

MINUTES
OF A MEETING OF THE
STANDARDS AND AUDIT COMMITTEE

held on 11 April 2019

Present:

Mrs C Storey (Chair)
Cllr M A Whitehand (Vice-Chair)
Cllr S Ashall Cllr I Johnson
Cllr J E Bond Cllr R Mohammed

Also Present: Leigh Lloyd-Thomas, Engagement Manager BDO, and Matthew Vosper, Audit Manager BDO.

1. MINUTES

RESOLVED

That the minutes of the Committee held on 7 March 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 Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declared an interest in item 5 – External Audit Plan – in so far as reference was made to the Thameswey Group of Companies, Brookwood Cemetery or Duke's Court, arising from his position as a Director of the subsidiary companies. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared an interest in item 5 – External Audit Plan – in so far as reference was made to Duke's Court, arising from her position as a Director of the subsidiary companies. The interest was such that speaking was permissible.

In accordance with the Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declared an interest in item 5 – External Audit Plan – in so far as reference was made to Brunswick Road (Pirbright) Residents Company Ltd, arising from his position as a Director of the subsidiary companies. The interest was such that speaking was permissible.

4. URGENT BUSINESS

There were no items of Urgent Business.

5. EXTERNAL AUDIT PLAN STA19-005

(NOTE: In accordance with the Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declared an interest in item 5 – External Audit Plan – in so far as reference was made within the Report to Rutland Woking Limited, arising from his position as Council appointed alternate Director of Rutland Woking Limited. The interest was such that speaking was permissible.)

(NOTE: In accordance with the Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declared an interest in item 5 – External Audit Plan – in so far as reference was made during the discussion to Woking Football Club, arising from (i) being a member of the Cards Trust, the supporters' club for Woking Football Club and (ii) providing occasional unpaid assistance to Woking Football Club e.g. acting as Returning Officer for the election of Directors. The interest was such that speaking was permissible.)

(NOTE: In accordance with the Officer Procedure Rules, the Finance Director, Leigh Clarke, declared an interest in item 5 – External Audit Plan – in so far as reference was made during the discussion to Woking Football Club, arising from her husband having a small shareholding in the Club. The interest was such that speaking was permissible.)

(NOTE: In accordance with the Members' Code of Conduct, Councillor I Johnson declare an interest in item 5 – External Audit Plan – in so far as reference was made during the discussion to Woking Football Club, arising from his wife's position as Chairman of Woking Football Club. The interest was such that speaking and voting were permissible.)

The Chairman welcomed Leigh Lloyd-Thomas, Engagement Manager, and Matthew Vosper, Audit Manager, from BDO to the meeting. Leigh and Matthew introduced the report before the Committee which set out the Audit Planning Report for Woking Borough Council. The Report summarised the planned audit strategy for the year ending 31 March 2019 for the audit of the Council's financial statements of the Council and consolidated entities and use of resources.

Attention was drawn to the key risks. These included management manipulation risks including management override of controls, revenue recognition and related party transactions, risks around estimates including land buildings and investment valuations, the pension fund and the allowance for the non-collection of receivables, and new accounting issues including IFRS 9 (loans) and IFRS (revenue). The audit would also examine the risks around the use of resources, looking at the growth plan and/or savings plan.

The Committee Members were advised that the planning materiality for the Council and Group would be set at 1.9% of gross expenditure for the year, using the prior year gross expenditure. This would be revisited once the draft financial statements had been received for audit. Leigh Lloyd-Thomas stated that BDO usually set its trivial level for reporting misstatements at 2% of materiality (in this case £58,000). However, it had been noted that the previous auditor had set the level at 5% and the Committee was invited to consider whether a trivial level of 3.5% of materiality, equivalent to £100,000, would be acceptable by the Authority. The Committee supported the adoption of the new trivial level for supporting misstatements as set out in the Report.

The Committee raised a number of questions regarding the report and it was noted that the list of audit scope entities had several omissions and would be updated following the meeting. Areas discussed included loans to subsidiaries, purchase of land and properties and the valuation of such purchases, the annual governance statement and the impact in changes in IFRS requirements.

The Chairman thanked Leigh Lloyd-Thomas and Matthew Vosper for attending the meeting and setting out clearly the approach to be taken through the Audit Plan.

RESOLVED

That (i) the External Audit Plan for 2018-19 be agreed; and

(ii) the trivial level for reporting misstatements be changed from 5% to 3.5% (equivalent to £100,000).

The meeting commenced at 7.00pm
and ended at 8.15pm

Chairman: _____

Date: _____