

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: 13 July 2018

Membership of the Audit Committee

Cllr Mike Band
Cllr Pat Frost
Cllr John Gray
Cllr Jerry Hyman

Cllr Stephen Mulliner
Cllr Sam Pritchard
Cllr Richard Seaborne
Cllr Liz Townsend

Dear Councillors

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

DATE: TUESDAY, 24 JULY 2018

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 Chairman of the Committee for the 2018/19 Council Year.

2. **APPOINTMENT OF VICE CHAIRMAN**

To confirm the appointment of Cllr Richard Seaborne as Vice Chairman of the Committee for the 2018/19 Council Year.

3. **MINUTES**

To confirm the Minutes of the Meeting held on 27 March 2018 (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 BY MEMBERS OF THE PUBLIC**

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

7. **QUESTIONS FROM MEMBERS**

The Chairman to respond to any questions received from Members of which notice has been duly given in accordance with Procedure Rule 11.

8. EXTERNAL AUDIT FINDINGS REPORT

To receive the External Audit Finding Report from Grant Thornton (to follow).

Recommendation

It is recommended that the Audit Committee endorses the External Audit Findings Report.

9. STATEMENT OF ACCOUNTS 2017/2018 (Pages 7 - 12)

The purpose of this report is for the Audit Committee to consider and approve the Statement of Accounts for the year ended 31 March 2018.

Recommendation

It is recommended that the Audit Committee

- 1. approves the Statement of Accounts for the financial year ended 31 March 2018;**
- 2. approves the Letter of Representation for 2017/2018; and**
- 3. confirms that the accounts have been prepared on a going concern basis.**

10. ANNUAL GOVERNANCE STATEMENT 2017/18 (Pages 13 - 28)

The purpose of the this report is for the Audit Committee to consider and approve the Annual Governance Statement for the year ended 31 March 2018.

Recommendation

It is recommended that the Audit Committee approves the attached Annual Governance Statement 2017/18.

11. INFORMATION GOVERNANCE STRATEGY (Pages 29 - 40)

Information Governance is a matter that the Audit Committee has shown a keen interest in in recent years. New legislation came into force in May 2018 which has prompted the development of a new Information Governance Strategy.

This report seeks the Audit Committee's comments on the Council's new draft Information Governance Strategy and asks the Committee to endorse the Council's approach to Information Governance.

Recommendation

It is recommended that the Audit Committee provides observations and comments on the draft Information Governance Strategy and endorses the Council's approach to Information Governance as set out in the

Strategy.

12. ANNUAL INTERNAL AUDIT REPORT (Pages 41 - 58)

The Accounts and Audit Regulations 2015 (Part 2 s3) require local authorities to have a sound system of internal control and Internal Audit is part of this system of internal control. Part 2 (s5) of the Regulations state that an authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This report is a summary of the work carried out by Internal Audit during the financial year 2017-18 and also provides an assurance opinion to support the Annual Governance Statement on the organisation's control environment.

Recommendation

It is recommended that the Audit Committee endorses the annual the annual report for 2017/2018.

13. PROGRESS ON THE INTERNAL AUDIT PLANS FOR 2017/18 AND 2018/19 (Pages 59 - 64)

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 2017-18 and 2018-19 is presented.

Recommendation

It is recommended that the Committee notes the completion of the 2017-18 Audit Plan and the progress on the 2018-19 Audit Plan as attached in Annexe 1 and 2.

14. PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Pages 65 - 70)

To inform the Audit 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 likely to be implemented later than the target date.

Recommendation

It is recommended that the Committee considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.

15. FRAUD INVESTIGATION SUMMARY (Pages 71 - 76)

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed in investigating all types of fraud, primarily focusing on Housing Tenancy fraud.

Recommendation

It is recommended that the Audit Committee notes the success of the investigation activity and the results achieved.

16. COMMITTEE RECURRENT WORK PROGRAMME (Pages 77 - 78)

Recommendation

The Audit Committee is invited to note the recurrent annual work programme, attached.

17. 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).

18. FUTURE DELIVERY OF INTERNAL AUDIT FROM APRIL 2019 - UPDATE
(Pages 79 - 80)

To consider the (exempt) report on this matter, attached.

19. 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
Amy McNulty, Democratic Services Officer, on 01483 523492 or by
email at amy.mculty@waverley.gov.uk**

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 24 JULY 2018

Title:

STATEMENT OF ACCOUNTS 2017/2018

[Wards Affected: N/A]

Summary and purpose:

The purpose of this report is for the Audit Committee to consider and approve the Statement of Accounts for the year ended 31 March 2018.

How this report relates to the Council's Corporate Priorities:

Waverley's published Accounts are a key document that helps to demonstrate the Council's accountability for public funds. The accounts support the Council's key objective of providing good value for money by showing how the Council's resources have been utilised.

