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TO THE CHAIRMAN AND MEMBERS OF THE STANDARDS AND AUDIT COMMITTEE

You are hereby summoned to attend a meeting of the Standards and Audit Committee to be held on Thursday, 29 February 2024 at 7.00 pm in the Council Chamber, Civic Offices, Gloucester Square, Woking, Surrey GU21 6YL.

The agenda for the meeting is set out below.

JULIE FISHER
Chief Executive

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website (www.woking.gov.uk). The images and sound recording will also be used for training purposes within the Council. Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed.

AGENDA

PART I - PRESS AND PUBLIC PRESENT

1. Minutes (Pages 3 - 10)
To approve the minutes of the meeting of the Standards and Audit Committee held on 23 November 2023 as published.
2. Apologies for Absence
To receive any apologies for absence.
3. Declarations of Interest (Pages 11 - 12)
 - (i) To receive declarations of interest from Members and Officers in respect of any item to be considered at the meeting.
 - (ii) In accordance with the Officer Employment Procedure Rules, the Strategic Director - Corporate Resources, Kevin Foster declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Foster may advise on those items.
4. Urgent Business
To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.

Matters for Recommendation

5. Amendments to Constitution - Exceptions to Standing Orders - Procurement STA24-001
(Pages 13 - 16)
Reporting Person – Gareth John
6. Amendments to Constitution - Members' Allowances STA24-002 (Pages 17 - 20)
Reporting Person – Gareth John
7. Amendments to Constitution - Responsibility for Standards and Audit Committee STA24-003
(Pages 21 - 26)
Reporting Person – Gareth John
8. Amendments to Constitution - Asset Disposals Threshold STA24-004 (Pages 27 - 30)
Reporting Person - Gareth John

Matters for Determination

9. Update on External Audit (BDO) STA24-005
Reporting Person – Steve Bladen (BDO)
10. Audit Progress Report and Sector Update (Grant Thornton) STA24-006 (Pages 31 - 46)
Reporting Person – Joanne Brown (Grant Thornton)

AGENDA ENDS

Date Published - 21 February 2024

For further information regarding this agenda and arrangements for the meeting, please contact Doug Davern on 01483 743018 or email doug.davern@woking.gov.uk



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MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 23 November 2023

Present:

Mrs C Storey (Chairman)
Cllr A Caulfield (Vice-Chair)

Cllr G Cosnahan Cllr S Oades
Cllr S Greentree

1. MINUTES

RESOLVED

That the minutes of the Committee held on 21 September 2023 be approved and signed as a true and correct record.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Hassan Akberali, Graeme Clarke (Mazars) and Louise Strongitharm.

3. DECLARATIONS OF INTEREST

In accordance with the Officer Employment Procedure Rules, the Strategic Director - Corporate Resources, Kevin Foster declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The interests were such that Mr Foster could advise on those items.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. AMENDMENTS TO CONSTITUTION - PUBLIC PARTICIPATION AT PLANNING COMMITTEE STA23-024

The Committee received the first of a series of recommendations from the Corporate Governance Working Group regarding amendments to the Council's Constitution, relating to Public Speaking at Planning Committee, which also incorporated changes proposed by the Overview and Scrutiny Committee and Planning Committee at their respective meetings.

Tom James, Development Manager, introduced the paper and advised that the main changes proposed were to reduce the threshold for public speaking from ten to five objections and to also include supporters of applications. Following a discussion with Councillor Andy Caulfield a further change had been proposed with the aim of ensuring

local residents held an equal voice at meetings of the Planning Committee. The amendment was to alter the wording of paragraph 4.10 from:

‘Councillors will have the opportunity of asking further questions of the Officers and, if necessary, ask Officers to make a brief summary of the planning issues, at the end of the debate.’

to:

‘Councillors will have the opportunity of asking further questions of the Officers and with the permission of the Chair, this can include the Ward Councillors. If necessary, the Chair can ask Officers to make a brief summary of the planning issues, at the end of the debate.’

The Committee supported the amendment.

Following a question, Tom clarified that the reason for a petition being counted as a single objection was that Planning Services encouraged residents to submit a written letter setting out their views on a planning application rather than signing a petition handed to them.

RECOMMENDED TO COUNCIL That

- (i) **the amended Public Speaking at Planning Committee section of the Constitution (Appendix 2 to the report) be adopted, as amended by the Standards and Audit Committee in relation to paragraph 4.10;**
- (ii) **the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and**
- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

6. AMENDMENTS TO CONSTITUTION - MEDIA PROTOCOL STA23-025

The Committee received the second proposal from the Corporate Governance Working Group which proposed the adoption of a Corporate Press and Media Protocol. Andy Denner, Marketing Communications Manager, introduced the report and advised that the Protocol set out the roles and responsibilities for managing media relations and the reputation of the Council. It would apply to members of the Executive and Council Officers who may be contacted by representatives of the media.

Following a question, it was noted that each Press Release included a quotation from a Member otherwise the document would be referred to as a Press Notice.

The Committee broadly welcomed the Protocol.

RECOMMENDED TO COUNCIL That

- (i) **the Corporate Press and Media Protocol (Appendix 1 to the report) be adopted;**
- (ii) **the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and**

- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

7. AMENDMENTS TO CONSTITUTION - PROVISIONS FOR URGENT BUSINESS STA23-026

The Committee received the third recommendation from the Corporate Governance Working Group which proposed the adoption of a new section in the Constitution to deal with items of Urgent Business. Members supported the proposal.

RECOMMENDED TO COUNCIL That

- (i) **the section on Urgent Business (Appendix 1 to the report) be added to the Council's Constitution under Section 1 of Part 4;**
- (ii) **the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and**
- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

8. AMENDMENTS TO CONSTITUTION - QUESTIONS FROM MEMBERS OF PUBLIC STA23-027

The Committee received the fourth and final recommendation from the Corporate Governance Working Group which suggested amendments to the arrangements for receiving questions from members of the public at Council meetings, which had been introduced earlier in the year. The report included the proposal to enable each questioner to ask one supplementary question at the meeting. Members broadly welcomed the proposal.

