

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 23 MARCH 2015

SUBMITTED TO THE COUNCIL MEETING - <DATE>

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

**Present**

Cllr Richard Gates (Chairman)  
Cllr Jenny Else

Cllr Tony Gordon-Smith  
Cllr Peter Isherwood

**Apologies**

Cllr Wyatt Ramsdale and Cllr Stephen Hill

**Also Present**

39. MINUTES (Agenda item 1.)

The Minutes of the Meeting held on 19 November 2014 were confirmed and signed.

40. APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence had been received from Cllrs Wyatt Ramsdale and Stephen Hill.

41. DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no interests declared under this heading.

**PART I - RECOMMENDATIONS TO THE COUNCIL**

There were no matters falling within this category.

**PART II - MATTERS OF REPORT**

The background papers relating to the following items are as set out in the reports included in the original agenda papers.

42. GRANTS AND CLAIMS 2013/14 (Agenda item 5.)

Iain Murray from Grant Thornton introduced the report on the Certification of Grants and Claims 2013/14. Grant Thornton had certified two claims and returns, Housing Benefit Subsidy and Pooling of Housing Capital Receipts. The Committee was pleased to note that following additional work by the Council no further action was required in respect of issues identified under Housing Benefit Subsidy and there were no issues with respect to Pooling of Housing Capital Receipts.

The Committee heard issues had been identified with the CIVICA system which were outside the control of the Council. The Committee noted that CIVICA intended

to issue a correction patch which would correct any errors in the 2014/15 subside claim.

RESOLVED that the Certification report for 2013/14 be noted

43. DRAFT EXTERNAL AUDIT PLAN 2014/2015 (Agenda item 6.)

Iain Murray introduced the Draft External Audit Plan 2014/15 which would be finalised following any comments from the Committee. The Plan identified the Local Plan, Brightwells Development, the LG Finance Settlement and Housing as key challenges and risks facing the Council. Grant Thornton would continue provide advice and support where appropriate and review current progress of developments by way of regular meetings with senior management.

The Committee were pleased to note that there were no issues specific issues or weaknesses identified in respect of interim audit work and commended the Plan to the successor Committee.

RESOLVED that the Draft External Audit Plan for 2014/15 be noted.

44. AUDIT COMMITTEE UPDATE PAPER (Agenda item 7.)

Iain Murray introduced the Audit Committee Update Paper which provided the Committee with a report on progress in delivering Grant Thornton's responsibilities as the Council's external auditors. The paper also included a summary of emerging national issues and some challenging questions that the Committee might wish to consider. The Committee noted that a report published by the Independent Commission on Local Government Finance proposed the devolution of powers, funding and taxes over a 10 year period. However, it was noted that this might well change after the General Election and Members would be updated following the Council's Finance Seminar later in the year.

Members noted that the Council's finance team were up to date with provisions for business rate appeals and that the Council had not paid any pension fund contributions covering more than one year. The inclusion of overtime in the calculation of holiday pay had been looked at by the Strategic HR Team and was not considered material as payment of overtime was limited.

A housing issue was raised by a Committee member which would be considered outside the meeting, but details of the procedure to avoid this happening in the future could be investigated by Internal Audit.

RESOLVED that the Audit Committee Update Paper be noted.

45. PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS 2014/2015 (Agenda item 8.)

The Committee received the report outlining the progress that had been made on the implementation of internal audit recommendations. An updated Annexe 1 was

tabled that showed the progress that relevant Heads of Service had made on achieving audit recommendations.

The Committee noted that the status of agreed actions was mostly green, however, the action regarding National Non Domestic Rates was overdue/in progress due to a staff training issue whereby duties were being reallocated which led to staff retraining in different areas.

Following a question from the Committee regarding the green/0% status regarding the Rent Deposit Scheme, the Internal Audit Client Manager explained that a lot of work had been undertaken and a report produced but there were historical entries that still needed to be written off.

RESOLVED that following consideration of the Internal Audit Recommendations there were no actions identified that needed to be taken.

46. PROGRESS ON THE INTERNAL AUDIT PLAN 2014-15 (Agenda item 9.)

The Internal Audit Client Manager outlined progress against the Internal Audit Plan 2014/15 and tabled an updated Annexe 1 to the report. The Committee were pleased to note the good progress on work highlighted green.

