

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 2 March 2023

Present:

	Mrs C Storey (Chair)	
	Cllr H Akberali	Cllr G W Elson
	Cllr A Caulfield	Cllr R N Leach
	Cllr G T Cosnahan	Cllr M I Raja

1. ELECTION OF VICE-CHAIRMAN

Councillor Gary Elson was elected Vice-Chairman of the Committee for the remainder of the Municipal Year.

2. MINUTES

RESOLVED

That the minutes of the Committee held on 24 November 2022 be approved and signed as a true and correct record.

3. APOLOGIES FOR ABSENCE

No apologies for absence were received.

4. DECLARATIONS OF INTEREST

Joanne McIntosh, Director of Democratic and Legal Services, reported that item 9, Review of the Constitution, referred to the role of Chairman of the Standards and Audit Committee. It was considered that the interest was such that Claire Storey would be able to chair the meeting and take part in the discussion of this item.

5. URGENT BUSINESS

There were no items of Urgent Business.

6. UPDATE ON EXTERNAL AUDIT STA23-001

The Chairman welcomed Steve Bladen and Julian Frost of BDO to the meeting. Steve reported that BDO was continuing to focus on the Thameswey group of companies and the consolidation of its accounts into those of the Council, noting that access to the working papers of Thameswey's previous auditor (Hamlyns) had not been possible and so an alternative method of gaining the required assurance was required. BDO had set out a number of transactions within the subsidiary accounts which would be provided to the Council in the coming days and lead to a discussion with Thameswey as to the evidence behind them.

Steve advised that Thameswey's new auditor (Menzie's) had completed the 2021 accounts and had identified a number of prior period adjustments and stated that the Council would need to consider its own accounts for that financial year accordingly.

In addition, BDO was considering the recoverability of loans to the Thameswey group; Minimum Revenue Provision calculations and any consolidation adjustments. As part of the Value for Money conclusion, the Committee was advised that consideration was being given to a recent public interest report relating to a local authority from KPMG, as BDO felt there could be some synergy with Woking regarding loans made to subsidiary companies. Steve stated that BDO would request the legal advice obtained by the Council prior to some asset acquisitions and could require the Council to seek updated legal advice. BDO was also considering any work arising from the recent Medium Term Financial Strategy that the authority was in the territory of Section 114.

In light of the report from BDO being made verbally with no written report provided in advance, it was proposed, seconded and agreed nem con that the meeting be adjourned to enable the Committee to consider the verbal update. The Chairman adjourned the meeting at 7.15pm and the Committee reconvened at 7.30pm.

The Chairman and Committee Members commented and asked questions in relation to the verbal update that had been given. The Chairman reported that the Committee was extremely disappointed that its governance was being affected by the lack of a written report provided in advance by BDO. A dialogue had been taking place regarding the delayed Audits with Public Sector Audit Appointments and the Department of Levelling Up, Housing and Communities. It was stated that BDO should provide the Council with clear instruction regarding any further risks and work required following the KPMG report which had been published in December. The Committee was also concerned that little progress appeared to have been made since the last meeting and noted the pressure on the Council's finance team from requests for information relating to 2019/20 continued on top of their usual work. BDO were urged to make requests for information from the Council at the earliest opportunity.

Steve reported that the key assurance issue was related to the Thameswey transactions which had been identified as the working papers of Hamlyns were not available, and therefore evidence to be provided by Thameswey would need to be considered by BDO. Resources from BDO would be assigned to the work once a response had been received. It was added that as all assets, liabilities, income and expenditure of the subsidiary were consolidated into the Council's final accounts, the prior period adjustments from the 2021 Thameswey accounts audited by Menzie's would require consideration.

Brendan Arnold, the Council's Interim Section 151 Officer, expressed concern over the current position along with the lack of written information provided to the Committee

meeting and stated that he would be seeking an urgent meeting with BDO to seek a target date for the formal Opinion to be delivered.