RECOMMENDED TO COUNCIL That

- (i) **the existing section on Questions from Members of the Public (Appendix 1 to the report) in the Council's Constitution be updated under Section 1 of Part 4;**
- (ii) **the addition of any references within the new section to other sections within the Constitution be delegated to the Monitoring Officer as minor amendments; and**
- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

9. SIGNING OFF OF ACCOUNTS - PRIOR AND CURRENT YEARS STA23-021

Eugene Walker, the Interim Director of Finance / Section 151 Officer, introduced the report which provided an update on the signing off of prior and current years' accounts.

For the financial year 2023/24, it was stated that the Council's financial statements would be audited by the newly appointed external auditors, Grant Thornton, with BDO remaining responsible for external audits for the financial years 2019/20, 2020/21, 2021/22, and 2022/23.

As part of the transition from BDO to Grant Thornton, BDO had agreed to work with the Council to conclude all outstanding audits by the end of March 2024 subject to a suitable statutory backstop framework being established by the National Audit Office (NAO) and Department for Levelling Up, Housing and Communities (DLUHC), which would enable local auditors to issue a disclaimed opinion on financial statements where the audit had not started, or a modified opinion where that audit was in progress but not yet concluded. Grant Thornton would commence work on their audit, specifically opening and closing balances, in January 2024. In the absence of the confirmation of when the outstanding audits would need to be completed, the Council and Auditors had agreed to work to a March 2024 deadline which could to be revisited once the national dates had been confirmed.

Following questions by Members, Joanne Brown from Grant Thornton stated that an announcement from the Government to confirm the dates was expected imminently and that the Auditor would need to consider the level of assurance it could provide on the opening balances for the 2023/24 External Audit set as part of the backstop arrangements and would liaise with the Council's finance team accordingly.

Eugene advised that in relation to the Council's budget setting in February, the issue of the opening balances had been included in the Council's discussions with the Commissioners and DLUHC as part of the Council's Debt Reduction Plan.

Steve Bladen from BDO confirmed that whilst the Government announcement was awaited work would take place to liaise with the Council regarding the potential qualifications that would be applied to the Accounts for the financial years allocated to the Auditor.

The Committee welcomed the report and emphasised the importance of concluding the remaining delayed Audits for 2019/20, 2020/21, 2021/22 and 2022/23.

RESOLVED

That the approach outlined in report be received.

10. VERBAL UPDATE ON THE PROGRESS OF THE VALUE FOR MONEY AUDIT

Joanne provided a brief update on the progress of the Value for Money Audit commissioned by the Council and stated that Grant Thornton had drafted the report which was now receiving legal advice and would be shared with the Council via the Chief Executive and the Public Sector Audit Appointments body hopefully before Christmas. It was expected therefore that the report would be published in the New Year.

RESOLVED

That the update be received.

11. HALE END COURT LEARNING POINTS STA23-018

Following the report on the Audit Outcome of Hale End Court by Homes England which was received by the Committee on 6 July 2023, the Committee received the further update it had requested on the learning points from the Audit and how they were being applied within the Council.

The Committee noted the issues regarding the security of the land as highlighted in the report along with the Council's process for the classification of projects.

RESOLVED

That the update be received.

12. HEALTH AND SAFETY ANNUAL REPORT STA23-017

Kevin Foster, Strategic Director for Corporate Resources, introduced the report on the Annual Health and Safety Report and introduced the Council's Health and Safety Officer, Vicky Pickett, who had joined the team earlier this year and was attending with Amanda Jeffrey, Head of Human Resources. The report had been delayed from the previous meeting to enable Vicky to make some changes she had identified to the content of the report, for example the inclusion of benchmarking. The report should be regarded as work in progress as it would evolve further in future years.

Following questions, Vicky reported that staff received regular reminders to ensure that their e-learning courses were completed in a timely manner, for example the Fire Awareness course currently had a lower completion rate; however the figures in the report would be affected by levels of staff turnover. Kevin added that the Performance Development Review process was being adapted to reflect the completion rate of the relevant staff member's Health and Safety e-learning courses.

It was noted that a reason for the Eastwood Leisure Centre and the Sportsbox having a lower level of non-employee accidents than the Pool in the Park was that the latter involved a higher level of fun activities rather than solely fitness.

The Committee thanked officers for the preparation of the report.

RESOLVED

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

13. INTERNAL AUDIT PROGRESS REPORT STA23-019

Juan Fosco of Mazars introduced the Internal Audit Progress report which covered Audit activity from 8 September to 6 November 2023 and advised the Committee that 46% of the Audits in the Plan had been finalised, in draft form or with fieldwork in progress. The remaining 54% of the Plan was due to begin by the end of the financial year.

Work was taking place towards the finalising of the three reports highlighted in the previous update for Sheerwater Regeneration, Contract Management – Savills and Commercial Property Estate. In addition two final reports had been issued for Key Financial Systems and IT – Office 365 with a total of 28 recommendations classed as either medium or low. Since the last meeting, the Action Management system had been migrated to a Microsoft 365 environment which had caused some delays during the transition period. A reconciliation process was to take place to ensure the status of recommendations was up to date which would be reported to the Committee at its next meeting.

It was noted that two higher priority historic recommendations relating to Counter Fraud were being progressed by the Council's Interim Finance Director with the Mazars Forensics and Investigations Team. Eugene added that the Council was working with Reigate and

Banstead Borough Council on its Counter Fraud Strategy and Risk Assessment and that the current deadline for the completion of both actions was set as 31 March 2024.

RESOLVED

That the report be received, and progress against the 2023-24 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

14. INTERNAL AUDIT CHARTER STA23-020

Juan introduced the Internal Audit Charter report which was similar to those received by the Committee the previous year. Eugene stated that the Charter had been considered by the Corporate Leadership Team (CLT) and Commissioners recently and the comments were being collated. Following agreement with Mazars, a revised Charter would be received at the next meeting for the Committee's approval.

Following questions, it was confirmed that the Charter complied with Public Sector Internal Audit guidance and stated that the Council had developed a new quarterly assurance process to CLT as part of its Risk Management process and Annual Governance Statement work.

