

MINUTES
OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE

held on 20 June 2024

Present:

Mrs C Storey (Chair)
Cllr S Oades (Vice-Chair)
Cllr G Cosnahan Cllr M I Raja
Cllr S Greentree Cllr L Rice

Also Present: Councillor A-M Barker

1. ANNOUNCEMENT FROM THE CHAIRMAN

The Chairman stated that the Audit and Governance Committee (previously known as the Standards and Audit Committee) was required to be chaired by an Independent Co-Opted Member and that in 2021 she had spoken with the then Monitoring Officer and indicated her intention to stand down due to length of time in the role. However due to the period of transition the Council was about to go through, and then subsequently the Section 114 Notice in June 2023, and the announcement of the General Election, recruitment to the role had been deferred multiple times. It was now intended that recruitment of a new Independent Co-Opted Member would be taken to the September meeting of Full Council. Mrs Storey stated that she would stand down from the role at the end of the calendar year, irrespective of whether a new Independent Co-Opted Member had been appointed. The decision was taken to focus efforts to recruit to the role. The Leader of the Council, Councillor Barker, spoke to thank Mrs Storey for her hard work over many years.

2. MINUTES

RESOLVED

That the minutes of the meetings of the Standards and Audit Committee held on 11 April 2024 and the Audit and Governance Committee on 20 May 2024 be approved and signed as true and correct records.

3. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Graeme Clarke of Mazars.

4. 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.

5. URGENT BUSINESS

There were no items of Urgent Business.

6. UPDATE ON EXTERNAL AUDIT (BDO) STA24-016

The Chairman brought forward the External Audit update item due to there being no requirement for the BDO representatives to attend the meeting for the other items.

Steve Bladen introduced the report and stated that the legislation intended to provide a backstop date to outstanding local authority audits by the end of September had not been put in place prior to the calling of the General Election, and so it was unclear as to what would happen under a new Government. However, BDO would seek to complete the audit of the 2019/20 accounts by 30 September and then await the Government's view on the remaining audits. Three key areas had been highlighted in the report: Transactions and Balances, Minimum Revenue Provision and the Impairment of Long-Term Debtors. It had previously been reported that it had been difficult to ascertain assurance over some of the significant balances from the subsidiaries' previous local auditor and so it was likely that the audit would result in a qualified or disclaimed audit opinion. The Value for Money conclusion and the objection received from a local resident would be determined as part of the conclusion of the audit.

Stephen Fitzgerald, S151 Officer, stated that once the Council's own accounts for a financial year had been finalised they would need to be consolidated with the subsidiary accounts to become group accounts. Price Waterhouse Coopers had been contracted to assist with the production of the financial statements, and that the finance team was dealing with a considerable number of queries regarding the past financial years.

The Committee expressed disappointment that the legislation to provide a backstop date had not been passed and the resulting lack of assurance on the Council's accounts. Kevin Foster, Strategic Director – Corporate Services, advised that a level of assurance would be obtained through the Council's Improvement and Recovery Programme under the financial and governance workstreams.

RESOLVED

That the update be received.

7. INTERNAL AUDIT PROGRESS REPORT STA24-015

Kirk Harrison of Mazars introduced the progress report and reported that nine reports of the 2023/24 Plan had either been finalised or a draft report issued. Following the issuing of the report, fieldwork for the GDPR audit had begun and the insurance audit would commence the following week. The working relationship with the Council was stated to be excellent and the Council's Corporate Strategy Manager was thanked by Mazars. A demonstration of a new action tracker had been seen earlier in the day and had looked to be extremely robust.

It was stated that the Council had a two year strategic audit plan which included the review of the Council's Risk Register. In relation to the high priority actions identified, completion dates had been agreed with management and subsequently reviewed by the Council's Corporate Leadership Team. Follow-up reviews would be taking place on a quarterly basis, with the next one to begin mid-September.

The Chairman referred to the spreadsheet circulated to the Committee by the Corporate Strategy Manager which contained the status of all the reviews broken down by financial year and it was felt useful to make this information available to Members on a 'live' basis. It was added that the Payroll audit report had been issued in draft and following management responses would be finalised. This audit had been run as an exemplar audit and it was felt that the process worked well.

