

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 3 March 2022

Present:

Cllr D E Hughes (Vice-Chair)

Cllr M A Bridgeman Cllr M A Whitehand
Cllr D Roberts

Also Present: Steve Bladen (BDO), Graeme Clarke (Mazars) and Juan Fosco (Mazars).

Absent: Mrs C Storey, Independent Co-Opted Member, and Councillor N Martin

Prior to the start of the Meeting, Councillor Hughes, Vice-Chairman in the Chair, read out a statement on behalf of the Mayor in respect of the invasion of Ukraine by Russia.

1. MINUTES

In receiving the minutes of the previous meeting, Councillor Hughes drew attention to the aspiration to meet the auditors of the Council's subsidiary companies, Hamlyns, noting that a mechanism to do so was being explored.

RESOLVED

That the minutes of the Committee held on 25 November 2021 be approved and signed as a true and correct record.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Claire Storey.

3. DECLARATIONS OF INTEREST

No declarations of interest were received.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. REVIEW OF CODE OF CONDUCT ARRANGEMENTS STA22-001

The Committee received a report which set out the recommendations arising from a review of the Council's arrangements for dealing with allegations of misconduct by Councillors.

The review had been undertaken by the Monitoring Officer in consultation with Members, the Chairman of Standards and Audit Committee and Independent Person to establish whether the procedures were fit for purpose and effective.

The outcome of the review was welcomed as a more supportive and timely process, noting that the previous scheme had been found to be confusing and slow. In considering the details of the proposals, Councillor Hughes moved and Councillor Roberts seconded an amendment to the Summing Up process to allow complainants to have the opportunity to rebut any matters raised within the Panel to which they disagreed as a right, rather than at the discretion of the Chairman of the Standards Panel. On being put to a vote, all Members present supported the amendment which therefore formed part of the substantive recommendations before the Committee.

Councillor Hughes reported on three points received from Claire Storey, Chairman of the Committee, who had been unable to attend the meeting. The points were:

- In respect of the structure and make-up of the Standards Panel, consideration be given to enabling the membership to come from a wider pool of individuals.
- Political balance of the Standards Panel to be maintained.
- Consideration should be given to the appointment of a second Independent Person

It was noted that the points had been discussed with Officers prior to the meeting and that it was intended to bring a separate paper forward to a future meeting to address the three points.

The recommendations for Council before the Committee, subject to the agreed amendment, were supported.

RECOMENDED

That (i) the arrangements for dealing with Allegations of Misconduct by Councillors under the Localism Act 2011 be adopted subject to the following amendment:

“Summing up

The Investigating Officer sums up the complaint.

The Complainant to have the opportunity to rebut any matters raised within the Panel to which they disagree.

The Subject Member or their representative sums up their case.”;

(ii) the Standards Hearing Sub-Committee shall be renamed the Standards Panel; and

(iii) the Council’s constitution be updated to include the arrangements.

6. UPDATE ON EXTERNAL AUDIT STA22-002

The Committee was presented with the Audit Progress Report for the 2019/2020 financial year by Steve Bladen, Engagement Director of the Council's External Auditor, BDO. The Report summarised the results of the work to date for the year ended 31 March 2020, specific audit findings and areas requiring further discussion and/or the attention of management or the Standards and Audit Committee.

Attention was drawn to the sections outlining the work which was substantially complete, the areas yet to be completed and the areas of significant risk. Since the report had been published, further work on consolidating the group accounts had been undertaken with Hamlyns, and the confirmation on borrowings expected from Cornwall Council had been received. To-date, no significant issues had been identified; a few potential errors had been identified and were being addressed by the Council's management.

Following the presentation, the Members of the Committee sought clarification across a number of areas within the Report, including fraud committed against the Council, the assumptions made by BDO, the impact of update regulations, areas of significant risk and the accounts of the subsidiary companies. The valuation of assets was discussed and it was noted that assets such as a leisure centre would be valued at the cost of rebuilding rather than market value; other assets, acquired for investment, would be given a market value. It was noted that a reduction in the value of social housing had been recorded and that BDO would discuss the matter with the valuer as it had been expected that the value would increase.