RESOLVED

That the Internal Audit Charter be noted.

15. ANNUAL GOVERNANCE STATEMENT 2022/23 STA23-023

Gareth John, Interim Head of Democratic and Legal Services, introduced the Annual Governance Statement 2022-23 which demonstrated the effectiveness of the Council's corporate governance environment and that the Council had appropriate internal control mechanisms in place.

The evaluation of governance arrangements was based around the CIPFA/SOLACE governance framework 'Delivering Good Governance in Local Government' which contained seven core principles focusing on the arrangements, systems and processes for the direction and control of the organisation and its activities. The framework required the development of a Governance Statement and action plan to correct any identified governance issues.

It was stated that in past years a detailed analysis had been included in the report, however due to workload constraints it had not been possible to prepare the document in the current year. The Statement was regarded as a living document and Members felt it provided a fair view of the Council's governance arrangements during the year. The next annual version would be informed by the Improvement and Recovery Plan.

It was acknowledged that the Statement has been coloured by the Government Intervention and Section 114 Notice and noted that whilst the detailed analysis had not been added the document it was considered to accurately reflect the issues the Council was facing.

RESOLVED

That the draft Annual Governance Statement be received.

The meeting commenced at 7.00 pm
and ended at 8.15 pm

Chairman: _____

Date: _____

Schedule Referred to in Declaration of Interests

Council-appointed directorships

Kevin Foster, Strategic Director – Corporate Resource	
Brookwood Cemetery Limited	Kingfield Community Sports Centre Limited
Brookwood Park Limited	LAC 2021 Limited (Dormant)
Export House Limited	Woking Necropolis and Mausoleum Limited
Woking Shopping Limited	

Louise Strongitharm, Strategic Director – Communities	
Rutland Woking (Carhouse Lane) Limited	Rutland Woking (Residential) Limited
Rutland (Woking) Limited	

Adam Walther, Head of Transformation and Digital	
Brookwood Cemetery Limited	Thameswey Developments Limited
Brookwood Park Limited	Thameswey Energy Limited
Thameswey Central Milton Keynes Limited	Thameswey Limited
Thameswey Sustainable Communities Limited	Thameswey Solar Limited
Woking Necropolis and Mausoleum Limited	

STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

AMENDMENTS TO CONSTITUTION – EXCEPTIONS TO STANDING ORDERS – PROCUREMENT

Executive Summary

The exceptions to the procurement / contract standing order provisions are set out in Part 5, Section 6, Clause 12 of the Constitution. These include at part (ii) 'Where the executive so directs'. It is understood that the clause had been included with the Exceptions clause to enable the Executive to make a decision that would not comply with all of the contract Standing Orders in such circumstances where the Executive determines that it would not be practical and also based on an officer recommendation.

To align with best practice it is recommended that the clause be deleted as it facilitates a provision for the Executive to over-ride a procurement decision. Accordingly, a proposed amended version of clause 12 is attached showing that item (ii) is deleted with the remaining items underneath renumbered.

The proposal was considered at the meeting of the Corporate Governance Working Group held on 20 February 2024. An extract from the minutes of the meeting is set out below, with the recommendations from the Working Group beneath:

“4. Exceptions to Standing Orders – Procurement

The Group received a draft report to the Standards and Audit Committee to be received at its meeting on 29 February 2024. The report contained a proposal to amend the procurement / contract standing order provisions in the Constitution by removing the provision for the Executive to over-ride a decision on procurement, in line with best practice. An amended clause 12 under Section 6 of Part 5 was attached as an appendix to the report, showing the wording to be deleted under part (ii) as 'Where the Executive so directs'. Members welcomed the proposal and noted that it would strengthen governance and remove exceptions in Standing Orders. The Group recommended the proposal to the Standards and Audit Committee.”

Recommendations

The Standards and Audit Committee is requested to:

RECOMMEND TO COUNCIL That

- (i) the clause on Exceptions to Standing Orders (Appendix 1) be amended as set out within the report in the Council's Constitution under Section 6 of Part 5;**
- (ii) the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and**

Amendments to Constitution – Exceptions to Standing Orders – Procurement

- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers: None.

Reporting Person: Gareth John, Interim Director of Legal and Democratic Services
/ Monitoring Officer
Email: gareth.john@woking.gov.uk, Extn 3077

Contact Person: Gareth John, Interim Director of Legal and Democratic Services
/ Monitoring Officer
Email: gareth.john@woking.gov.uk, Extn 3077

Date Published: 21 February 2024

“12.0 Exceptions

12.1. The following are the only permitted exceptions from all or part of contract standing orders:

- (i) where an Officer of the CLT is required to act in an emergency or other case of urgency, with the reason for the exception being fully documented and reported to the Director of Legal and Democratic Services;
- ~~(ii) where the Executive so directs;~~
- (ii) where the Council is acting solely as an agent for another body in compliance with the contract standing orders of that other body or where the Council participates in a joint procurement led by another body in compliance with the contract standing orders of that body. The Council may enter into a contract with a person approved for the purpose of such contract by the principal authority. In such cases, contracts shall be sealed either at the request of the principal authority or if the senior Officer so requires (and 10.1(a) above shall be varied accordingly). In all other respects contract standing orders shall apply;
- (iii) where a committee or an Officer of the CLT or a senior Officer is satisfied that the number of tenders or quotations required by contract standing orders cannot be obtained due to insufficient sources of supply or expertise, or where the need for standardisation or compatibility makes it necessary to obtain supplies or services from a particular source or to employ a particular contractor to carry out the work. Tenders or quotations shall be obtained from the sole or all available suppliers/persons who possess sufficient expertise or suitability;
- (iv) where the contract is one of employment;
- (v) where the contract is for works carried out by statutory undertakers in circumstances where they have monopoly status, or where no genuine competition would exist, for example, because of fixed prices or prices controlled by trade organisations;
- (vi) the extension of an existing contract (or the execution of work or materials necessary for maintenance repairs to existing machinery or plant) provided that the price for each item supplied or unit of work carried out is no higher than in the original contract and the value of the original contract is not increased by more than one third by the aggregate of extensions made under this exception; and one and two unit ad hoc refurbishment contracts may be extended by additional units up to a maximum of two, provided that the new works are at the same rates as for the original tender;
- (vii) where the contract is to appoint legal advisers, provided that the Director of Legal and Democratic Services shall be satisfied that the contract represents value for money;
- (viii) where the contract is for the disposal or acquisition of land or property;
- (ix) where the contract relates to a financing transaction, and

