

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 8 March 2018
Present:

Mrs C Storey (Chair)
Cllr M Ali Cllr A E Murray
Cllr I Johnson

Apologies: Councillors J Kingsbury and M A Whitehand

1. MINUTES

RESOLVED

That the minutes of the Committee held on 30 November 2017 be approved and signed as a true and correct record.

2. DECLARATIONS OF INTEREST

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, Brookwood Cemetery or Duke's Court were discussed, arising from his position as a Director of the subsidiary companies. The interest was such that speaking was permissible.

3. URGENT BUSINESS

There were no items of Urgent Business.

4. REVIEW OF ARRANGEMENTS FOR DEALING WITH STANDARDS ALLEGATIONS UNDER THE LOCALISM ACT 2011

The Committee received a report which advised Members on the outcome of the review of the Council's arrangements in dealing with Standards Allegations under the Localism Act 2011. At its meeting on 30 November 2017, it had been agreed that the procedure would be updated by Peter Bryant, Head of Democratic and Legal Services / Monitoring Officer, in consultation with all Members and received by the Committee prior to being approved by Full Council. Three minor amendments had been made following the consultation which were set out in paragraph 2.2 of the report, with a revised policy appended to the report.

It was noted that only one complaint had been heard to date by the Standards and Hearings Sub-Committee since its inception in 2012. Paragraph 8.1 of the report set out the actions which could be taken by the Sub-Committee in the event that a Member had breached the Code of Conduct, either directly or by way of a recommendation. Item 'c' – 'censure or reprimand a Member' had been added as a separate item to clearly show that the option was available to the Sub-Committee if required. Once a Sub-Committee had reached a decision, a formal notice would be drafted for signing by the Chairman which

would become a record of the Sub-Committee's determinations. In the event that a censure or reprimand had been agreed, the Sub-Committee would select whether the decision notice should be made public, for example through reporting to Full Council or being published in a local newspaper, depending on the seriousness of the breach.

RECOMMENDED to Council That the Council's Arrangements for dealing with Standards Allegations under the Localism Act 2011 be amended as set out in the appendix to the report.

5. EXTERNAL AUDIT PLAN

The Chairman welcomed Neil Hewitson of KPMG to the meeting, who introduced the report on the External Audit Plan for 2017/18.

Mr Hewitson stated that there were two statutory responsibilities of the External Auditor, to issue firstly an opinion on the Council's financial statements and secondly a value for money conclusion.

The Committee was referred to page 4 of the report which set out the audit risk assessment associated with the financial statements, including four risks classed as significant – management override of controls, pension liability, valuation of investment properties and valuation of land and buildings – along with two further important risks – consolidation of subsidiaries and faster close. The procedures KPMG intended to undertake regarding those risks were listed on pages 5 - 9. It was noted that there were no new audit risks ahead of those reported to the Committee in previous years, other than the acquisition of Duke's Court and the company associated with that purchase.

Regarding the value for money opinion, one significant risk had been identified on the issue of financial resilience as shown on page 12, consistent with reporting to the Committee during previous years. Also included in the Plan were the KPMG fees and the declaration of independence.

In relation to the dependence on third party providers for the pension valuation and the company accounts, it was stated that the arrangements were working well and the providers were appropriately independent and qualified. The significant change for the coming year was the new faster close which would require local authorities to finalise their accounts, submit them for external auditing and then approve them by July instead of September each year. The change would require increasing use of including judgements and estimates within the financial statements.

Following a question, Leigh Clarke, Finance Director, added that all material assets were valued annually with the remaining assets valued as part of an ongoing rolling programme. It was noted that the Council had not achieved its in-year savings target of £100,000, however a Risk Contingency of £250,000 had been included within the budget which covered the level of savings which had not been met.

On page 8 of the report it was noted that the subsidiary company Woking Necropolis and Mausoleum Ltd included two further subsidiary companies acquired as part of the purchase of Brookwood Cemetery.

The Committee thanked Neil Hewitson and his team at KPMG for working with the Council over the past few years, as the local authority was now required to change External Auditors.

RESOLVED That the External Audit Plan for 2017-18 be agreed.

6. INTERNAL AUDIT PROGRESS REPORT

The Committee received a progress update report on the Internal Audit activities from 11 November 2017 to 26 February 2018, as required by Financial Regulation 2.8 of the Council's Constitution.

James Graham, Head of Internal Audit, introduced the report and stated that progress against the agreed plan was shown on page 2, with 57% of reports having been drafted or final stage, and the remaining audits in progress. It was anticipated that all audits bar two would be completed by the end of March 2018, with General Data Protection Regulation and Victoria Square to be completed in April / May.

During the period, no negative assurances had been issued and no high risk recommendations identified. There were currently 15 outstanding recommendations beyond their due date which the Council's Corporate Management Group were aware of and looking to reduce, including the two high risk recommendations related to the Health and Safety Audit. The Chairman reported that the Chief Executive had advised that progress was being made against these two items and Leigh Clarke stated that an update would be provided to the Committee at its next meeting along with the dates for when the Corporate Management Group would expect them to be completed.

It was noted that three previous low or medium recommendations had related to gifts, hospitality and declarations of interest. Peter Bryant stated that liaison would take place with the Chairman outside of the meeting on the work taking place as a result of the recommendations, which would be likely to apply to Officers as well as Members. One recommendation had been to publish gifts and hospitality received by Members, in addition to declarations of interest, on the Council's website, which would be undertaken from the start of the next Municipal Year.

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

7. INTERNAL AUDIT STRATEGY AND PROPOSED 2018/19 PLAN

The Committee received a report which set out the Internal Audit Strategy and Proposed Plan for 2018/19, which detailed how the Council would meet its statutory requirements for Internal Audit. James Graham outlined the report and advised that the aim of the Plan was to provide the Council with assurance over its internal controls and that the Plan had been prepared by examining Risk Registers, consulting with Directors and Senior Managers, examining previous audit coverage and identifying issues affecting Local Government.

It was stated that the Audits scheduled for the year ahead included the Sheerwater Regeneration Scheme, the Homelessness Reduction Act, the new Licensing Scheme for Landlords in a part of the Borough and Business Continuity. There was also an audit for the Waste Collection Contract which had been scheduled for just two days due to it being a shared audit with other participating Boroughs and Districts. The experience of the Head of Audit in joint working with other Local Authorities would be applied.

RESOLVED That the Internal Audit Strategy and the indicative Audit Plan for 2018/19 be approved.

8. APPOINTMENT OF EXTERNAL AUDITORS

The Committee received a report which outlined the outcome of the sector-wide procurement conducted by Public Sector Audit Appointments for the External Audit of the Council's financial statements from 2018/19 onwards. Leigh Clarke reported that Moore Stephens had been appointed as the Council's External Auditor for a period of five years from 2018/19. In the interim, KPMG would continue to work with the Council as its External Auditor until the Audit for the Accounts for 2017/18 had been completed. The Audit fee for 2018/19 had been finalised in line with the expectations during the consultation process and a smooth transition between Auditors would take place.

It was noted that the Council would be working with KPMG during the first year of faster close arrangements, and so there will have been one year of working to the tighter deadlines before the first year of Moore Stephens. There were stated to have been a number of changes across the County following the procurement process.

RESOLVED That the appointment of Moore Stephens as the Council's external auditors from 2018/19 be noted.

The meeting commenced at 7.00 pm
and ended at 8.00 pm

Chairman: _____

Date: _____