

MINUTES  
OF A MEETING OF THE  
**STANDARDS AND AUDIT COMMITTEE**

held on 21 September 2017

Present:

Mrs C Storey (Chair)  
Cllr J Kingsbury (Vice-Chair)  
Cllr A E Murray                      Cllr M A Whitehand

Absent: Councillors M Ali and I Johnson

**1. MINUTES**

RESOLVED

That the minutes of the meeting of the Committee held on 12 July 2017 be approved and signed as a true and correct record.

**2. DECLARATIONS OF INTEREST**

In accordance with the Members' Code of Conduct, Councillor John Kingsbury declared a non-pecuniary interest in any items under which the Thamesway Group of Companies, Brookwood Cemetery or Victoria Square (Woking) Ltd were discussed, arising from his position as a Director of the subsidiary companies. The interest was such that speaking and voting were permissible.

In accordance with the Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declared an interest in any items under which the Thamesway Group of Companies or Brookwood Cemetery were discussed, arising from his position as a Director of the subsidiary companies. The interest was such that speaking was permissible.

**3. EXTERNAL AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2016-17**

Aaron Rose of KPMG introduced the External Audit report to the Committee and advised that overall the External Audit report was good, and they anticipated issuing an unqualified opinion on the Council's financial statements and value for money arrangements which demonstrate how resources are used efficiently, economically and effectively.

The report set out four recommendations for the Council to consider on page 19: journal controls, journals authorisation, faster close preparations and timeliness of processing transactions into the Financial Information System. The Committee welcomed the news that there were no external audit recommendations outstanding from previous years.

Leigh Clarke, Finance Director, reported that from next year the Council would be required to have brought forward approval of its Statement of Accounts by Council to the end of July and it was stated that there would therefore be a greater reliance on estimates rather than actual figures. Recent upgrades in the Integra finance software would assist the Council with working

towards a faster close at the end of the financial year.

On page 22 of the report, it was noted that the adjusted audit difference related to a consolidation adjustment between the Thameswey accounts and the Council's accounts. The Committee was advised that the end of the Thameswey financial year was the end of December and so the accounts would still be able to be incorporated within the Council's accounts under the new timetable.

Following a question on page 14 of the report, it was noted that the impairment of £12.3m regarding a reduction in the value of Wolsey Place was due to a decrease in the rental stream received due to the town centre development. The Council would be reimbursed for the fall in asset value as Victoria Square (Woking) Ltd would be purchasing that part of Wolsey Place as part of the Victoria Square development.

The Committee noted that paragraph 2.13 of the covering report stated that the Medium Term Financial Strategy had identified the need for £7.5m of ongoing cost savings or increased income to be in place by 31 March 2022, of which £3.5m remained to be secured. The Council had received a greater level of income than forecast from Business Rates in 2016/17 and the funds received from the Business Rate Pool with neighbouring Surrey local authorities could contribute towards both the 2017/18 and 2018/19 budget. It was noted that there was the possibility of Surrey applying to become one of the pilot areas for 100% Business Rate Retention in 2018/19.

Following a question, it was noted that the level of interest rates was expected to increase over time and that the Council had recently secured some long-term borrowing of £60m at a low interest rate. It was stated that the Council would only purchase properties for rental income if they also presented a strategic value to the Borough. During the current year it was noted that Thameswey Housing had been investing in rental residential properties which would enable the Council to receive income from the loans advanced to the company.

The Committee was advised that KPMG tested the assumptions of the Thameswey Group to rely on the going concern opinion set out by its auditors and it was noted that the External Auditors held no concerns over their operation. STA17-011

### **RECOMMENDED TO COUNCIL**

**That the Report to Those Charged with Governance (ISA 260) 2016/17 and the Management Representation letter be received.**

#### **4. INTERNAL AUDIT SERVICE PROGRESS UPDATE**

Jeremy Welburn, Head of Internal Audit, introduced the Internal Audit progress report and stated that 26% of the plan had been delivered to at least draft report stage, with a further 17% being in progress. No high risk recommendations were issued in the reports from 1 April and 8 September 2017 and there were no limited or nil assurance final reports.

Appendix 1 of the report set out the two ongoing high risk recommendations. Officers were confident that the second recommendation, Information Security, had now been implemented. The second Data Centre was stated to be operational with servers in place and data successfully moved across. Regarding the first recommendation, Business Continuity and Disaster Recovery, it was noted that the IT world had moved on significantly since 2008/09 and so a further piece of work would be necessary to conduct a high level review of the need going forward. Days would be allocated within the 2017/18 audit plan to enable the work to be started

during the current financial year.

STA17-013

**RESOLVED**

That the report be received and progress against the 2017-18 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

**5. MEMBERS' CODE OF CONDUCT**

Peter Bryant, Head of Democratic and Legal Services, introduced the report which advised the Committee of complaints submitted under the Members' Code of Conduct, received by the Monitoring Officer between 1 August 2017 and 31 July 2017. The report also provided an opportunity for Members of the Committee to review the Registers of Interests at the close of the meeting. It was noted that Woking Borough Council held a good record for Members' conduct. ST

**RESOLVED**

That the report be noted.

**6. OMBUDSMEN COMPLAINTS**

Peter Bryant, Head of Democratic and Legal Services, introduced the annual report which provided details of recent complaints to the Local Government and Social Care Ombudsman and the Housing Ombudsman. A table had been included in the report setting out the complaints made to the Local Government Ombudsman along with separate reference in the report for complaints to the Housing Ombudsman.

It was noted that as a local authority Woking Borough Council would always receive complaints, however the number received was not disproportionate and there were no adverse findings set out by the Ombudsmen. A high number of the complaints would tend to relate to the decisions undertaken by the local planning authority.

Following a question, Peter Bryant undertook to establish whether there was a table published by the Local Government Ombudsman showing the position regarding Ombudsman complaints for other local authorities, and if so would include it in the next annual report. For this year, Members would be advised, outside the Committee, of the result of the research. STA17-009

**RESOLVED**

That the report be noted.

**7. APPOINTMENT OF EXTERNAL AUDITORS**

Leigh Clarke, Finance Director, reported that the Council had previously opted into the national procurement of External Audit from the 2018/19 financial year. The provisional results had been announced and the Council's new auditor would be Moore Stephens, who were a top ten accounting firm, subject to written confirmation being received in December 2017. KPMG would continue to act as the Council's external auditors for the 2017/18 financial year.

RESOLVED

That the update be noted.

The meeting commenced at 7.00 pm  
and ended at 8.00 pm

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_