Equality and Diversity Implications:

There are no implications arising from this report. The Statement of Accounts can be provided in larger print if required.

Resource and legal implications:

There are no direct resource implications resulting from the 2017/2018 Statement of Accounts. The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

Introduction

1. The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 31 July 2018.
2. The Chief Finance Officer (Section 151 Officer) retains responsibility for the preparation of the Statement of Accounts and is required to certify that they give a true and fair view of the financial position of the Council for the year ended 31 March 2018. The Members' role in approval is to demonstrate their ownership of the Statement of Accounts and their confidence in both the Chief Finance Officer and the process by which the accounting records are maintained and the Statement of Accounts prepared. In February 2007, the Council formally delegated the authority for approving Waverley's annual

accounts to the Audit Committee. In June 2018 Members of the Audit Committee received the unaudited 2017/2018 Accounts and met with officers to receive detailed training and/or to respond to any questions.

Statement of Accounts 2017/2018

3. The Statement of Accounts for 2017/2018 is included as a separate document at Annexe 1 (to follow). This includes changes incorporated following the audit as detailed in Annexe 2. The Narrative Report to the Accounts highlights the key issues and shows the headline figures.
4. The audit of the Council's accounts for 2017/2018 by Grant Thornton is complete and the Audit Findings Report is included on this agenda.
5. The format and content of the accounts is largely prescribed by regulation and the code of practice. It is a requirement that the accounts are arranged with all core financial statements grouped together followed by all notes to these statements in a separate section. The supplementary statements, Housing Revenue Account and Collection Fund, are grouped separately with their corresponding notes section.
6. The full unaudited Statement of Accounts is available on the Council's website. This will be replaced with the final version following this Audit Committee meeting and a Summary set of Accounts.
7. It is a requirement that the Council issues a Letter of Representation to its external auditors at the conclusion of the audit and this is referred to in Grant Thornton's Audit Findings Report also on this agenda. The draft Letter of Representation is attached at Annexe 3 (to follow).

Going Concern Report

8. International Audit Standards require the Audit Committee to provide confirmation that the 2017/2018 Accounts have been prepared on a 'going concern' basis. The going concern concept is one of the core principles underpinning local authority accounting practice and refers to the assumption made when the Accounts are prepared that the organisation will continue to operate for at least 12 months following the accounting period in question, taking into consideration best estimates of future activity and cash flows.
9. The main issues around the application of the 'going concern' concept are to consider the medium term financial plans and cash flow forecasts in existence to ensure the continuing operation of the Council. Waverley's Medium-Term Financial Strategy (2018/2019 to 2020/2021) was reviewed by Members at Council in February 2018. The Medium Term Financial Strategy forecasts the Council's financial performance and identifies budget pressures for the three years of the strategy and demonstrates that the Council has sound plans to continue operating. In addition the Overview and Scrutiny Committees have been reviewing the Council's finances with the aim of resolving the budget gap.

Recommendation

It is recommended that the Audit Committee

1. approves the Statement of Accounts for the financial year ended 31 March 2018;
2. approves the Letter of Representation for 2017/2018; and
3. confirms that the accounts have been prepared on a going concern basis.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

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Annexe 2

Statement of Accounts 2017/2018 Changes made to 'Unaudited' accounts

Page	Change	Comment
16	Balance sheet – note added to bottom of Balance Sheet to say: * 2016/2017 has been restated to reflect the repayment of borrowing in 2017/2018.	To provide clarification of the reason for the restatement of the first repayment of borrowing to short term in 2016/2017.
40	Note 3. Critical Judgements in applying accounting policies Third judgement added as follows: 3. Brightwells Lease The 150-year Brightwells (East Street Regeneration Scheme) lease to Surrey County Council has been classified as a Finance lease.	Audit recommendation
69	Collection Fund Adjustment Account – correction of movement figure for 2016/17. Closing balance 31 March 2017 was correct but movement reflected 15/16 figure.	No impact to financial statements
98	Provision for backdated Business Rates appeal costs - note expanded to read: The Council has a Collection Fund provision for the losses on backdated Business Rates appeal costs at 31 March 2018 (relating to the 2010 and the new 2017 Rating List) as follows:	To provide clarification
	Other changes <ul style="list-style-type: none"> • minor formatting issues • minor punctuation corrections • minor wording changes (mainly in Narrative Report) 	

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 24 JULY 2018

Title:

ANNUAL GOVERNANCE STATEMENT 2017/2018

[Wards Affected: N/A]

Summary and purpose:

The purpose of this report is for the Audit Committee to consider and approve the Annual Governance Statement (AGS) for the year ended 31 March 2018.

