



Waverley Borough Council
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To: All Members of the AUDIT COMMITTEE
(Other Members for Information)

When calling please ask for:

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Calls may be recorded for training or monitoring

Date: 10 June 2016

Membership of the Audit Committee

Cllr Mike Band
Cllr John Gray
Cllr Christiaan Hesse
Cllr Nicholas Holder

Cllr Wyatt Ramsdale
Cllr David Round
Cllr Richard Seaborne

Dear Councillors

A meeting of the AUDIT COMMITTEE will be held as follows:

DATE: TUESDAY, 21 JUNE 2016
TIME: 7.00 PM
PLACE: COMMITTEE ROOM 1, COUNCIL OFFICES, THE BURYS,
GODALMING

The Agenda for the meeting is set out below.

Yours sincerely

ROBIN TAYLOR

Head of Policy and Governance

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NOTE FOR MEMBERS

Members are reminded that contact officers are shown at the end of each report and members are welcome to raise questions etc. in advance of the meeting with the appropriate officer.

AGENDA

1. **APPOINTMENT OF CHAIRMAN**

To confirm the appointment of Cllr John Gray as the Chairman of the Audit Committee for the Council Year 2016/17.

2. **APPOINTMENT OF VICE-CHAIRMAN**

To confirm the appointment of Cllr David Else as the Vice-Chairman of the Audit Committee for the Council Year 2016/17.

3. **MINUTES**

To sign and confirm the minutes of the last meeting of the Audit Committee held on 15 March 2016 as a correct record (to be laid on the table half an hour before the meeting).

4. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

5. **DISCLOSURE OF INTERESTS**

To receive from Members, declarations of interests in relation to any items included on the Agenda for this meeting, in accordance with the Waverley Code of Local Government Conduct.

6. **QUESTIONS RECEIVED FROM MEMBERS OF THE PUBLIC PRIOR TO PUBLICATION OF THE AGENDA**

The Chairman to respond to any questions received from members of the public of which notice has been duly given prior to the publication of the Agenda and in accordance with Procedure Rule 10.

7. **AUDIT COMMITTEE ANNUAL ACTIVITY REPORT 2015/16 (Pages 7 - 40)**

Good practice indicates that an annual appraisal of the work of the Committee would be beneficial and an Annual Activity Report for 2015/16 is attached.

Recommendation

It is recommended that the work carried out by the Audit Committee in 2015/16 be noted.

8. **AUDIT COMMITTEE TERMS OF REFERENCE FOR 2016/17** (Pages 41 - 46)

Each year, the Audit Committee is invited to review its Terms of Reference. The aim of this report is to propose some minor changes to the Terms of Reference of the Audit Committee for the year 2016/17 in order that their wording better reflects current internal titles and policies.

Recommendation

It is recommended that the Audit Committee:

- 1. reviews its terms of reference;**
- 2. agrees to adopt the proposed changes highlighted in red to be adopted by Council;**
- 3. recommends any further amendments it wishes to be adopted by Council (if necessary)**

9. **PROGRESS ON THE INTERNAL AUDIT PLANS FOR 2015/16 AND 2016/17**
(Pages 47 - 54)

The Committee's Terms of Reference include provision for the Committee to comment on the progress made in the achievement of the Audit Plan. An update on the current position of the reviews in 2015/16 and 2016/17 is presented.

Recommendation

It is recommended that the Committee:

- 1. notes the progress for the Internal Audit Plan 2015/16 as attached at Annexe 1;**
- 2. notes the progress for the Internal Audit Plan 2016/17 as attached at Annexe 2**

10. **PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS** (Pages 55 - 60)

To inform the Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear to likely to be implemented later than the target date.

Recommendation

1. considers the information contained in Annexe 1 and identifies any action it wishes to be taken;

2. agrees an appropriate implementation date for the recommendations listed in Annexe 2

11. INTERNAL AUDIT CHARTER 2016-17 (Pages 61 - 72)

The report provides an update to the Committee on the revised Internal Audit Charter that has been developed in accordance with the updated Public Sector Internal Auditing Standards (March 2016). The standards apply to all internal audit service providers, whether in-house, shared services or outsourced. The PSIAS (Attribute Standard 1000) requires organisations to have an Internal Audit Charter that formally defines the purpose, authority and responsibility of the internal audit activity, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Charter is required to be approved by senior management and the board (Audit Committee).

Recommendation

It is recommended that the Audit Committee approves the Internal Audit Charter.

12. EXTERNAL AUDIT UPDATE REPORT (Pages 73 - 84)

To receive the Audit Committee Update Report from Grant Thornton.

Recommendation

It is recommended that the Audit Committee notes the Update Report.

13. INTERNAL AUDIT ANNUAL REPORT 2015/16 ACTIVITY (Pages 85 - 100)

The Accounts and Audit Regulations require local authorities to maintain an adequate and effective internal audit of their accounting records and control systems. This report is a summary of the work carried out by Internal Audit during the financial year 2015/16 and provides an assurance opinion to support the Annual Governance statement.

Recommendation

It is recommended that the Audit Committee notes the progress and the activity completed by the Internal Audit Service for 2015-16

14. DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16 (Pages 101 - 112)

Each year Waverley is required to produce an `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. The draft Annual Governance Statement for 2015/16 is attached.

Recommendation

It is recommended that the Audit Committee passes comment on the draft Annual Governance Statement and proposes any amendments it wishes to be made.

15. **COUNTER FRAUD REPORT** (Pages 113 - 118)

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed as part of the Surrey Counter Fraud Partnership, investigating all types of fraud (excluding Housing Benefit which is now investigated by the Department for Work & Pensions through the introduction of the Single Fraud Investigating Service). This work has been supported with funding from the Department for Communities & Local Government to assist with combating fraud.

Recommendation

That the Audit Committee continues to support this investigation activity and notes the successes being achieved in safeguarding Waverley's assets and ensuring that only those that are legitimately eligible receive housing services.

16. **EXCLUSION OF PRESS AND PUBLIC**

To consider the following recommendation on the motion of the Chairman:

Recommendation

That pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item(s) on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s), there would be disclosure to them of exempt information (as defined by Section 1001 of the Act) of the description specified in the appropriate paragraph(s) of the revised Part 1 of Schedule 12A to the Local Government Act 1972 (to be identified at the meeting).

17. **ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION**

To consider any matters relating to aspects of any reports on this agenda which, it is felt, may need to be considered in exempt session.

**For further information or assistance, please telephone
Gary Wood, Trainee Democratic Services Officer, on 01483 523570
or by email at gary.wood@waverley.gov.uk**