

MINUTES
OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE

held on 4 December 2024

Present:

Mrs C Storey (Chair)
Cllr S Oades (Vice-Chair)

Cllr G Cosnahan Cllr L Rice
Cllr S Mukherjee

Absent: Councillors M I Raja, P Jasuja and A Ren

Also Present: Councillors A-M Barker and D Roberts

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M I Raja, Puneet Jasuja and Annie Ren.

2. 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.

3. URGENT BUSINESS

There were no items of Urgent Business.

4. FINAL ACCOUNTS REPORT 2019-20, 2020-21 AND 2021-22 STA24-035

The Chairman welcomed Carol Culley, Lead Commissioner for Finance, to the meeting. Carol Culley introduced her report and apologised for it being circulated earlier in the day. Councillor Rice stated that in light of good governance it should have been supplied earlier and asked why it had not been provided closer to the backstop arrangements legislation. Carol Culley stated that the paper reflected the latest discussions which had taken place and introduced the report, which set out national issues affecting the Local Audit regime; the national arrangements to clear the backlog in English local authority audits; the position for Woking Borough Council and the length of time it would likely take to get to a clean set of accounts.

The Committee was advised that re-stating the historic accounts for the changes in Minimum Revenue Provision (MRP) policy, updating the reserves position and other amendments highlighted in the Section 114 notice was complex. The re-stating of the 2023/24 accounts was supported by Commissioners and would provide a baseline for

working back as required along with producing the 2024/25 accounts. Consolidated group accounts would be prepared for 2023/24 onwards and would start to re-build confidence in the Council's financial position.

It was stated the Council was caught between two pieces of legislation: the requirement to bring accounts forward in time for the backstop (13 December 2024), and the requirement for the Chief Finance Officer to certify that they provided a true and fair view. It was added that having accounts signed off was a prerequisite for the audit process. Carol Culley had requested a detailed update from BDO on the outstanding issues and how these would fit in with the backstop legislation. The Council was also constrained by not having the capacity to devote time to historic accounts that would never be audited, which could impact the production of 2023/24 and 2024/25 sole entity and group accounts.

An email had been received from BDO which stated that it would be difficult for the Auditor to give an opinion without group accounts, although the Commissioners believed the right approach would be to progress sole entity accounts for approval for those years. BDO had also stated that their Opinion could not be issued until the accounts had been approved. Commissioners endorsed the view that there would need to be a supporting statement setting out that the accounts had been prepared in the context of the policies in place and the information available at the time. However, due to uncertainty around the legal position, appropriate King's Counsel advice was being sought to support the recommendations and any decision by Council, which would need to be received prior to Full Council on 12 December 2024.

Finally, the report highlighted a timeline to achieve a clean set of accounts, which for Woking would likely be 2027/28, although could be delayed if further time was required to be spent by the finance team on the historic accounts. The Committee was assured that the Commissioners were working with all parts of the Local Audit system to help resolve the situation.

Councillor Rice questioned how Councillors could agree the accounts as true and fair without being qualified to do so. Councillor Oades expressed concern over how Members could approve accounts that had been called into disrepute. Carol Culley stated that Full Council approval of the accounts was required for the External Audit Opinion to be issued. Following a question by Councillor Mukherjee, Stephen Fitzgerald added that the certification was the responsibility of the Section 151 Officer, and approval was the responsibility of Full Council.

Councillor Oades asked what the implications would be if BDO did not provide the opinion under the backlog arrangements. Carol Culley said that the Council would prefer not to be in a situation where there were significant further delays and highlighted that discussions were taking place with agencies in the local audit system to help resolve the situation.

Councillor Rice set out the need to separate nationwide backstop issues from Woking's specific concerns and questioned what a reasonable person would do with accounts which had been called into disrepute. Stephen Fitzgerald stated that in the preparation of the supporting statement consultation had taken place with CIPFA and also BDO.

Following a question by Councillor Oades, Adesuwa Omoregie confirmed that the advice from King's Counsel would be acquired in good time for Full Council to review before making a decision. Councillor Rice asked for clarification on what a good Opinion would look like, and it was anticipated that the Opinion would address the points raised and provide an understanding of the implications of the decision. It was not yet known whether BDO would accept the resolution to be agreed for recommendation to Council. It was

added that the Ministry of Housing, Communities and Local Government had been written to, as requested by BDO, although it was not expected that specific advice would be received.

Councillor Cosnahan expressed concern over any Member personal liability for the decision to approve the accounts and questioned the consequences of the Audit and Governance Committee or Full Council refusing to accept the accounts. Adesuwa Omoregie clarified that the decision was ultimately that of Full Council, and steps taken before making the decision, such as seeking advice, were important to provide necessary assurance.