Amendments to Constitution – Exceptions to Standing Orders – Procurement

- (x) the paper processes and requirements relating to the invitation, submission and opening of tenders and quotations (Standing Orders c.5.0, c.7.0 and c.8.0), shall not apply to the operation of electronic processes, provided that those processes are undertaken within a system whose use has been authorised by the Chief Finance Officer and which includes secure e-mail and document management environment to nationally approved standards and in compliance with recognised protocols.
- 12.2. Note: the use of delta eSourcing has been authorised, by the Chief Finance Officer, for all tenders with an estimated value of £50,000 or more.
- 12.3. Exceptions shall be recorded as follows:
- (i) a direction of the Executive shall be reported to Council; and
 - (ii) exceptions made under c.12.1 (a), (d) and (g) shall be reported to the Director of Legal and Democratic Services who shall maintain a record of all such exceptions.”

STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

AMENDMENTS TO CONSTITUTION – MEMBERS’ ALLOWANCES

Executive Summary

The Members’ Allowances provisions are set out in Part 5, Section 4 of the Constitution. These include clauses 5.7 on Members Surgeries within the Travelling and Subsistence clause, and 8.2 on Co-optees’ entitlement within the Co-optees clause:

“5.7 Members are entitled to claim reimbursement for surgery accommodation to enable them to perform approved duties as a Member of Woking Borough Council.”

“8.2 The amount of entitlement to co-optees’ allowance for a co-optee in respect of the Municipal Year 2022/23 is a sum equal to 5% of the Basic Allowance (£369 in 2022/23).”

It is proposed that both clauses are removed from the Constitution. Clause 5.7 is no longer felt to be affordable for the Council, noting that it has not been claimed in recent times, and therefore could represent a saving. Clause 8.2 refers to decisions relating to pay which all fall under the delegated authority of the Head of Paid Service, and could therefore include the determination of the entitlement to the Co-optees’ allowance.

A proposed amended version of the clauses on Members’ Surgeries and Co-optees are attached as Appendix 1.

The proposal was considered at the meeting of the Corporate Governance Working Group held on 20 February 2024. An extract from the minutes of the meeting is set out below, with the recommendations from the Working Group beneath:

“5. Members’ Allowances.

The Group received a draft report to the Standards and Audit Committee which set out a proposal to amend the Members’ Allowances provisions in the Constitution. It was proposed to remove removing wording in two areas: Members’ Surgeries within the Travelling and Subsistence clause as the reimbursement was utilised rarely and offered by no other Surrey authorities; and regarding the Co-optees entitlement within the Co-optees clause as it should fall under the delegated authority of the Head of Paid Service and the sum of £369 was a small percentage of the Members Allowance which Independent Members would not receive.

Amended clauses with the deletions under Section 4 of Part 5 were attached as an appendix to the report. The Group recommended the proposal to the Standards and Audit Committee.”

Recommendations

The Standards and Audit Committee is requested to:

RECOMMEND TO COUNCIL That

- (i) the clauses on ‘Members Surgeries’ and ‘Co-optee’s Allowance’ (Appendix 1) be removed from the Council’s Constitution under Section 4 of Part 5;**

Amendments to Constitution – Members Allowances

- (ii) the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and
- (iii) the Monitoring Officer be instructed to make the agreed changes to the Constitution.

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers: None.

Reporting Person: Gareth John, Interim Director of Legal and Democratic Services / Monitoring Officer
Email: gareth.john@woking.gov.uk, Extn 3077

Contact Person: Gareth John, Interim Director of Legal and Democratic Services / Monitoring Officer
Email: gareth.john@woking.gov.uk, Extn 3077

Date Published: 21 February 2024

Members Surgeries

~~5.7 Members are entitled to claim reimbursement for surgery accommodation to enable them to perform approved duties as a Member of Woking Borough Council.~~

8 Co-optees

8.1 The Council may pay co-optees' allowances in respect of their attendance at conferences and meetings. 'Co-optees' for these purposes are persons who are not members of the authority but are members of a committee or sub-Committee of the authority. The person who qualifies at the present time as a co-optee is the co-opted (independent) member who sits on the Standards and Audit Committee.

~~8.2 The amount of entitlement to co-optees' allowance for a co-optee in respect of the Municipal Year 2022/23 is a sum equal to 5% of the Basic Allowance (£369 in 2022/23).~~

8.3 Where the term of office of a co-optee does not begin or end to constitute a full year, their payment shall be a proportional amount of the co-optee's yearly entitlement. The amount shall be equivalent to the period served during that year by days.

8.4 Where a co-optee is suspended or partially suspended from their responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, the part of co-optees' allowance payable to them in respect of the period for which they are suspended or partially suspended may be withheld by the Council.

STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

AMENDMENTS TO CONSTITUTION – RESPONSIBILITY FOR STANDARDS AND AUDIT COMMITTEE

Executive Summary

The responsibility for Standards and Audit Committee is set out in Part 3, Section 1, Clause 8 of the Constitution. Following input from the Local Government Association and Centre for Governance and Scrutiny, there is a proposal to align with best practice by enabling the appointment of either one or two Independent Co-opted Members to the Committee, in addition to the five Councillors appointed at the start of each Municipal Year.

A proposed amended version of clause 8 of Section 1, Part 3 of the Constitution is attached as Appendix 1, reflecting the proposals set out in the report. If approved, amendment would also be required to Article 10 (Standards and Audit Committee) of Section 1, Part 2 (Articles of the Constitution), which is attached as Appendix 2.