RESOLVED

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

8. INTERNAL AUDIT ANNUAL REPORT STA24-012

The Committee received the annual report which contained the Head of Internal Audit (HOIA) annual assurance opinion on the control environment of Woking Borough Council based on internal audit work undertaken during the 2023/24 financial year.

The report stated that the opinion on the framework of governance, risk management, and control at the Council had been classed as Limited in its overall adequacy and effectiveness, in comparison with the opinion of provided Unsatisfactory for the 2022/23 financial year. It was noted that the 2023/24 opinion had been provided within the context of the revised Internal Audit Plan from September 2023, which was specifically focussed on the Council's financial controls, and that a broader view of the Council's internal controls, governance or risk management, would be obtained through the 2024/25 and 2025/26 Internal Audit Plans.

Councillor Rice referred to an analysis of service areas which had not been audited for some time to assist with the understanding of the Council's risk profile and it was noted that the audit universe had been included in the past report on the development of the current year's plan, and that it could also be useful to include in the annual report.

The Chairman asked how last year's overall opinion of Unsatisfactory would differ from the current year's opinion of Limited and it was stated that it would be a view taken by the Head of Internal Audit based on the audit information available at that time, with last year's audit focusing largely on key financial controls. It was confirmed that there were no areas of concern that the Committee had not been advised of, or that had not been accepted by the Council.

RESOLVED

That the annual assurance opinion of the Head of Internal Audit over the control environment be noted.

9. INDICATIVE EXTERNAL AUDIT PLAN 2023-24 (GRANT THORNTON) STA24-013

Paul Jacklin of Grant Thornton introduced the Indicative External Audit Plan for the year ended 31 March 2024 which set out the Council's significant areas of risk to be management over-ride of controls; the risk of fraud noting the S114 announcement; the valuations of land and buildings; the Pension Fund liability; and the impairment of long-term debtors. It was noted that consolidated group accounts had not been able to be prepared for a number of years and remained outstanding. It was likely that some financial year's accounts would have disclaimed audit opinions from the previous auditor which would

impact on the opening balances for the first year (2023/24) of the Grant Thornton audit. The Value for Money conclusion was in its planning stages and the overall fee for the audit had been set at £306,000.

Following questions, Joanne Brown stated that the level of materiality would be set at 1% of operating expenses and the Committee felt that it was important to have assurance that the level set was appropriate for the Council, as any mis-statements over that level would be required to be reported to the Committee. Regarding risks faced by the Council, work would take place to ascertain the likely risks for a Council under Section 114 and assess the local authority against them. In relation to the Pension Fund, the Auditors would engage with the Actuary regarding data such as membership, assets and liabilities. It was added that regular meetings took place between the Auditor and the Section 151 Officer.

Joanne Brown advised the Committee that the statutory four week consultation on the separate Value for Money report had been delayed due to the announcement of the General Election and would begin shortly afterwards.

RESOLVED

That the Indicative External Audit Plan 2023-24 be agreed

10. REGISTRATION OF INTERESTS FOR MEMBERS ELECTED IN MAY 2024 STA14-014

RESOLVED

That the registration of the interests of the Members newly-elected in May 2024 be noted.

11. WORK PROGRAMME STA24-011

The Committee received the draft Work Programme and the Chairman suggested a number of areas which could strengthen the assurance provided to the Committee, which included the receiving of the Annual Governance Statement more regularly; Internal Audit progress reports to include tracking of recommendations; an annual report on risk management with updates on the risk log at some meetings; an annual report from the Section 151 officer on the effectiveness of the Internal Audit arrangements; an annual private meeting between the committee and the External Auditors; an annual review of the Committee to include the terms of reference; and the receipt of the Work Programme at each meeting of the Committee.

It was agreed that an updated version of the Work Programme would be received at the September meeting of the Committee.

RESOLVED

That the Work Programme be received and an updated version by received at the September meeting of the Committee.

The meeting commenced at 7.00 pm
and ended at 9.05 pm

Chairman: _____

Date: _____