

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 21 JUNE 2011

SUBMITTED TO THE COUNCIL MEETING – 19 JULY 2011

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

- |                                    |                          |
|------------------------------------|--------------------------|
| * Cllr Stephen Mulliner (Chairman) | * Cllr Tony Gordon-Smith |
| * Cllr Tom Martin (Vice-Chairman)  | * Cllr Stephen Hill      |
| * Cllr Brian Adams                 | * Cllr Donal O'Neill     |
| * Cllr Jim Edwards                 |                          |

\* Present

Cllrs Paddy Blagden, Denis Leigh and Nick Williams were also in attendance  
Paul Grady and Kathryn Sharp from the Audit Commission were present

1. ELECTION OF CHAIRMAN (Agenda Item 1)

RESOLVED that Cllr Stephen Mulliner be elected Chairman of the Committee for the Council year 2011/2012.

2. ELECTION OF VICE-CHAIRMAN (Agenda Item 2)

RESOLVED that Cllr Tom Martin be elected Vice-Chairman of the Committee for the Council year 2011/2012.

3. MINUTES (Agenda Item 3)

RESOLVED that the Minutes of the Meeting held on 8 March 2011 be confirmed and signed.

4. DISCLOSURE OF INTERESTS (Agenda Item 5)

There were no interests raised under this heading.

**PART I – RECOMMENDATIONS TO THE COUNCIL**

5. TERMS OF REFERENCE (Agenda Item 7; Appendix A)

The Committee reviewed its Terms of Reference and

**RECOMMENDS that**

1. **the revisions to the Terms of Reference, as shown at Annexe 1 be agreed.**

**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**

### 6. REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda Item 8; Appendix B)

The Committee reviewed the progress made to date in implementing Internal Audit recommendations and agreed that the following actions should be taken with regard to a number of outstanding recommendations:-

IA11/12.003	High risk benefit reviews [Housing and Council Tax Benefit]	Agreed to extend date to 31.08.11.
IA11/02.003	Document Management [Community Safety]	Agreed to extend date to 30.09.11.

Clarification was given about the items included in Annexe 3 which would be shown as cancelled on Covalent. With regard to IA11/27.003 relating to Laptop and Mobile Devices, it was agreed that the IT Security Policy should include a requirement for officers or councillors to report immediately loss of any mobile devices to ensure that the facility to wipe information remotely from a lost mobile device could be activated.

RESOLVED that the actions be approved as set out above.

### 7. ANNUAL GOVERNANCE STATEMENT (Agenda Item 9; Appendix C)

The Committee received the Annual Governance Statement which sets out the key elements of the Council's internal control framework and identifies any issues that need addressing in the coming year.

RESOLVED that the Annual Governance Statement for 2010/2011 be approved, as attached as Annexe 2, for information.

### 8. RISK MANAGEMENT FRAMEWORK (Agenda Item 10; Appendix D).

The Committee considered a report on the continued effectiveness of the current Risk Management Policy and Process Document and asking for proposed changes to strengthen the link to the Corporate Plan and Service Plans to be approved.

It was agreed that the diagram illustrating some of the main categories of risk within the document be circulated to the Committee in colour.

RESOLVED that the revised Risk Management Policy and Process Document be approved.

9. ANNUAL INTERNAL AUDIT REPORT (Agenda Item 11; Appendix E)

The Committee received a report summarising the work carried out by Internal Audit during the financial year 2010/11 and providing an assurance opinion to support the Annual Governance Statement.

The Chairman identified some useful information that could be included in the table at Annexe 1 and it was agreed that the Internal Audit Client Manager would send a copy to him to update.

RESOLVED that the progress and activity completed by the Audit Service in 2010/11 be noted.

10. INTERNAL AUDIT PLAN 2011/12 (Agenda Item 12; Appendix F)

Updated versions of Annexes 1 and 2 were circulated to the Committee setting out the most current situation. It was noted that the Audit Plan had been prepared earlier than usual this year and the Committee was keen that they were given the opportunity again to approve the Audit Plan at their March meetings in future so that the Plan was in place before the start of the new financial year.

RESOLVED that

1. the current status of the 2010/2011 Audit Plan be noted; and
2. the progress of the 2011/2012 Audit Plan be noted.

11. NATIONAL FRAUD INITIATIVE 2010/2011 (Agenda Item 13; Appendix G)

The Committee received a report informing them that the latest results of the Audit Commission's data-matching exercise known as the National Fraud Initiative (NFI), had now been received by Waverley. The Committee was very interested in receiving additional information setting out which matches between different data sets had occurred and suggested that a graph would help to illustrate this information. It was confirmed that the Committee would receive an update report in six months to set out whether any matches need further investigation.

RESOLVED that the Committee note that the exercise has commenced and that progress and outcomes would be reported by the Internal Audit Client Manager in six months time.

12. IT SECURITY POLICY (Agenda Item 14; Appendix H)

RESOLVED that the IT Security Policy be approved, subject to the addition of the requirement to report lost hardware immediately, as referred to also at Minute No. 6 above.

13. ANNUAL AUDIT FEE 2011/2012 (Agenda Item 15; Appendix I)

The Committee received notification of the work proposed by the Audit Commission for 2011/12 and the associated audit fee. It was reported that the fee had been set centrally for all local authorities and included a 5% reduction on the fee charged for 2010/11.

RESOLVED that that Annual Audit Fee for 2011/12 be noted.

14. FUTURE OF LOCAL AUDIT (Agenda Item 16; Appendix J)

The Committee considered a report advising of progress on the future of local audit and a current consultation exercise that was underway on proposals for the new audit framework in the light of the Audit Commission being disbanded. A draft response to the consultation was being prepared and the Committee noted that there may be opportunities to reduce audit fees in the future by joint working with other authorities and securing an arrangement for external audit in a similar type of partnership consortium as was being followed for internal audit.

It was agreed that the Chairman would be provided with a copy of the letter from the Government Minister launching the consultation.

RESOLVED that progress towards a new local audit regime be noted which could become effective for the 2012/13 external audits, depending on legislation.

15. NEW ACCOUNTING POLICY – HERITAGE ASSETS (Agenda Item 17; Appendix K)

RESOLVED that the Audit Committee approves the new accounting policy for heritage assets.

**The meeting commenced at 7.00 p.m. and concluded at 8.46 p.m.**

Chairman