

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 16 September 2021

Present:

Mrs C Storey (Chair)
Cllr D E Hughes (Vice-Chair)

Cllr M A Bridgeman Cllr M A Whitehand
Cllr D Roberts

Absent: Councillor N Martin

1. MINUTES

RESOLVED

That the minutes of the Committee held on 8 July 2021 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 Officer Employment Procedure Rules, the Director of Legal and Democratic Services, Joanne McIntosh, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she was a Council-appointed Director. The interests were such that Mrs McIntosh could advise the Committee on those items.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared a disclosable personal interest (pecuniary) in any items including reference to Woking Football Club, arising from her husband holding a small shareholding in the Club. The interests were such that Mrs Clarke could advise the Committee on those items.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. UPDATE ON EXTERNAL AUDIT 2019/20

The Committee considered a report prepared by Steve Bladen, Engagement Director of the Council's Auditor, BDO, which outlined the progress achieved on the External Audit for 2019/20. The timetable to issue the audit report on 2019/20 audits had been 30 November 2020 and it was explained that BDO had been unable to meet the deadline for a number of reasons. These included previously reported delays to the 2018/19 audit, the impact of the covid-19 pandemic, and the challenge caused by increased scrutiny and attention on property and pension liabilities valuations.

The Council was required to prepare group financial statements, consolidating the transactions and balances of the wholly owned subsidiary companies. However, the auditors of the subsidiary companies – Hamlyns LLP – were not yet in a position to issue their Report on the 2019 financial statements for Thameswey or Thameswey Energy, Housing and Developments. These were now expected to be completed by the end of September, at which point BDO would test the consolidation of amounts into the Council's group accounts, review the audit work undertaken by Hamlyns, and test any consolidation adjustment made by the Council.

The Members were advised that, based on the work completed to-date, there were no significant matters, including audit risks, to bring to the Committee's attention. The Company's final report was scheduled to be brought to the meeting of the Committee in November 2021, though this would depend on the progress achieved over the coming weeks.

Disappointment was expressed by the Chairman over the lack of overall progress on the Audit and assurances were sought that BDO would ensure the necessary resources were made available to complete the Audit over September and October. Steve Bladen advised that the necessary resources would be allocated with the objective of bringing the Audit to a conclusion in November.

Reference was made to an objection received by BDO alleging that the Council's Minimum Revenue Provision (MRP) policy was unlawful and the Chairman asked whether any conclusions had been reached on the points raised by the objector. The Committee was advised that there remained significant risks around the MRP and that legal advice had been sought from Woking Borough Council before any conclusions could be reached.

A range of questions were raised over the delayed audit, including progress on the specialist IT audit, the valuations of property and the recoverability of loans. It was noted that work on the specialist IT audit had been completed and was now subject to a final review by specialists. In regard to property valuations, the Committee was informed that BDO employed internal valuers who would be asked to undertake valuations of a sample of properties as part of the Audit. Woking Borough Council itself undertook valuations of the majority of its properties each year. Finally Steve confirmed that the recoverability of loans would be looked at over both 2019/20 and 2020/21.

RESOLVED

That the update be received.

6. EXTERNAL AUDIT PLAN 2021

The Committee had before it the External Auditor's Audit Planning Report for 2020/21. The Chairman noted that the report had only been received on the day before and advised that a number of Members had not had the opportunity to read the report in full in advance of the meeting. The Chairman emphasised the importance of reports being received by the Council in a timely manner to ensure that proper consideration could be given.

Steve Bladen advised that the report represented an outline plan and that an update to the Plan would be brought to a future meeting of the Committee. The attention of Members was drawn to the Audit scope entities, components and audit risks, and the overview of audit risks. The audit risks comprised those matters assessed as most likely to cause a material misstatement in the financial statements or impact on the use of resources opinion. The risks included management override of controls, revenue recognition, the valuation of non-current assets and the valuation of pension liability. The Plan outlined the way in which BDO planned to address the identified risks.

A number of questions were raised over the draft Plan, including around the level of materiality, the absence of any references to Covid-19 and the timeframe for the plan once the 2019/20 Audit had been completed. In respect of the level of materiality, there was the possibility that this would be increased from 2% to 2.5%, though this would not be decided until the Audit had been completed. The impact of Covid would only be referred to in respect of the Council financial resilience, and it was expected that the Plan would be presented to the Committee in November.

In view of the fact that the Plan before the Committee was draft and yet to be completed, Councillor Roberts moved and Councillor Hughes seconded that the recommendation before the Committee be amended to receive, rather than agree, the draft External Audit Plan. The amendment was supported by the Committee and it was

RESOLVED

That the draft External Audit Plan for 2020/21 be received.

7. INTERNAL AUDIT SERVICE PROGRESS UPDATE

Juan Fosco, Manager of Mazars LLP, the Council's Internal Auditor, presented a report on the work undertaken by Internal Audit, including an update on the implementation of Internal Audit Recommendations. Of the twenty internal audits included in the 2021/22 plan, it had been agreed that three would not be conducted as originally planned, comprising private water supplies, Careline, and Green Jump Surrey.

