

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

held on 5 March 2020  
Present:

Mrs C Storey (Chair)  
Cllr I Johnson (Vice-Chair)

Cllr S Ashall                      Cllr L S Lyons  
Cllr J E Bond                      Cllr M A Whitehand

**1. MINUTES**

RESOLVED

That the minutes of the Committee held on 28 November 2019 be approved and signed as a true and correct record.

**2. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**3. DECLARATIONS OF INTEREST**

In accordance with the Members' Code of Conduct, Councillor I Johnson declared a non-pecuniary interest in any item under which Kingfield Community Sports Centre Limited was discussed, arising from his wife's position as the Chairman of Woking Football Club. 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 a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he was a Council-appointed Director. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she was a Council-appointed Director. The interest was such that speaking was permissible.

**4. URGENT BUSINESS**

There were no items of Urgent Business.

## **5. UPDATE ON EXTERNAL AUDIT 2018/19**

The Chairman welcomed Leigh Lloyd Thomas from BDO to the meeting. The Committee was advised that the 2018/19 financial accounts had not yet been signed off and the Council was working with the External Auditor to resolve the queries raised.

It was stated that one of the issues raised had been referred to the BDO Technical Clearance Panel and related to the valuation of land and buildings of the Hoe Valley leisure facilities. The outcome could lead to an adjustment of £8m being charged through the Income and Expenditure Account, however this was a technical accounting matter and would not have any effect on the Council's financial position. Leigh Clarke stated that the outcome of the Panel's review could affect the Council's process going forward as the Council's current approach to valuation was set by CIPFA approved accounting software, which would need to be overridden if the External Auditor required a change.

Following questions, Leigh Clarke, Finance Director, advised that it was anticipated the remaining queries from BDO would be resolved during March now that the 2020/21 budget process was complete and before the Council reached year-end at the start of April. Leigh Lloyd Thomas added that the statutory timetable for External Audits was unworkable and a request was being made to the Government for the annual deadline to be deferred until the end of September.

RESOLVED That the update be noted.

## **6. EXTERNAL AUDIT PLAN**

The Committee received the External Audit Plan which had been circulated earlier in the day. The Plan summarised the Audit Strategy for 2019/20 for the Council and its subsidiaries, setting out the Use of Resources including commentary on materiality and key audit risks. The level of materiality had been reduced from £15.5m to £14m, which set the level at which mis-statements were required to be corrected in the accounts.

The Plan set out the main Audit Risks identified which were management override of controls; revenue (and expenditure) recognition; property, plant and equipment and investment property valuations; pension liability valuation; and sustainable resources (use of resources). The Pension Fund was stated to be in a solid position going forward following a recent review by the Actuary resulting in a slight increase in the payments from the Council.

Leigh Lloyd Thomas advised the Committee that the time spent by BDO on the External Audit had exceeded the level expected, and therefore a dialogue with the Council was required regarding a higher level of fees for work undertaken on the 2018/19 accounts. Leigh Clarke stated that both the Standards and Audit Committee and the Public Sector Audit Appointments body would need to agree any further payment, which would not be discussed until the accounts had been signed off by BDO.

The Committee enquired as to the Council's position to deal with an economic downturn and noted that the Council held a sufficient level of reserves to enable any necessary management decisions to be made.

It was agreed that the Plan be received and deferred for formal approval until the next meeting of the Committee on 23 July 2020.

RESOLVED

That the External Audit Plan for 2019-20 be received and deferred for approval until the next meeting of the Committee on 23 July 2020.

**7. INTERNAL AUDIT STRATEGY AND PROPOSED 2020/21 PLAN STA20-002**

James Graham, Head of Internal Audit, introduced the Internal Audit Strategy and Proposed 2020/21 Plan which set out how the Council would meet its statutory requirements for Internal Audit.

It was noted that the timings of Audits aimed to avoid periods where staff were over-stretched. The area of Emergency Planning had been audited a couple of years ago, including staff shortages and pandemics. Peter Bryant, Head of Democratic and Legal Services, advised that the Council's Corporate Management Group had recently set up a core officer group to assist the Council prepare for a coronavirus outbreak, including operation of the organisation and provision of service for residents and businesses in the Borough. The Council's Emergency Plan was noted to be a detailed document, updated continuously and reviewed annually.

RESOLVED

That the indicative Audit Plan for 2020/21 be approved.

**8. INTERNAL AUDIT PROGRESS REPORT STA20-001**

The Committee received the Internal Audit Progress Report which covered audit activity and performance from 16 November 2019 to 14 February 2020. A total of 19 Reviews had been scheduled for the 2019/20 financial year, of which the remaining four would begin by April and should be completed by June. It was noted that no new limited assurance reports or high priority recommendations had been issued.

Following a question, James Graham stated that it would be clarified to the Committee why the total number of deliverables had reduced to 19 as the total number of reviews had previously been stated as 20.

It was agreed that the progress reports would be amended to add a summary listing the Reviews programmed for the year and setting out their current status. It was agreed that implementation of medium priority recommendations would also be included in the Head of Internal Audit Annual Report.

RESOLVED

That the report be received and progress against the 2019-20 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

**9. MEMBERS' CODE OF CONDUCT - PROTOCOL FOR MEMBERS' ATTENDANCE AT BOARD MEETINGS OF COUNCIL-OWNED COMPANIES STA20-003**

The Committee received a report on Protocol for Members' Attendance at Board Meetings of Council-owned companies for those Members who were not directors of those companies. Peter Bryant stated that consideration was being given to simplifying the

process for Members to attend and receive Board papers, as the signing of a Non-Disclosure Agreement was currently required. Two options were set out in the report: the signing of a Standards Protocol or expanding of the Declaration of Acceptance of Office form, signed by Members on their election to the Council. A consultation with Members was due to begin shortly, with any new proposed arrangements to be received by Council on 2 June 2020.

Members were asked for their views and the Committee felt that the signing of a Standards Protocol would be the preferred option as it would enable Members to have more time to understand the form than would be available at the Court. It was noted that any breach of the Protocol for the subsidiary should have the same sanctions as those which applied to the Council's Code of Conduct for Members.

RESOLVED

That the proposals for dealing with Members' access to confidential information of Council-owned companies be noted.

The meeting commenced at 7.00 pm  
and ended at 8.30 pm

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

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