The Chairman noted that there was now a duty on Auditors to raise issues as they came to light, irrespective of the financial year being audited, and Steve stated that there were no matters being brought to the Committee's attention at the meeting.

Following a suggestion by the Chairman, it was agreed that consideration be given as to whether a Special meeting of the Committee should be held to receive an update from BDO, noting that the next scheduled meeting would be held on 6 July.

RESOLVED

That the update be noted.

7. INTERNAL AUDIT PROGRESS REPORT STA23-004

The Chairman proposed and the Committee agreed that the Internal Audit Progress Report would be received prior to the Internal Audit Strategy and Proposed Annual Plan 2023/24.

Juan Fosco of Mazars introduced the report which covered internal audit performance from 11 November 2022 to 10 February 2023. In addition to the previously reported Audits for Business Planning and Health & Safety, the Audits for Thamesway Group Companies, Community Safety, Victoria Square and IT Office365 had been deferred to 2023/24. It was noted that of the remaining 12 audits for 2022/23, two reports had been finalised and two were in draft. A total of 12 recommendations were stated to be past their agreed due date, of which two high priority recommendations were from the Counter Fraud report.

The reasons for deferrals of reports were noted, such as the area for auditing having a very high workload at the current time or the lead officer being unavailable, alongside the importance of undertaking stress testing during Audits.

RESOLVED

That the report be received and progress against the 2022-23 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

8. INTERNAL AUDIT STRATEGY AND PROPOSED ANNUAL PLAN 2023/24 STA23-003

Juan Fosco introduced the report which set out how the Council will meet its statutory requirements for Internal Audit. It was noted that the plan reflected the priority areas of work and would be reviewed once the report of the Department for Levelling Up, Housing and Communities rapid review team had been published, with any changes reported to the Committee.

It was noted that the proposal for 2023/24 was for 56 days less than the original allocation for 2022/23, however since the approval of the 2022/23 plan six audits had been deferred equating to 69 days.

RESOLVED

That the Internal Audit Strategy and the proposed Annual Plan for 2023/24 be approved.

9. REVIEW OF THE AMENDED CONSTITUTION STA23-005

Joanne McIntosh, Head of Democratic and Legal Services, introduced the report which was being received for consultation, alongside the Overview and Scrutiny Committee, prior to being received for approval by Full Council. The objectives of the review of the Constitution included streamlining and improving efficiency, simplifying the document and being easier to navigate; and making the decision-making process easier to understand.

The Committee broadly welcomed the document and noted that the Monitoring Officer could add diagrams without Council approval to enhance accessibility. Following a question, it was stated that the reference to the Overview and Scrutiny Committee being led by independent people was to ensure clarity over the scrutiny aspect of the Committee in relation to the Executive decision-making body.

RESOLVED

That the report be noted.

10. UPDATE ON HEALTH AND SAFETY E-LEARNING STA23-006

Joanne McIntosh introduced the update on Health and Safety E-learning, which had been requested as part of the consideration of the Annual Health and Safety report in October 2022.

The Committee was advised that 2,954 courses had been completed with 608 outstanding. It was noted that the Council generally employed 260 people at any one time, however with staff turnover the number registered for the courses could be around 430 in a year. Whilst the software did not enable the length of time a course was overdue to be shown, automatic email reminders were sent and from next year any staff who had not completed their allocation would be advised of an adverse effect on their annual Performance Development Review. It was noted that training was provided for new staff as part of their induction process.

Whilst the figures provided would have been affected by staff turnover, the Committee emphasised the importance of the courses being completed and noted that the Annual Health and Safety report provided a breakdown of outstanding courses and employees.

The Committee noted that the next Annual Health and Safety report would be received at the September meeting and asked for a comprehensive update on e-learning at the meeting, alongside a further update six months' later as part of next year's work programme to look to include e-learning for cybersecurity as well as health and safety.

RESOLVED

That the report be noted.

The meeting commenced at 7.00 pm
and ended at 8.45 pm

Chairman: _____

Date: _____