Councillor Rice stated that in the private sector professional staff would have liability insurance to cover them and that he would have no objection if the Commissioners were to approve the accounts on behalf of the Council.

The Chairman stated that in consultation with the Committee Members she had prepared a draft wording for recommendation to Council which was circulated for all present to consider. Following discussion it was agreed to amend the draft wording to reflect the support of the Commissioners in the approach being taken; an amendment to the request to King's Counsel to also include the position of Members in relation to the recommendation; an amendment from Stephen Fitzgerald to provide the formal wording in relation to the Statement of Responsibilities; and, in (ii), to add the wording 'relevant to the above accounts as of the date of this meeting [4 December 2024]'. Adesuwa Omoregie added that the recommendation should be split into two parts: the resolution noting the accounts and Commissioner's support, and the recommendation to Full Council.

The Chairman sought clarification on who the legal advice should satisfy, questioning if it was for the Section 151 officer, the members, or the commissioners. Adesuwa Omoregie added that the advice was for the benefit of the Council as a whole, including both officers and members.

The Chairman read out the revised resolution. Councillor Cosnahan proposed and Councillor Mukherjee seconded the recommendation as amended by the Committee.

In relation to (ii) of the recommendation, Kevin Foster clarified whether the Committee was seeking assurance that no new information had emerged since the preparation of the reports. Stephen Fitzgerald confirmed that had any new information come to light it would have brought it to Committee.

Councillor Rice highlighted an instance at the July meeting where he stated there had been a material non-disclosure relating to the seeking of King's Counsel advice regarding the Housing Revenue Account, which he stated had led to a loss of faith and trust. Stephen Fitzgerald stated that in his view officers had acted properly. Carol Culley stated that the concerns would be addressed outside of the meeting.

The Chairman reiterated that a correction was required to the accounts as previously discussed to remove her name as a signatory for the statement of responsibility before the publication as part of the Full Council agenda pack for 12 December.

RESOLVED

1. That the accounts for the years 2019/20, 2020/21 and 2021/22, and the support of the Commissioners in the approach taken, be noted; and

2. **To RECOMMEND TO COUNCIL that subject to the receipt of advice satisfactory to the Section 151 Officer and Members from King’s Counsel with respect to the Council’s Chief Financial Officer’s Statement of Responsibilities for the Statement of Accounts and the position of Members in relation to this, Full Council approves and submits the accounts to the External Auditors, BDO, in line with the statutory backstop requirements noting that this is done in the knowledge that they are based on the accounting policies and practices of the time and the information that was available at that time, additionally noting that this recommendation is made on the basis that:**
- (i) **the Council’s Section 151 Officer’s via his explanatory statement to Full Council on 26 September 2024, has confirmed that the accounts are based on the best information available and the policies and conventions in place for the year that the specific accounts refer to; and**
 - (ii) **Officers have confirmed that there are no further matters relevant to the above accounts as of the date of this meeting [4 December 2024] that should be brought to the Committee’s attention.**

5. WORK PROGRAMME AND COMMITTEE ACTION TRACKER STA25-034

The Committee received the Work Programme and Committee Action Tracker, deferred from the meeting on 21 November.

The Chairman reported that there had been three items to consider from the November meeting: the benefit of receiving the Annual Governance Statement in some form at every meeting as a living document; a potential private meeting with internal and external auditors; and the reporting of governance aspects of the Improvement and Recovery Plan. In addition, the Chairman suggested a possible review of the Internal Audit function either or outside the work of the Committee. A session was also being arranged for the holding of an Internal Audit workshop with Forvis Mazars on 27 January 2024, followed by a discussion on training needs with the Council’s appointed LGA adviser. The Chairman stated that two actions were stated to have arisen from the meeting: the Internal Audit Charter to come back to the Committee; and for the Section 151 Officer to liaise with those in the same role in some other authorities which were in an exceptional financial situation.

Councillor Rice raised the issue of policy control which would assist with Council policies that were out of date and gain clarity on when they were changed and ensuring that current officers and members were named in those policies. Councillor Rice also requested that the Work Programme and Committee Action Tracker be received at the start of each meeting.

Adesuwa Omoregie stated that a Review of the Terms of Reference would be received at the February meeting. The Chairman added that it was important to have some consistency in the Committee membership as well as a healthy turnover.

RESOLVED

That the Work Programme and Committee Action Tracker be noted.

6. VOTE OF THANKS

As it was Claire Storey's last meeting, Members and Officers recorded their thanks to Claire for her significant work on the Committee and for the wider Council. Claire had joined the Committee in May 2007 and had become Chairman from May 2008, which was agreed to be an impressive period of service. The Committee wished Claire all the very best in the future.

RESOLVED

That a Vote of Thanks be accorded to Claire Storey.

The meeting commenced at 7.00 pm
and ended at 8.55 pm

Chairman: _____

Date: _____