The proposal was considered at the meeting of the Corporate Governance Working Group held on 20 February 2024. An extract from the minutes of the meeting is set out below, with the recommendations from the Working Group beneath:

“6. Responsibility for Standards and Audit Committee

The Group received a draft report to the Standards and Audit Committee which referred to the section in the Constitution on responsibility of the Committee. Following input from the Local Government Association and Centre for Governance and Scrutiny, it was proposed to amend the number of Independent Co-opted Members appointed to the Committee from one to one or two, which also aligned with best practice.

Councillor Greentree stated that he felt the Constitution was not aligned with CIPFA guidance in areas such as Assessment of Risk, Internal Audit and Arrangements to Secure Value for Money. Gareth stated that the responsibilities of the Standards and Audit Committee were defined, broadly, across three sections of the Constitution, of which the Articles were one. It was agreed to discuss the matter further outside the meeting.

The Chairman added that it was important to avoid duplication, for example the recent public speaking at Planning Committee being received by a number of committees prior to Full Council. It was stated that it would be helpful to be aware of the sections of the Constitution that were statutory and that the Local Government Association should be lobbied to provide an off the shelf version of a local authority constitution that could be adapted by individual councils. The recommendation to the Standards and Audit Committee would be amended accordingly.

An amended clause under Section 1 of Part 3 and an amended Article 10 – Standards and Audit Committee under Section 1 of Part 2 were attached to the report. The Group recommended the proposal, as amended above, to the Standards and Audit Committee.”

Recommendations

The Standards and Audit Committee is requested to:

Amendments to Constitution – Responsibility for Standards and Audit Committee

RECOMMEND TO COUNCIL That

- (i) the clause on Responsibility for Standards and Audit Committee (Appendix 1) under Section 1 of Part 3, and Article 10 – Standards and Audit Committee (Appendix 2) under Section 1 of Part 2, in the Council’s Constitution be amended as set out within the report;
- (ii) the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering;
- (iii) the Monitoring Officer be instructed to make the agreed changes to the Constitution; and
- (iv) the Local Government Association be lobbied to provide an off the shelf version of a local authority Constitution that could be adapted by individual councils.

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers: None.

Reporting Person: Gareth John, Interim Director of Legal and Democratic Services / Monitoring Officer
Email: gareth.john@woking.gov.uk, Extn 3077

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“7.0 Responsibility for Standards and Audit Committee

- 7.1 Membership comprises of five Councillors and **one or two** Independent co-opted Members.
- 7.2 Standards and Audit Committee is responsible for:
- (i) promoting and maintaining high standards of conduct by Councillors and co-opted members;
 - (ii) assisting Councillors and co-opted members to observe the Members’ Code of Conduct;
 - (iii) advising the Council on the adoption or revision of the Members’ Code of Conduct;
 - (iv) monitoring the operation of the Members’ Code of Conduct;
 - (v) advising, training or arranging to train Councillors and co-opted members on matters relating to the Members’ Code of Conduct;
 - (vi) determining allegations that there has been a breach of the Members’ Code of Conduct in accordance with arrangements adopted by Council;
 - (vii) act as the Council’s Audit Committee. In performing this task, the Standards and Audit Committee will:
 - approve the plans of Internal Audit and consider the External Audit plan;
 - receive the Annual Audit and Inspection letter from External Audit;
 - receive Internal Audit recommendations for improvements and assurance that action has been taken where necessary;
 - review summary Internal Audit reports (located on the intranet);
 - receive a half yearly and annual report from the Chief Internal Auditor on the work of Internal Audit;
 - receive appropriate matters of concern raised by either External or Internal Audit or other agencies; and
 - ensure that there are effective relationships between internal and external audit and promote the value of the audit process;
 - (viii) overseeing the Council’s Risk Management, Anti-Fraud and Whistleblowing strategies, and Health and Safety policies and strategies;
 - (ix) receive the Annual Governance Statement, and
 - (x) oversight of payments in cases of maladministration which are neither disputed nor significant (which are dealt with by the Monitoring Officer).”

“Article 10 – The Standards and Audit Committee

1.0 Standards and Audit Committee

1.1. The Council meeting shall establish a Standards and Audit Committee composition.

2.0 Composition

Membership

2.1. The Standards and Audit Committee will comprise:

(i) 5 Councillors; and

(ii) 1 or 2 Independent Members.

Independent Members

2.2. The Independent Members shall be appointed by the Council for an initial term of office of four years with serving independent members being eligible for re-appointment one further time.

2.3. At the end of the term of office, the Council will invite applications from the general public via its website for appointment as co-opted independent members of the Standards and Audit Committee.

2.4. To be eligible for appointment, candidates must not be engaged in party political activity, or have been at any time in the preceding five years, a Councillor or Officer of Woking Borough Council or be a relative or close friend of a Councillor or Officer of the Council.

2.5. Ideally candidates will have significant experience of working at a senior level in a large, complex organisation and have a very good understanding of strategic or financial management or have sat previously on an Audit Committee.

2.6. The Monitoring Officer shall short-list candidates and invite them for interview by a panel comprising two members of the Standards and Audit Committee, the Monitoring Officer and Chief Finance Officer. The recommendations of the panel, as to appointment of co-opted independent members, shall be referred to Full Council for approval.

Chairing the Committee

2.7. The office of Chair shall be filled by a co-opted (independent) member. In the absence of the Chair, a meeting of the Committee shall be chaired by the Vice-Chair.

