 and therefore they would be in the same format as the previous year, noting the level of resources required to make presentational changes.

Members expressed concern over the delays in finalising the External Audit report. Leigh Lloyd-Thomas stated that around 40% of External Audit reports for 2018/19 had been delayed and that the timescales were not practical for local authorities with subsidiary company arrangements. The revised arrangements for the 2019/20 financial year were noted as the Accounts being finalised by the end of August with the External Audit opinion being provided by the end of November.

The Chairman thanked BDO for attending the meeting and the Audit Completion report.

RESOLVED

That the Audit Completion report for 2018/19 be received.

6. ANNUAL GOVERNANCE STATEMENT 2019/20 STA20-006

The Committee received the report on the Annual Governance Statement which demonstrated the effectiveness of the Council's corporate governance environment, with the Statement and Action Plan attached as Appendix 1 and the matrix used as the basis for the governance analysis attached as Appendix 2. The Statement would be included in the Council's Statement of Accounts.

The Chairman raised queries regarding whether meetings of the Woking Joint Committee had taken place this year due to Covid-19; impacts of any delays related to the Risk Management Audit; any delays in the Internal Audit Programme; the possible re-constitution of the Citizen's Panel following recommendation of the Peer Review; impacts on the Medium Term Financial Strategy; and publishing Internal Audit reports in a timely manner. In addition, the positive response by the Council to Covid-19 was noted through all the work which had taken place since the start of the lockdown period.

It was stated that the Peer Reviews in 2015 and 2019 had referred to the function of Overview and Scrutiny to influence and develop Council policy. The progress of the Governance Review Task Group was noted, with the most recent scheduled meeting cancelled due to Covid-19. The Green Book had been delayed due to uncertainty over the Council's income levels during the past few months in relation to commercial rents, car parking and funding from central Government.

Following a question regarding the timing of a recent report from the Overview and Scrutiny Committee to the Executive, Peter Bryant stated that the Executive would need a recommendation agreed by the Committee to enable it to be considered. The scheduled meetings of the Committee had been set at a regular frequency to enable pre-decision scrutiny to take place.

Leigh Clarke stated that the comments made would be taken into account as part of the finalising of the Annual Governance Statement.

RESOLVED

That the Annual Governance Statement be received.

7. INTERNAL AUDIT ANNUAL REPORT STA20-009

The Committee received the Head of Internal Audit annual assurance opinion on the control environment of the Council, which had been based on Internal Audit work undertaken during the 2019/20 financial year.

Graeme Clarke, Director of Mazars, reported that the Programme had incurred delays due to Covid-19, as service areas had not been able to accommodate scheduled audits. The limitations in coverage were not considered to be high risk and would be picked up during the current financial year. Overall controls were deemed to be adequate and effective within the Council.

Regarding the four outstanding draft reports, Data Breaches had been finalised with the remaining three (Managing Agents Health and Safety, Off-Payroll Engagement, FlexiRoute Application) expected to be finalised during August 2020.

The Chairman expressed concern over the management response to actions within the Serco Audit relating to the legal contract between the contractor and the Council. Peter Bryant advised that the Corporate Management Group would look into the matter and provide an update to Internal Audit.

RESOLVED

That the annual assurance opinion of the Head of Internal Audit over the control environment be noted.

8. HEALTH AND SAFETY ANNUAL REPORT STA20-007

Peter Bryant introduced the Health and Safety Annual Report which set out a review of health and safety activity during 2019/20. The report concluded that there were no matters of concern.

It was noted that the number of accidents was low in relation to the services provided by the Council and there had been only one accident requiring a report to the Health and Safety Executive. The Council's external consultant was undertaking Health and Safety Audits on the Council's partners, with Audits for Serco and Skanska delayed to be completed in August.

Following questions by the Chairman, Peter Bryant agreed that the issues of four of the Council's Risk Assessments not being available in Sharepoint, and the completion rate of some staff training online course being low, would be referred to the Council's Corporate Management Group.

Regarding the level of support and guidance provided to staff during the lockdown period, the Committee was advised that a staff survey had taken place seeking staff preferences for working from home or at their normal Council location. Suitable computer equipment such as laptops had been provided where necessary for those working from home. It was

agreed to establish whether any summary feedback from the Council's Mental Health First Aiders was available.

RESOLVED

- That (i) the Health and Safety Annual Report be received with no matters of concern; and
(ii) the issues noted regarding Risk Assessments and Staff Training be referred to the Council's Corporate Management Group.

9. CONSULTATION ON DRAFT MODEL MEMBERS' CODE OF CONDUCT STA20-008

The Committee received a report which stated that the LGA was in the process of consulting on a draft Model Members' Code of Conduct.

The Chairman advised that she would be attending an LGA webinar, along with Tim Stokes, on the background and reasoning behind the drafting of the Model Code. Feedback from the consultation was expected to be received by the LGA General Assembly in the Autumn. Once a new Model Members' Code of Conduct had been agreed it would be made available for Councils to adopt.

RESOLVED

That the position on the LGA's Draft Model Members' Code of Conduct be noted.

10. STANDARDS AND AUDIT COMMITTEE - WORK PROGRAMME STA20-004

The Committee received its annual Work Programme. Leigh Clarke stated that the Annual Audit and Inspection Letter would be received at the November meeting instead of the September meeting.

RESOLVED

That the Work Programme be received.

The meeting commenced at 7.00 pm
and ended at 8.40 pm

Chairman: _____

Date: _____