

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 23 April 2018

+ Cllr Paul Deach (Chairman)
- Cllr Rebecca Jennings-Evans (Vice Chairman)

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| - Cllr Rodney Bates | + Cllr Paul Ilnicki |
| - Cllr Edward Hawkins | + Cllr Bruce Mansell |
| | Cllr Conrad Sturt |
| + Present | |
| - Apologies for absence presented | |

Officers Present: Karen Limmer, Head of Legal Services
Sutinder Jas, KPMG
Kelvin Manon, Executive Head: Finance

12AS Minutes of the Previous Meeting

The minutes of the meeting held on 8 November 2017 were confirmed and signed by the chairman.

13AS Financial Statements Audit Plan 2017/18

The Committee received a report setting out KPMG's, the Council's external auditor, plans for its audit of the Council's 2017/2018 financial records.

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

- Valuation of land and buildings
- Pension liabilities
- Value of investment properties
- Financial resilience given the financial pressures the Council is currently facing.

Members queried whether a potential drop in land value in relation to Council owned property in Camberley Town Centre constituted an area of risk for the auditor. Members were advised that the auditors were concerned as to the risk of the value of the Town Centre being misstated in the accounts rather than a potential fall in value.

14AS Certification of Claims and Returns

The Committee received a report setting out the findings of an audit of the Council's Housing Benefits Claims and Returns for 2016/17 completed by KPMG in November 2017.

In 2016/17, the Council had claimed a total of £16,138,542 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 Committee noted the report.

15AS Internal Audit Annual Report 2018/19

The Committee received a report setting out the proposed work plan for the Council's Internal Audit Function for 2018/19.

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. Additional resources would be brought in to supplement the internal Audit Team when required.

The Committee stated it would like to have details on the Council's actual performance against the plan. As a result it was agreed that as part of the Internal Audit year-end report for the committee the Senior Auditor would be requested to provide a summary showing the actual days spent on each audit against the plan and reasons for significant variances.

The Committee noted the proposed audit areas for 2018/19.

RESOLVED that the Annual Audit Plan for 2018/19, as set out in Annex A of the report, be approved

16AS Annual Corporate Governance Statement

The Committee considered a report setting out the draft Annual Corporate Governance Statement 2017/18.

There was a statutory requirement for the Council to produce an Annual Corporate Governance statement which reviewed the effectiveness of the Council's control systems and formed part of the final accounts for each financial year. The statement set out the governance arrangements in place at the Council, highlighted any key issues identified during the year and summarised progress made towards addressing any previously identified issues.

It was reported that the Council's Monitoring Officer and Section 151 Officer considered the Council's governance arrangements to be adequate and effective. Whilst no significant governance issues had been identified in 2017/18 a number

of minor issues that might impact on the Council's ability to operate effectively had been identified, including the implementation of the General Data Protection Regulation, the advancement of the London Road Block Development Project, the introduction of the new IAS 9 accounting standard and the establishment of a new contract for the Arena Leisure Centre. It was also noted that Council would be working with its new auditor, BDO, in the upcoming year.

Members requested clarification on a number of the agreed actions on the essential issues raised by the latest Internal Audit report. It was advised communication had started to ensure staff raised purchase orders on the Council's finance system prior to placing orders. In addition it was noted that the Council would be working with the leisure contractor to monitor income reporting from the golfing facilities at Frimley Lodge Park via regular meetings and a number of spot checks.

17AS Accounting Treatment of Town Centre Properties

The committee received a report informing members of the change in accounting treatment of the Council owned Town Centre properties. The report outlined that Council owned Camberley town centre properties would be now classified as "Other Land and Buildings" as per the 2017/18 financial statements. The properties were previously classified in previous annual statements as "Investments and Investment Properties". This reflected the change in direct purpose of the properties from being held only for income and capital appreciation to being held to support the regeneration of Camberley Town Centre.

The Committee noted the report.

Chairman