Votes

2.8. Independent Members are not entitled to vote at meetings.

2.9. In the case of an equality of votes, the Vice-Chair may exercise a second or casting vote.

Amendments to Constitution – Responsibility for Standards and Audit Committee

3.0 Role and Function

- 3.1. The Committee has a dual purpose both as an Audit Committee and a Standards Committee.
- 3.2. The Committee is a key component of the Councils Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 3.3. The purpose of the Committee is to provide independent assurance to Councillors of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Councils Governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.
- 3.4. The Committee oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. With regard to standards, the Committee promotes high standards of conduct by Councillors and co-opted members and oversees the arrangements for dealing with allegations of misconduct.
- 3.5. The Standards and Audit Committee will have the following roles and functions:
 - (i) promoting and maintaining high standards of conduct by Councillors and co-opted members in accordance with Sections 26-37 of the Localism Act 2011;
 - (ii) assisting Councillors and co-opted members to observe the Members' Code of Conduct;
 - (iii) advising the Council on the adoption or revision of the Members' Code of Conduct;
 - (iv) monitoring the operation of the Members' Code of Conduct;
 - (v) advising, training or arranging to train Councillors and co-opted members on matters relating to the Members' Code of Conduct;
 - (vi) determining allegations that there has been a breach of the Members' Code of Conduct in accordance with arrangements adopted by Council;
 - (vii) acting as the Council's Audit Committee. In performing this task, the Standards and Audit Committee shall:
 - approve the plans of Internal Audit and consider the External Audit plan;
 - receive the Annual Audit and Inspection letter from External Audit;
 - receive Internal Audit recommendations for improvements and assurance that action has been taken where necessary;
 - review summary Internal Audit reports (located on the intranet);
 - receive a half yearly and annual report from the Chief Internal Auditor on the work of Internal Audit;
 - receive appropriate matters of concern raised by either External or Internal Audit or other agencies; and

Amendments to Constitution – Responsibility for Standards and Audit Committee

- ensure that there are effective relationships between Internal and External Audit and promote the value of the audit process.
- (viii) overseeing the Council's Risk Management, Anti-Fraud and Whistleblowing strategies, and Health and Safety policies and practices;
- (ix) receiving the Annual Governance Statement;
- (x) oversight of payments in cases of maladministration which are neither disputed nor significant (which are dealt with by the Monitoring Officer)."

STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

AMENDMENTS TO CONSTITUTION – ASSET DISPOSALS THRESHOLD

Executive Summary

The Scheme of Delegations is set out in Part 3, Section 3 of the Constitution. These include Functions Delegated under the Strategic Director – Corporate Resources regarding sale of land and land management which fall to the Assistant Director – Property:

7.7	<p><u>Sale of Land</u></p> <p>The Strategic Asset Manager and the Chief Finance Officer are authorised to approve applications for the sale of areas of land held by either the Housing Revenue Account or the General Fund where there is no development potential or communal amenity value.</p>
7.8	<p><u>Land Management</u></p> <p>(i) to approve terms, etc., arising in the course of the following:</p> <ul style="list-style-type: none"> ○ disposals and acquisitions, rent reviews, assignments, renewals of existing agreements and all other land transactions; and ○ provided that in their opinion, the proposed transaction does not raise an issue of principle which, regardless of the pecuniary amount involved, ought properly to be referred to the Executive. <p>(ii) to approve terms for the sale of Council houses under the Right to Buy provisions of the Housing Act 1985, and the issuing of notices pursuant to these provisions.</p>

It is recommended that the delegated authorities of 7.7 and 7.8 be merged and a limit placed on the transaction value that can be approved by the Strategic Director – Corporate Resources before the transaction must be approved by the Executive.

It is further proposed that responsibility for land management decisions on property and land held within the Housing Revenue Account be transferred to the Strategic Director of Communities. To this end, a delegation is proposed to be added as 5.28. It is not proposed to move the responsibility for Right to Buy properties as the team that processes the applications sits within the Corporate Resources directorate.

A proposed amended version of the relevant sections of the Scheme of Delegations is attached as Appendix 1.

The proposal was considered at the meeting of the Corporate Governance Working Group held on 20 February 2024. An extract from the minutes of the meeting is set out below, with the recommendations from the Working Group beneath:

“7. Asset Disposals Threshold.

The Group received a draft report to the Standards and Audit Committee which referred to the Constitution’s Scheme of Delegations under the Strategic Director – Corporate Resources regarding sale of land and land management which fell to the Assistant Director – Property.

Amendments to Constitution – Asset Disposals Threshold

It was proposed to merge the two delegated authorities and place a limit on the transaction value of £1m beyond which the decision would need to be referred to the Executive. It was not felt that a CPI indexation should be added at the moment. In addition, it was felt that a new clause should be added to the delegations held by the Strategic Director of Communities to transfer land management decisions on property and land held within the Housing Revenue Account also up to a limit of £1m, not including Right to Buy properties due to the Estates Management team sitting within Corporate Services and not Communities. The Group recommended the proposal to the Standards and Audit Committee.”

Recommendations

The Standards and Audit Committee is requested to:

RECOMMEND TO COUNCIL That

- (i) **the clauses on ‘Sale of Land’ and ‘Land Management’ in the Scheme of Delegations (Appendix 1) under Section 3 of Part 3 of the Council’s Constitution be amended as set out within the report;**
- (ii) **the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering; and**
- (iii) **the Monitoring Officer be instructed to make the agreed changes to the Constitution.**

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers:	None.
Reporting Person:	Gareth John, Interim Director of Legal and Democratic Services / Monitoring Officer Email: gareth.john@woking.gov.uk , Extn 3077
Contact Person:	Gareth John, Interim Director of Legal and Democratic Services / Monitoring Officer Email: gareth.john@woking.gov.uk , Extn 3077
Date Published:	21 February 2024

5.28	<p><u>Land Management</u></p> <p>(i) to approve terms, etc., arising in the course of the following for any land or property held in the Housing Revenue Account:</p> <ul style="list-style-type: none">○ acquisitions and disposals of property and land up to the value of £1,000,000;○ assignments, renewals of existing agreements and all other land transactions; and○ provided that in their opinion, the proposed transaction does not raise an issue of principle which, regardless of the pecuniary amount involved, ought properly to be referred to the Executive.
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7.7	<p><u>Land Management</u></p> <p>(i) To approve terms, etc., arising in the course of the following for any land or property not held within the Housing Revenue Account:</p> <ul style="list-style-type: none">○ acquisitions and disposals of property and land up to the value of £1,000,000;○ rent reviews, assignments, renewals of existing agreements and all other land transactions; and○ provided that in their opinion, the proposed transaction does not raise an issue of principle which, regardless of the pecuniary amount involved, ought properly to be referred to the Executive. <p>(ii) To approve terms for the sale of Council houses under the Right to Buy provisions of the Housing Act 1985, and the issuing of notices pursuant to these provisions.</p>
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STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

AUDIT PROGRESS REPORT AND SECTOR UPDATE (GRANT THORNTON)

Executive Summary

Attached is the Audit Progress Report and Sector Update from Grant Thornton.