The Committee was pleased to hear from the Head of Housing Operations that there had been no reported asbestos incidents for 9 months. However, there was still a risk and more work needed and an Asbestos Recommendation Action Plan had been drawn up by Ridge & Partners and was closely monitored by the Asbestos Management Group reporting to Corporate O&S. As monitoring was continuing and progress well under way it would be of greater value for an audit to be undertaken once the re-procurement of the asbestos surveying and removal contracts had been completed. The Committee agreed that it would be of greater value to defer the Housing Asbestos Review until this had been implemented.

RESOLVED that

1. the progress for the Internal Audit Plan 2014/15 as tabled at Annexe 1 be noted; and
2. the deferral of the Housing Asbestos Review be deferred until the 3<sup>rd</sup> quarter of the 2015/16 Audit Plan.

47. PROPOSED AUDIT PLAN FOR 2015-16 (Agenda item 10.)

The Committee received the proposed Audit Plan for 2015/16. The Internal Audit Client Manager informed the Committee that she had conducted a risk assessment of Waverley's control environment and activities. Time had been allocated to priority high risk areas including those that may hinder the achievement of Waverley's Corporate objectives. The plan proposed to remain at the same number of days as previous years at 230 days which will be allocated to the contractor Baker Tilly for 2015/16. The Committee noted that this was the same number of days as the previous year, but how the days had been allocated had changed.

RESOLVED that the draft Internal Audit Plan for 2015/16 as attached at Annexe 1 be adopted and had no comments to add.

48. REVIEW OF CONTRACT PROCEDURE RULES AND FINANCIAL REGULATIONS  
(Agenda item 11.)

The Committee received a report attaching revised Contract Procedure Rules and Financial Regulations that had been reviewed in line with the Council's commitment within the Annual Governance Statement. They were last updated in January 2012. The Committee noted the amendments made to the Financial Regulations and Contract Procedure Rules which reflected the current management reporting structure and support service delivery.

The Head of Finance confirmed that approval requirement for virements remained the same as in 2012 based on service consultation and appropriate scrutiny.

RESOLVED that the Financial Regulations and Contract Procedure Rules and tabled amendments be passed to the Executive with no comments or observations.

49. NATIONAL FRAUD INITIATIVE 2014/15 AND THE SURREY COUNTER FRAUD PARTNERSHIP (Agenda item 12.)

*[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).]*

The Committee received a report providing an update on the progress made by officers on the latest results of the audit Commission's data-matching exercise known as the National Fraud Initiative (NFI). Its purpose is to identify potential instances of fraud and corruption that might otherwise go undetected. The Internal Audit Client Manager drew attention to the paragraphs showing what had been done and successes over a period of years. Also the Council had benefitted from a bid by seven Surrey Boroughs and Districts in partnership with Surrey County Council for funds from the Department of Communities and Local Government. The funding has supported the temporary appointment of an experienced Tenancy Fraud Investigator to focus on the growing risk area of Housing Tenancy Fraud.

The Committee were advised that the Government centralised the level of resources for NFI working with the Department of Works & Pensions.

The Committee was pleased to note the work being undertaken by the Council in conjunction with other Surrey Local Authorities and suggested that at the appropriate time a press release should be issued to publicise the work being done to prevent fraud and to act as a deterrent.

RESOLVED that the activity and progress to carry out checks and recognise the resources applied by the relevant services to investigate each of the data matches be noted.

50. RISK MANAGEMENT UPDATE (Agenda item 13.)

*[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).]*

The Committee received a report that presented to Members the latest corporate risk registers as refreshed by Heads of Service with assistance from Zurich Municipal, the Council's insurance and risk management advisors.

The Committee noted mitigation work was reducing risk levels and were pleased to note that in some areas the risk had improved from 'devastating'. Members considered it would be helpful for the register to have a yearly key which could identify every risk update.

Members were concerned over the risk associated with Staff Skill and Capacity Management. Officers explained that this was only in some areas of the Council where staff had migrated to the private sector as it came out of recession and was able to offer more incentives. The Council's HR team are reviewing this area.

RESOLVED that the revised corporate risks register is noted with the above comment.

51. EXCLUSION OF PRESS AND PUBLIC (Agenda item 14.)

At 8.43pm it was:

RESOLVED 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 items 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 items, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in paragraph 1 of the revised Part 1 of Schedule 12A to the Act in respect of the following item:

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

52. INTERNAL AUDIT INVESTIGATION - UPDATE (Agenda item 15.)

The Committee received a verbal update from the Director of Finance and Resources on the latest position on an investigation.

Audit Committee 20  
23.03.15

**The meeting commenced at 7.00 pm and concluded at 8.51 pm**

**Chairman**