To-date, 20% of the Plan had been delivered to least draft report stage or being delivered with work in progress. The level of progress was similar to that achieved in the previous year and it was anticipated that the Plan overall would be achievable within the year. Two draft reports had been issued over the period and a further three reports from the previous year remained in draft. In those cases, Council Officers had been reminded of the outstanding reports and it was anticipated that the three reports would have been finalised by November 2021.

There were currently 16 outstanding recommendations, of which four were high priority, five medium priority and seven low priority. A report on the outstanding recommendations

had been presented to the Council's Corporate Leadership Team and lead Officers had been advised to update the actions within the Council's Action Management system.

The Committee was advised that earlier in the week the Overview and Scrutiny Committee had considered a proposal to undertake a review of the Housing Infrastructure Fund (HIF) project. The Committee had recommended that the review should be undertaken by Internal Audit and accordingly the proposal was subject to the agreement of the Standards and Audit Committee. A copy of the review scope had been circulated to the Members of the Committee for information.

In order to facilitate the review, and resource the audit to enable it to be completed as soon as possible, it was proposed to reallocate the auditor who had been booked to undertake an Victoria Square audit. This would provide the appropriate skills for the HIF review and enable the review to proceed quickly over the coming weeks. The Members of the Committee supported the proposal.

RESOLVED

- That (i) the report be received and progress against the 2021-22 Internal Audit Plan and implementation of Internal Audit recommendations be noted; and
- (ii) the request to reallocate the Auditor to under the review of the Housing Infrastructure Fund (HIF) project, within the scope set by the Overview and Scrutiny Committee, be agreed.

8. HEALTH AND SAFETY ANNUAL REPORT

The annual Health and Safety Report provided a comprehensive report on activities, accidents, incidents and training over the past year, together with an indication of planned work for the coming year. During the year, there had been two staff accidents, neither of which had resulted in any injuries. There had been six accidents reported which had related to non-employees, none of which had been reported to the Health and Safety Executive. The report also provided a summary of accidents reported through Freedom Leisure, New Vision Homes, Amey, Serco, Brookwood Cemetery and the Thamesway Group of Companies.

Over the year, Staff had been required to complete e-learning across a range of health and safety topics. Reminders were sent to all those Officers who failed to completed the e-learning, noting that the training was mandatory. Meetings were now being arranged at the Civic Offices for those Officers who had been unable to complete any courses. An updated schedule of those Officers to complete one or more of the e-learning packages had been provided following publication of the agenda.

The work programme for the coming year would see a range of policies reviewed and updated, including Handling Aggression at Work, Work at Height, Manual Handling and Gas Safety.

RESOLVED

- That the Health and Safety Annual Report be received with no matters of concern

9. MEMBERS' CODE OF CONDUCT

The Chairman introduced the report which set out the complaints submitted under the Members' Code of Conduct to the Monitoring Officer between 1 August 2020 and 31 July 2021. A total of twelve complaints had been submitted over the year, of which one remained ongoing. The details of the complaints were outlined in the report and it was noted that no particular trends in the nature of the complaints were discernible. No areas of concern were highlighted.

RESOLVED

- That (i) the report detailing the complaints, submitted under the Members' Code of Conduct, received by the Monitoring Officer between 1 August 2020 and 31 July 2021 be noted; and
- (ii) the Monitoring Officer be advised of any areas of concern upon which the Committee would like further information and/or further work carried out.

10. OMBUDSMEN COMPLAINTS

The Committee was presented with a report which provided details of recent complaints to the Local Government & Social Care Ombudsman and the Housing Ombudsman. Over the past year, the Ombudsman had investigated two complaints against the Council in the year 1 April 2020 to 31 March 2021, of which one had been upheld. The number of complaints was not disproportionate and there were no matters of concern to raise with the Committee.

RESOLVED

That the position regarding complaints to the Local Government & Social Care Ombudsman and the Housing Ombudsman be noted.

11. REVIEW OF CODE OF CONDUCT ARRANGEMENTS

The Committee received an update on the progress of the review of the Council's Code of Conduct arrangements, which would seek to ensure that the procedures were fit for purpose, effective and followed best practice. The intention was to make the process simpler to follow and to that end draft flow charts had been drawn up.

All Councillors would be invited to indicate how they felt they existing arrangements could be improved, noting that it was a legal regime and that there was limited flexibility in changing the arrangements. Once new arrangements had been adopted, the Councillors would be offered Code of Conduct training to ensure all were familiar with the process.

In considering the draft flowcharts, the Chairman suggested the inclusion of details of whom would be notified at the different stages, and which elements were confidential. Councillor Roberts asked whether coaching or external mediation were offered as part of the arrangements and was advised that, whilst options were limited in the formal arrangements, the proposals included the offer of support to the complainant by another

member of the Legal Team, an arrangement which could be extended to include members of the HR Team.

RESOLVED

That (i) the report be noted; and

- (ii) the Monitoring Officer shall undertake a thorough review of the Council's Arrangements for dealing with Standards Allegations under the Localism Act 2011 and report her findings and proposed amendments to the standards and Audit Committee.

The meeting commenced at 7.00 pm
and ended at 8.25 pm

Chairman: _____

Date: _____