Recommendations

The Committee is requested to:

RESOLVE That the update be received.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Joanne Brown, Partner, Audit – Public Sector
Grant Thornton
Eugene Walker, Interim Director of Finance / S151 Officer
Email: eugene.walker@woking.gov.uk

Contact Person: Joanne Brown, Partner, Audit – Public Sector
Grant Thornton
Eugene Walker, Interim Director of Finance / S151 Officer
Email: eugene.walker@woking.gov.uk

Date Published: 21 September 2024

STA24-006

Woking Borough Council Audit Progress Report and Sector Update

February 2024

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

Joanne Brown

Key Audit Partner

T 0141 223 0848

E Joanne.E.Brown@uk.gt.com

Paul Jacklin

Senior Manager

T 020 7728 3263

E paul.j.jacklin@uk.gt.com

Kabir Feroz

In-charge Auditor

T 020 7865 2716

E Kabir.Feroz@uk.gt.com

This paper provides the Standards and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Standards and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at February 2024

Auditors Appointment

Grant Thornton have been appointed Grant Thornton as your auditor for years 23-24 onwards. This is a five-year contract. The 2023/24 audits are the first in the second five-year appointing period specified by PSAA. New contracts for this appointing period were awarded in 2022 to six audit firms, following a challenging and protracted procurement. The procurement demonstrated clearly the limited audit capacity available to meet the demand and requirements of the sector. As a firm we are committed to completing your audit to the timeframes and to the required quality standards.

Scale fee

PSAA have set your scale fee for the 2023-24 audit at £306,112. Proposals to address the backlog of previous audits are still being finalised. DLUHC have written to all councils outlining a framework for clearing backlog audits. The amount of work auditors are required to undertake on your opening 1 April 2023 balances for audits that are subject to the backstop has yet to be confirmed. This work will impact on the audit fee.

Financial Statements Audit

We remain committed to delivering your financial statements within the timeframes set out on page 5. Our planning and interim fieldwork has commenced at the end of January 2024. This work includes:

- A review of the Authority's control environment
- Documenting our understanding of your financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues

Whilst we await the outcome of the DLUC consultation we commenced our audit planning work early January. We have sought to work flexibly recognising the constraints within the finance team, including capacity, as the finance team are key to the 2024/25 budget setting arrangements. As a result, responses to audit queries have been slow. Once the budget is agreed, we would expect finance to work with us, in a more prompt and timely manner to conclude our audit planning by end of March. A failure to do so, will then impact on the potential timeline, outlined for us completing the 2023-24 audit. We will continue to work with Officers, to support their understanding of the audit process and understand the wider actions the Council will take, to have a finance team who can support the audit, on production of a 2023-24 set of financial statements.

The results of our interim work will be reported in the progress report which we will bring to the July Standards and Audit Committee.

In July we plan to issue a detailed audit plan, setting out our proposed approach to the audit of the your 2023/24 financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 December 2024

Progress at February 2024

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers have been invited to our Accounts Workshop in February 2024, where we highlight the financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Meetings

We met with Finance Officers in January as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

In particular we have been liaising with the S151 officer and Commissioners on the budget setting process for 2024/25 recognising the complexity the Authority is facing and we have been kept up to date with the ongoing DLUC discussions.

Audit Deliverables

2023/24 Deliverables	Planned Date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Standards and Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2022/23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report. This is the next planned committee, following this committee meeting.</p>	July 2024	Not yet due
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit within our Progress Report.</p>	July 2024	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the November Standards and Audit Committee. This is subject to outcome on the backstop consultation and clarity over what work incoming auditors are required to complete, over opening balances.</p>	November 2024	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	31 December 2024	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	31 December 2024	Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Exploring the reasons for delayed publication of audited local authority accounts in England – Grant Thornton

Recent performance against target publication dates for audited local authority accounts in England has been poor. There are some reasons for optimism that there will be an improvement in the timeliness of publication of audited accounts as foundations are being laid for the future.

In this report we explore the requirements for publication of draft and audited accounts and look at some of the reasons for the decline in performance against these requirements over time. Only 12% of audited accounts for 2021/22 were published by the target date of 30 November 2022. There is no single cause for the delays in completing local authority audits, and unfortunately there is no quick solution in a complicated system involving multiple parties. We consider a variety of factors contributing to delays, note the measures which have already been taken to support the local audit system and make recommendations for further improvement.

There are some reasons for cautious optimism that the system will begin to recover and there will be a gradual return to better compliance with publication targets. However, we consider that these are outweighed by a number of risk factors and that the September deadline for audited accounts set by DHLUC is not achievable in the short term and also not achievable until there is further significant change in local audit and local government.

We note the following matters that are yet to be tackled:

- clarity over the purpose of local audit
- the complexity of local government financial statements
- agreement on the focus of financial statements audit work
- an improvement in the quality of financial statements and working papers

an agreed approach to dealing with the backlog of local government audits

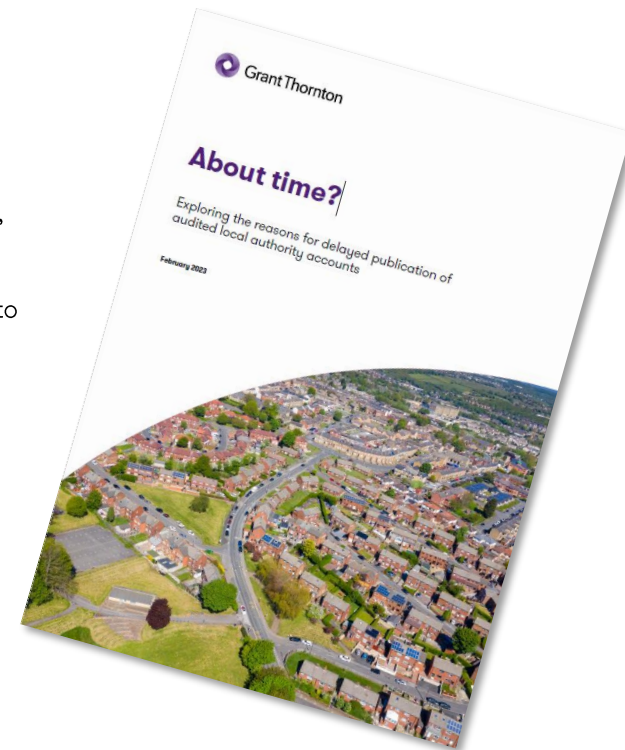
Government intervention where there are significant failures in financial reporting processes

All key stakeholders including local audited bodies, the audit firms, the Department for Levelling Up Housing and Communities, PSAA, the NAO, the FRC and its successor ARGA, CIPFA and the Institute of Chartered Accountants in England and Wales will need to continue their efforts to support a coherent and sustainable system of local audit, acknowledging that it will take time to get things back on track.

