

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 25 March 2019

- Cllr Oliver Lewis (Chairman)
+ Cllr Jonathan Lytle (Vice Chairman)
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| + Cllr Rodney Bates | + Cllr Paul Ilnicki |
| + Cllr Edward Hawkins | Cllr Rebecca Jennings-Evans |
| | + Cllr Bruce Mansell |
- + Present
- Apologies for absence presented

Members in Attendance: Cllr Charlotte Morley

Officers Present: Karen Limmer, Head of Legal Services and Monitoring Officer
Leigh Lloyd-Thomas, BDO
Kelvin Menon, Executive Head: Finance
Alex Middleton, Senior Auditor

Vice Chairman in the Chair

10/AS Minutes of Previous Meeting

RESOLVED that the minutes of the meeting of the Audit and Standards Committee held on 26th November 2018 be approved as a correct record and signed by the Chairman.

11/AS Financial Statements Audit Plan

The Committee received a report setting out BDO's (the Council's external auditor) plans for their audit of the Council's 2017/18 financial records.

It was reported that the audit's scope had been determined by the National Audit Office's Code of Audit Practice and would include auditing the financial statements, reviewing arrangements to secure value for money through the economic, efficient and effective use of its resources and, where appropriate, exercise the auditor's wider reporting powers and duties.

In setting out their approach to the audit of the accounts, DBO had identified the following areas that would be subject to specific scrutiny:

- Management override of financial controls
- Revenue (and expenditure) recognition
- Property, plant and equipment and investment property valuation
- Pension liability valuation
- Accounting for the Joint Waste and Recycling contract
- Classification and measurement of financial instruments
- Revenue from contracts with customers
- Accounting for investment in the Jersey Property Unit Trust (JPUT)

In relation to the JPUT, it was BDO's opinion that the Council was the sole beneficiary of the capital and assets held in the JPUT as well as any income that the trust generated. Consequently, the JPUT was a bare trust and the assets in the JPUT should be recognised in the Council's accounts and financial statements for accounting purposes.

The Committee noted the report.

12/AS Certification of Housing Benefits Claims and Returns 2017/18

The Committee received a report setting out the findings of an audit of the Council's Housing Benefits Claims and Returns for 2017/18 completed by KPMG in November 2018.

In 2017/18, the Council had claimed a total of £15.6million in respect of Housing Benefits from the Government. The audit, which had been conducted in accordance with the requirements set out by the Government, had concluded that the claim and returns were fairly stated and in accordance with the relevant terms and conditions.

The errors identified by KPMG and the reasoning behind them had been fed into the process for calculations for 2018/19. It was agreed that confirmation would be provided as to whether the underpayments identified by KPMG had been rectified.

The Committee noted the report.

13/AS Internal Audit Annual Plan 2019-20

The Committee received a report setting out the proposed work plan for the Council's Internal Audit Function for 2019/20.

The work plan had been based on the Internal Audit Three Year Strategic Plan and consisted of a combination of audit activities that were carried out on an annual basis, activities that were conducted on a triannual basis and one off audit projects. It was expected that the activities proposed in the Annual Plan would require 430 working days to be delivered by the Council's two internal auditors.

It was clarified that the planned Leisure Centres audit would look at both Lightwater County Park and the Arena Leisure Centre. The Lightwater County Park audit would look at contract management and the service provider. The Arena Leisure Centre audit would look at the processes in place to minimise service disruption during the rebuilding of the facility, the financial risk to the local authority and the business model in place for the new contract arrangements.

It was clarified that the Council's Legal Service was not included in the audit plan as the service was covered by audits of other service areas.

RESOLVED that the Internal Audit Annual Plan for 2019/20, as set out in Annex A of the report, be approved.

14/AS Appointment of a Pool of Independent Persons

The Committee considered a report setting out proposed arrangements for the appointment of Independent Persons for a four year period from May 2019 until May 2023.

In 2016 the Council joined a consortium of Surrey local authorities which had appointed a pool of independent persons as required by the Localism Act 2011 to assist the Council. The pool arrangement had worked well and all involved were keen to continue the arrangement going forward.

It was reported that four out of the five Independent Persons currently in post had expressed a wish to continue contributing to the pool when their appointments reached the end of their term of office in May 2019. A recruitment process had been held to attract new applicants and it had subsequently been agreed that seven people, including four existing Independent Persons, be appointed to the Pool of Independent Persons for a four year period starting in May 2019.

RESOLVED that the Committee recommend to Full Council that the following persons be appointed to act as Independent Persons in accordance with the Localism Act until May 2023:

- Roger Pett
- Vivienne Cameron
- Bernard Quoroll
- John Smith
- Liz Lawrence
- Bill Donnelly
- Paul Eaves

Chairman