

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 26 November 2020

Present:

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

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

1. MINUTES

RESOLVED

That the minutes of the Committee held on 17 September 2020 be approved and signed as a true and correct record.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Graeme Clarke, Director of Mazars.

The Chairman reported that due to Councillor Elson's appointment to the Executive, there was a vacant seat on the Committee which would be appointed to at the December meeting of Council.

3. DECLARATIONS OF INTEREST

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 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.

Peter Bryant advised the Committee that Councillor Bond would have a disclosable personal interest (non-pecuniary) in item 9, Standards Hearings Sub-Committee – 13 October 2020, and would leave the meeting during any discussion on this item.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. UPDATE ON EXTERNAL AUDIT

The Chairman welcomed Leigh Lloyd-Thomas from BDO to the meeting for an update on the External Audit. The Committee was advised that BDO had issued its opinion completing the 2018/19 Audit and certifying that the year of the accounts was closed, following adjustments to the Group's cashflow statement. The final Audit Completion Report for 2018/19 had also been issued.

There had been a delay to starting the Audit of the 2019/20 accounts due to resourcing issues at BDO; it was anticipated that the onsite work would begin in January and last around a month. In addition, Leigh Lloyd-Thomas advised that a member of the public had submitted a notice of objection to the accounts which the Auditor was obliged to investigate. The objection related to whether the Minimum Revenue Provision (MRP) charge complied with the guidance issued last year by Ministry of Housing, Communities and Local Government. The investigation would take place as part of the 2019/20 Audit.

The Chairman thanked the Council's Finance team and the BDO Audit team for their work. Regarding the delay to the 2019/20 accounts, it was noted that the Council's accounts were ready to be audited, although there had been delays to the preparation of the subsidiary accounts due to Covid-19. Leigh Clarke stated that the subsidiary final accounts were expected to be available for when they were required by BDO. The subsidiary accounts had a December end to their financial year, which had worked well with incorporation into the Council's accounts to the end of March each year.

The view of BDO was that it expected to complete its full sector review of Local Government accounts by the end of September. It was anticipated that the statutory date for their completion would be moved to this date in place of the current deadline which was at the end of July.

In relation to the MRP objection, it was stated that the Council would need to demonstrate that it was following the guidance from MHCLG regarding the level of funds set aside in relation to subsidiary company loan repayments. Leigh Clarke stated that the loans had been based on very long-term business plans, backed by assets and not considered at risk of being impaired. The Audit Completion report for 2018/19 had included comments regarding MRP and so BDO would be aware of the Council's approach, which would be updated for 2019/20 to deal with the comments set out in the objection. In addition, the Council worked with a Treasury Management Adviser whose views would be sought.

RESOLVED

That the update be received.

6. INTERNAL AUDIT PROGRESS REPORT STA20-017

The Committee received the Internal Audit Progress Report setting out the work undertaken by Internal Audit between September and November 2020. Juan Fosco, Manager of Internal Audit from Mazars, introduced the report and advised that despite the pandemic and the second lockdown, the progress against the Internal Audit plan remained on track with all Audits planned for Quarters 2 and 3 being finalised, at draft report stage or in progress.

To date, around 43% of the Plan had been delivered to draft report stage or work in progress, with the necessary resource available to undertake the work scheduled for the fourth quarter. A total of seven reports had been issued during the period, six of which

were assurance related and one was advisory concerning the Council's response to the Covid-19 pandemic. No high priority recommendations had been issued during the quarter. It was noted that there were two existing high priority recommendations not yet implemented relating to Counter Fraud. The Council was seeking assistance from the specialist team at Reigate and Banstead Borough Council with regard to carrying out an overall risk assessment on fraud and corruption, followed by a strategy to address any potential risks.

Juan Fosco advised that that the new Action Management system had now been populated with the recommendations from 2018/19, 2019/20 and 2020/21 final reports and would be a useful tool going forward.

Leigh Clarke reported that the draft Payroll and Covid-19 response reports had been received by CMG, the latter of which required some management responses and was a positive report highlighting areas of best practice and areas for improvement. Once finalised, the reports would be made available to Members through the Members' I pads.

RESOLVED

That the report be received and progress against the 2020/21 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

7. INTERNAL AUDIT CHARTER STA20-016

Juan Fosco introduced the Internal Audit Charter report which defined Internal Audit's purpose, authority and responsibility, and was a requirement under the UK Public Sector Internal Audit Standards. It was noted that the content of the Charter had not changed substantially from the version approved by the Committee last year.

There had been a new addition related to performance measures so that Internal Audit could demonstrate it was meeting the requirements of the Council. Following a suggestion by the Chairman, it was agreed that it would be useful for the Committee to receive the Key Performance Indicators, once agreed, as part of the next Internal Audit progress report. It was further agreed that for next year, the Committee would receive a copy of the document with any changes highlighted in comparison with the previous year.

RESOLVED

That the Internal Audit Charter be approved.

8. ANTI-FRAUD AND CORRUPTION AND CONFIDENTIAL REPORTING POLICIES STA20-019

Peter Bryant introduced the report which advised that the bi-annual review of the Anti-Fraud and Corruption Policy and the Confidential Reporting policy had taken place, with minor changes to both policies highlighted in the agenda pack.

The Committee was advised that the policies had not been received by Unison due to an agreement between Human Resources and Unison that it would only be consulted on policies which contained significant changes.

It was noted that the Anti-Fraud and Corruption Policy stated that it applied to the Council's subsidiary companies. Although the Thameswey Protocols did not expressly provide that the companies would adopt the policies and procedures of the Council, Peter Bryant

advised that the companies would generally do so if Thameswey did not have its own policy or procedure. Peter Bryant undertook to liaise with the Thameswey Chief Operating Officer to ensure that all companies were aware of, and complying with, Council policies which were relevant to the companies. The matter would also be raised at the next full Thameswey Board meeting.

Leigh Clarke advised that work had been undertaken to supplement the Council Internal Audit Plan with activity at Thameswey and previously there had been overviews of core financial systems and health and safety. There were no Thameswey related audits planned in the current year and so it was expected that a specific area of work would be included in the Internal Audit plan for next year.

RESOLVED

That the revised Anti-Fraud and Corruption Policy and Confidential Reporting Policy appended to the report be approved.

9. STANDARDS HEARINGS SUB-COMMITTEE - 13 OCTOBER 2020 STA20-018

RESOLVED

That the decision of the Standards Hearings Sub-Committee on 13 October 2020 be noted.

The meeting commenced at 7.00 pm
and ended at 8.02 pm

Chairman: _____

Date: _____