The Council's approach to the Minimum Revenue Provision (MRP) was discussed and the Committee was advised that BDO was waiting to receive the Council's legal advice on whether the Authority's MRP policy was compliant. It was confirmed that the information would be provided to BDO in due course, noting that the Policy was updated annually and had been recently agreed at Council.

Following the discussion, Councillor Hughes summarised the main areas of work still be pursued by BDO, including:

- Confirmation on fraud contingent liability and subsequent events;
- Number of mis-statements and the impact on provision of services for the year;
- 'Error' of nearly £0.5m to be investigated and tested;
- Further work to be done on valuation movements that appear unusual or outside the expectations of BDO;
- Continue to review the work of Hamlyns on investment properties held by the Council's fully owned subsidiaries;
- Continue to consider the risk of the valuation of non-collection of receivables;
- Continue to review the work of the subsidiary entities' auditor; and
- Continue to review the recoverability of loans to the subsidiary companies.

A further summary of the outstanding work was set out in the Report before the Committee.

The timescale for completion of the 2019/20 accounts was discussed. The Members were advised that BDO continued to work on the outstanding areas and that it was difficult to give a precise timescale for completion of the accounts. BDO would be happy to provide regular updates on progress achieved. Councillor Hughes advised that both she and the Chairman wanted to propose that an additional meeting of the Standards and Audit Committee should be held in the coming weeks for a further update to be provided by BDO. The Committee agreed the proposal and noted the Report of BDO.

RESOLVED

That (i) the update be received; and

- (ii) an additional meeting of the Standards and Audit Committee be held in the current Municipal Year to receive a further update to be provided by the Council's external auditor, BDO.

7. INTERNAL AUDIT STRATEGY AND PROPOSED 2022/23 PLAN STA22-003

The report before the Committee set out the Internal Audit Strategy and the proposed Annual Plan for 2022/23, which detailed how the Council would meet its statutory requirements for Internal Audit. The overall level of audit coverage had been developed by applying a risk-based approach and overall coverage was similar to prior years in order to provide Members, management, and other external bodies with independent assurance on the adequacy of the Council's risk management, governance, and internal control framework.

In considering the report, it was noted that disaster recovery had last been reviewed in 2017 and would be revisited in the 2022/23 plan. The Chairman had indicated in advance of the meeting her desire for the audits of the Thamesway and Victoria Square debt recovery plans to be prioritised for the coming year, and not deferred. The points raised were noted by Graeme Clarke, Internal Auditor.

RESOLVED

That the Internal Audit Strategy and the proposed Annual Plan for 2022/23 be approved.

8. INTERNAL AUDIT SERVICE PROGRESS REPORT STA22-004

The Woking Borough Council Financial Regulation 2.8 required the Chief Finance Officer (Finance Director) to report regularly to the Standards and Audit Committee (Committee) on the work undertaken by Internal Audit. Similarly, under the Internal Audit Charter approved by the Committee, it was a requirement that Internal Audit provided a quarterly report on internal audit progress and key findings to the Committee.

The report before the Committee outlined the audit activity and performance from 5 November to 14 February 2022. It was noted that 93% of the plan had been delivered to at least the draft report stage, with five reports yet to be delivered. Four high priority reviews had been raised during the year, including the Housing Infrastructure Fund (HIF) audit and the taxi licensing audit. Finally, it was noted that there were 13 outstanding recommendations from completed audits.

In response to questions raised, the Committee was advised that the implementation of audit recommendations was checked and that supporting documents were sought if necessary. The delay in undertaking an audit of counter fraud services was noted and it was explained that the Council did not currently have the internal resource to complete the review.

The report was welcomed and it was

RESOLVED

That the report be received and progress against the 2021- 22 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

The meeting commenced at 7.00pm
and ended at 9.14pm

Chairman: _____

Date: _____