

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 25 NOVEMBER 2008

SUBMITTED TO THE COUNCIL MEETING – 16 DECEMBER 2008

(To be read in conjunction with the Agenda for the Meeting)

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| * Cllr Nicholas Holder (Chairman) | * Cllr Mrs Diane James |
| Cllr Stephen Mulliner (Vice-Chairman) | * Cllr Ken Reed |
| * Cllr Mike Causey | Cllr Mrs Nerissa Warner-O'Neill |
| * Cllr Stephen Hill | |

* Present

20. MINUTES (Agenda Item 1)

RESOLVED that the Minutes of the Meeting held on 23 September 2008 be confirmed and signed.

21. APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies for absence were received from Cllr S N Mulliner and Cllr Mrs N Warner-O'Neill.

22. DISCLOSURE OF INTERESTS (Agenda Item 5)

There were no interests raised under this heading.

PART I – RECOMMENDATIONS TO THE COUNCIL

23. TERMS OF REFERENCE

- 23.1 The Audit Committee is requested periodically to look at its Terms of Reference and identify any possible changes. The suggested amendments to the Terms of Reference are shown in bold text below:-

Audit activity

- To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity **by Department** (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements
- To consider summaries of specific internal audit reports as requested
- To consider reports dealing with the management and performance of the providers of internal **and external** audit services
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
- To consider the external auditor's annual audit letter, relevant reports, and the report to those charged with governance
- To consider specific reports as agreed with the external auditor
- To comment on the scope and depth of **internal and external** audit work and to ensure **they both** it gives value for money **with regard to reports dealing with management and performance matters**

- To liaise with the Audit Commission over the appointment of the council's external auditor
- To commission work from internal and external audit
- **To review analysis of risk as part of the consideration of the annual audit plan**

Regulatory framework

- To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour
- To review any issue referred to it by the Head of Paid Service or a Director, or any council body
- To monitor the effective development and operation of risk management and corporate governance in the council
- To monitor council policies on "Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the council's complaints process
- To oversee the production of the authority's Statement on Internal Control and recommend its adoption
- To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice
- To consider the council's compliance with its own and other published standards and controls

Accounts

- To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

23.2 The Committee accordingly

RECOMMENDS that

1. **the amendments to the Audit Committee Terms of Reference, as shown in bold text above, be agreed and the constitution amended accordingly.**

PARTS II AND III – MATTERS OF REPORT

Background Papers

The background papers relating to the following report items in Parts II and III are as specified in the agenda for the Audit Committee.

Part II – Matters Reported in Detail for the Information of the Council

There were no matters falling within this category.

Part III – Brief Summaries of Other Matters Dealt With

24. REVIEW OF THE INTERNAL AUDIT STRATEGY (Agenda Item 6; Appendix A)

The Committee considered the Internal Audit Strategy which had been deferred at its last meeting to enable the Chairman and Vice-Chairman of the Committee to meet with the Head of Internal Audit. It was agreed that paragraph 3.2 should be amended so that under low risk, the description should now read: “the risk score and associated priority will be reviewed annually”. The Committee also agreed that statutory titles should be referred to within the Strategy and the Terms of Reference documents in preference to postholders or current Waverley titles. Officers agreed to amend the documents accordingly.

RESOLVED that the revised Internal Audit Strategy and Terms of Reference, attached as Annexes 1 and 2 to the report, be endorsed as amended.

25. INTERNAL AUDIT RECOMMENDATIONS MADE IN 2007/08 (Agenda Item 7; Appendix B)

The Committee received a report detailing progress made on the implementation of recommendations made in 2007/08 and noted that there were no particular concerns to be raised at this stage. An update report would be presented to the Committee at its March meeting. The Committee commented that planning had not been featured in the list of service areas reviewed in 2007/08 and were assured by officers that some planning matters were being reviewed in the current year.

RESOLVED that the progress reported be noted and the Committee be assured that internal audit recommendations are receiving due attention by Service Heads and their managers.

26. DRAFT SERVICE PLAN 2009/2010 (Agenda Item 8; Appendix C)

The Committee received the draft Service Plan for the Internal Audit Service for 2009/10 and was informed that it was a corporate document linking operational services to the Corporate Plan and Priorities.

RESOLVED that the draft Service Plan for 2009/10 be noted.

27. PROGRESS REPORT ON THE REVIEW OF ANTI-FRAUD AND CORRUPTION ARRANGEMENTS (Agenda Item 9; Appendix D)

The Committee was updated on the progress undertaken since its March meeting by Service Heads who had now completed self-assessments of current arrangements for detecting and preventing fraud and corruption. Various measures to improve IT security were explained, along with the intention of Waverley to participate in a government service called Government Connect which will enable a secure connection for transferring information between local authorities and central Government.

Audit 11
25.11.08

More robust passwords had already been introduced for staff and it was considered appropriate that this should also be extended to councillors. The Committee suggested that it would be good practice if a "clear-desk policy" could be introduced at Waverley which would ensure that confidential, exempt and personal information was not left on desks overnight.

RESOLVED that the progress made to date be noted.

28. CODE OF CORPORATE GOVERNANCE ACTION PLAN (Agenda Item 10; Appendix E)

The Committee made a number of suggestions on the Code of Corporate Governance Action Plans, as follows:-

- i. amending the plan to include statutory titles where appropriate and to refer to lead officer rather than responsible officer;
- ii. adding CRB checks to the evidence associated with "making a Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management";
- iii. replacing the reference to "modern councillor" with "members";
- iv. separating out in future those actions that have been completed or where target dates are not applicable; and
- v. amending the requirement with regard to Audit Committees to now read "Develop and maintain an effective audit committee which is independent of both the Executive and scrutiny functions".

RESOLVED that the progress made on the Code of Corporate Governance Action Plan be noted, and that the Committee should continue to receive the plan twice yearly with additional reports only by exception.

29. PROGRESS REPORT - IMPLEMENTATION OF ITIL

The Committee received an update report on the implementation of ITIL and noted that a written report containing more detailed information would be brought to the meeting in March when more progress had been made.

RESOLVED that the project plan be noted and the Committee continue to receive updates on progress at each meeting.

30. AUDIT MANUAL (Agenda Item 9)

The Committee was reminded that a copy of the Audit Manual was available in the Members' Room and that it would be kept under constant review.

The meeting commenced at 7.00 p.m. and concluded at 8.33 p.m.

Chairman