We make recommendations in our report for various stakeholders, including Audit Committees and auditors, and include a checklist for consideration by management and Audit Committees within an Appendix to the report.

Read the full report here:

[Report: key challenges in local audit accounting | Grant Thornton](#)



Current local audit deadline ‘unachievable’- Grant Thornton (Oct 23)

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In evidence to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years' accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

“Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies,” the firm said.

In certain instances, audits are open as far back as 2017-18.

“Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

“This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable.”



Current local audit deadline ‘unachievable’- Grant Thornton(cont.)

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show “significant failures in financial reporting and an unwillingness to improve”.

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

Unfortunately, the quality of too many financial statements and working papers are not adequate,” Grant Thornton said.

Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime.”

In December, local audit procurement body Public Sector Audit Appointments revealed that only 12% of local government audits for 2021-22 were completed by the 30 November deadline.

PSAA said that 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from 45% in 2019-20.

Read the full report here

committees.parliament.uk/writtenevidence/118580/pdf/



DLUHC proposals to clear audit backlog

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

The proposals have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read the full proposal here

committees.parliament.uk/publications/40932/documents/199432/default/



Call for sanctions for late accounts amid fears of ‘more Wokings - public accounts committee (PAC)

The Commons’ public accounts committee (PAC) published a report, [Timeliness of local auditor reporting](#), which highlights problems caused by the delays to local audit.

Just 12% of local government bodies received their audit opinions in time to publish their 2021-22 accounts by the extended deadline. The committee warned that the problem is likely to get worse before it gets better.

The report points out that there are no sanctions for failing to produce accounts on time, for either auditors or councils.

The PAC and others have been concerned about the implications of audit delays and Sir Geoffrey Clifton-Brown said cases like that of Thurrock Council and Woking Borough Council demonstrate why this issue needs to be addressed. Both councils had years of unaudited accounts when they declared themselves effectively bankrupt due to excessive levels of debt.



LGPS valuation gives ‘cause for optimism’ – Hymans Robertson

Many Local Government Pension Schemes are in a stronger position than three years ago to meet future member benefits, pension advisors have said following the most recent valuations.

Despite market instability brought on by Covid-19 and exacerbated by Russia’s invasion of Ukraine, the overall funding level rose to 107% of past service in March 2022, compared to 98.5% in 2019, Hymans Robertson said in a [report](#).

Analysts reviewed the triennial valuations of 73 of the 86 LGPS funds, and said that on average fund asset values rose by 27.5% up to March 2022.

Hymans Robertson said the better-than-expected funding outlook has prompted a reduction in employer contributions, from 21.9% of pay in 2019 to 20.8% in 2022.

Robert Bilton, head of LGPS valuations at Hymans Robertson, said: “Our analysis gives cause for optimism that the outlook for the long-term funding sustainability of the LGPS is robust, not least due to the hard work that has taken place across all funds over the last decade and longer.

“While the good news is welcome, the hard work doesn’t stop, and it is important that funds use the next two years to continue to systematically review their risks to keep them in the best place possible ahead of the valuations in 2025.”

The report said funding levels rose by the most for schemes that were already better-funded in 2019, but balances increased “across the board” in all funds that were reviewed.

Researchers said higher asset values mean funds will only need to deliver real investment returns of about 1.5% per year over the next 20 years to ensure they are fully funded.

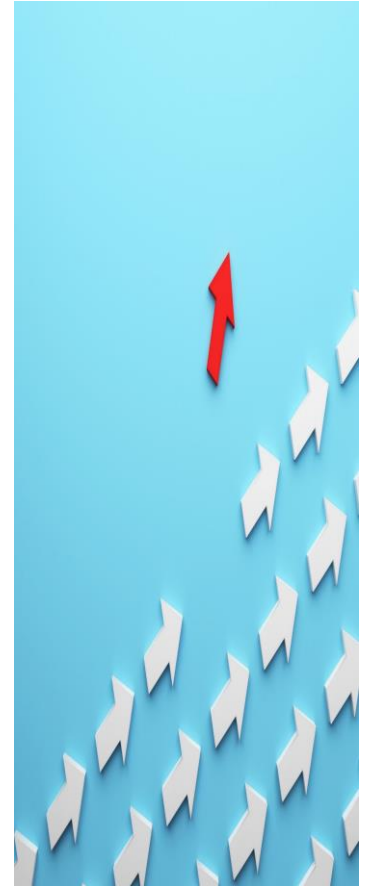
Hymans said it expects more than three-quarter (77%) of funds to be able meet the annual level of investment returns by 2040.

“This is a very positive funding position for the LGPS, Considering that, not so long ago, the Scheme Advisory Board had set up a ‘deficit working group’ and the significant market events that the LGPS has had to navigate in recent years.”

“Being in such a strong position is a testament to the diligent and hard work of administering authorities over the last decade.”

Read the full report [here](#)

[LGPS 2022 Valuation - the big picture.pdf \[hymans.co.uk\]](#)



Sustainability reporting in the public sector - CIPFA

CIPFA said, 'Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.'

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development, said CIPFA.

CIPFA report states, 'the answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.'

Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read the full report from CIPFA here

[Sustainability Reporting \[cipfa.org\]](https://www.cipfa.org)

