

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 20 NOVEMBER 2012

SUBMITTED TO THE COUNCIL MEETING – 11 DECEMBER 2012

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

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| * Cllr Tom Martin (Chairman) | Cllr David Munro |
| * Cllr Stephen Mulliner (Vice-Chairman) | Cllr Elliot Nichols |
| * Cllr Jim Edwards | * Cllr Donal O'Neill |
| Cllr Stephen Hill | |

* Present

20. MINUTES (Agenda Item 1)

RESOLVED that the Minutes of the Meeting held on 18 September 2012 be confirmed and signed.

21. APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies for absence were received from Cllrs Stephen Hill, David Munro and Elliot Nichols.

22. DISCLOSURES OF INTERESTS (Agenda Item 3)

There were no interests declared under this heading.

PART I – RECOMMENDATIONS TO THE COUNCIL

23. FIGHTING FRAUD LOCALLY AND UPDATES TO FRAUD RELATED POLICIES (Agenda Item 9; Appendix E)

The Committee received the report on Fighting Fraud Locally, which explained that changes had been made to the Fraud Policies previously considered by the Committee in 2011 in order to meet the requirements set down by the National Fraud Authority. The revised policies are set out at Annexes 1-3 to these minutes, as follows:-

- Annexe 1 Corporate Anti-fraud, corruption and bribery policy
- Annexe 2 Corporate Prosecution Policy
- Annexe 3 Whistle-blowing Policy

The Committee considered the gap analysis checklist which showed that because of the comprehensive nature of the policies and procedures already in place, only minor changes were required to bring Waverley's policies up to date to address the current issues. It was also noted that the suggested annual anti-fraud plan was covered by other areas of the audit plan. During consideration of this item, the Head of Finance agreed to circulate information to the Committee about the Council's Fidelity Guarantee Insurance Policy. The Committee

RESOLVED that the contents of Annexes 1 and 2 to the report be noted; and
now

RECOMMENDS that:

1. **The revised policies set out in Annexes 1-3 to these minutes be approved and adopted; and**
2. **Officers be asked to review the policies on an annual basis and cascade documents as appropriate.**

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. ANNUAL AUDIT LETTER 2011/12 (Agenda Item 5; Appendix A)

Emily Hill, the new Grant Thornton External Audit Engagement Lead, was present at the meeting and introduced the Annual Audit Letter which summarised the audit of Waverley's 2011/12 financial statements. She explained that in future years the content of the letter would increase slightly, and would include a more forward-looking perspective.

RESOLVED that the Annual Audit Letter 2011/12 be received and noted.

25. EXTERNAL AUDIT FEES LETTER (Agenda Item 6; Appendix B)

Emily Hill introduced the External Audit Fees Letter, which showed a 40% reduction in the fee in comparison with the previous year. She explained that the fee was lower because of the winding up of the former Audit Commission and the resultant reduced charge as many of the Commission's activities were not continuing.

It was explained that the audit of Waverley conducted by Grant Thornton would cover the same scope as that conducted by the Audit Commission in previous years and would comprise an audit of financial statements and assessment of value for money. The Deputy Chief Executive added that there were no plans at this time to commission Grant Thornton for any additional work. The Committee was also informed that with the exception of Emily Hill replacing Paul Grady, the audit team would remain the same, with Kathryn Sharp continuing as the Engagement Manager for Waverley.

The Committee noted that the certification of grant claims was no longer charged on an hourly rate, and would also result in savings.

RESOLVED that the Audit Fees Letter be received and noted with pleasure.

26. REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda Item 7; Appendix C)

The Committee reviewed the progress made to date in implementing Internal Audit recommendations.

The Committee expressed concern that the implementation of some audit recommendations was overdue, having already been extended and reiterated the importance of setting realistic due dates at the exit meetings. It was agreed that Heads of Service should be reminded that audit recommendations should be prioritised and the Covalent monitoring system updated on a regular basis.

The Committee asked that the Head of Housing be invited to attend the next meeting of the Committee to discuss outstanding actions in this area and it was agreed that the action plan for the recent Sheltered Housing Review be circulated to all members of the Committee.

Having previously agreed to include the exit meeting date in the report, the Committee also agreed that it would be helpful to include a proposed start date when activities were able to be commenced by officers to give an indication of how long activities were taking to complete.

RESOLVED that the progress on the implementation of Internal Audit recommendations be noted.

27. INTERNAL AUDIT PLAN 2012/13 (Agenda Item 8; Appendix D)

The Committee received an update on the current position of the reviews in the 2012/13 plan. The Internal Audit Manager explained that 'actual days taken' column in the table at Annexe 1 to the report was not completed until the bill had been paid, however Members felt that this implied that there was still work to be done, and suggested that putting a provisional number of days spent on an audit in the column would clarify this.

RESOLVED that the current status of the 2012/13 Audit Plan be noted.

28. RISK MANAGEMENT UPDATE (Agenda Item 10; Appendix F)

[This item contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely;-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).]

Audit 9
20.11.12

The Committee received a report presenting a snapshot of Waverley's corporate risk register, having looked in detail at the individual risks at a special meeting in July. It was requested that that impact of changing demographics longer term in the borough should also be included in the summary schedule of current risk areas identified.

Officers were asked to review likelihood ratings particularly of any risks that were not necessarily within Waverley's control.

RESOLVED that the schedule of Key Business Risks be received and noted.

The meeting commenced at 7.00 p.m. and concluded at 8.30 p.m.

Chairman