How this report relates to the Council's Corporate Priorities:

The aim of the AGS is to ensure that, in achieving the Council's corporate priorities, Waverley acts in the public interest at all times.

Equality and Diversity Implications:

There are no implications arising from this report. The AGS can be provided in larger print if required.

Resource and legal implications:

There are no direct resource implications resulting from the AGS for 2017/2018.

Introduction

1. The AGS is produced alongside the annual Statement of Accounts and reports publicly on how the Council has complied with the governance code, 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE, and describes any governance issues, including how they will be addressed.
2. Each year the Council is required to produce an AGS which describes how its corporate governance arrangements have been working over the year and comprises the arrangements put in place to ensure that the Council achieves its objectives while acting in the public interest at all times.
3. The AGS is required to be signed by the Leader of the Council and the Executive Director on behalf of the Council and then approved by a delegated committee.
4. The AGS will be included with the Statement of Accounts as part of the Annual Financial Report for 2017/2018.
5. The AGS is included with the Agenda as a separate document at Annexe 1.

Recommendation

It is recommended that the Audit Committee approves the Annual Governance Statement for 2017/2018.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

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Annual Governance Statement 2017/2018

1 Introduction

- 1.1 The Leader of the Council (Cllr Julia Potts) and the Chief Executive (Tom Horwood) recognise the importance of having robust rules, systems and information available to guide the Council when managing and delivering services to the communities of Waverley.
- 1.2 Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working over the year.
- 1.3 This AGS is in respect of 2017/2018 and will be considered by the Audit Committee at its meeting on 24 July 2018.

2 What is Corporate Governance?

- 2.1 Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account. Waverley's governance framework aims to ensure that in conducting its business it:
 - operates in a lawful, open, inclusive and transparent manner;
 - makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
 - has effective arrangements for the management of risk; and
 - secures continuous improvements in its governance.
- 2.2 The governance framework comprises the systems and processes by which the Council is directed and controlled, and reflects the prevailing culture and values of the Council. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.
- 2.3 The Council has a local Code of Corporate Governance. It is consistent with the principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE. The Council acknowledges it is responsible for ensuring that there is a sound system of governance and internal control compliant with its adopted principles within the local Code. A high level summary of the principles can be found on the following pages.

3 The Principles: A summary

The Council aims to achieve good standards of governance by:

3.1 Principle 1

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

This is achieved by:

- 3.1.1 Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and by effectively communicating these codes and policies.
- 3.1.2 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- 3.1.3 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.

3.2 Principle 2

Ensuring openness and comprehensive stakeholder engagement.

This is achieved by:

- 3.2.1 Documenting a commitment to openness and acting in the public interest.
- 3.2.2 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- 3.2.3 Ensuring an effective scrutiny function is in place.

3.3 Principle 3

Defining outcomes in terms of sustainable economic, social and environmental benefits.

This is achieved by:

- 3.3.1 Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

3.4 Principle 4

Determining the interventions necessary to optimise the achievement of the intended outcomes.

This is achieved by:

- 3.4.1 Translating the vision into courses of action for the Council, its partnerships and collaborations.

- 3.4.2 Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- 3.4.3 Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they meet the agreed use of resources and value for money performance measures.

3.5 Principle 5

Developing the Council's capacity, including the capability of its leadership and the individuals within it.

This is achieved by:

- 3.5.1 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the Council's and partnership arrangements.
- 3.5.2 Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.
- 3.5.3 Providing induction and identifying the development needs of members and senior management.

3.6 Principle 6

Managing risks and performance through robust internal control and strong public financial management.

This is achieved by:

- 3.6.1 Reviewing the effectiveness of the framework for identifying and managing risks and for performance and then demonstrating clear accountability.
- 3.6.2 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).
- 3.6.3 Independent review of the internal controls by Internal Audit when carrying out assessments of key activity areas.

3.7 Principle 7

Implementing good practices in transparency, reporting and audit to deliver effective accountability.

This is achieved by:

- 3.7.1 Ensuring that assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.
- 3.7.2 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).
- 3.7.3 Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

4. How do we know our arrangements are working?

4.1 Governance Framework

4.1.1 The Code of Corporate Governance requires assurance upon:

- Delivery of Corporate Plan priorities
- Services being delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effectiveness of internal controls
- Community engagement and public accountability
- Shared service governance
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures
- Secure and comprehensive record keeping

4.1.2 Sources of Assurance:

- Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules)
- Council, Executive, Committees and Panels
- Corporate and service plans
- Policy framework
- Performance management framework
- Risk management framework
- Project management methodology
- Financial Performance Monitoring Suite
- Medium Term Financial Strategy
- Customer Service Strategy
- Complaints system
- Head of Paid Service, Monitoring Officer and S151 Officer
- HR policies and procedures
- Whistleblowing and other countering fraud arrangements
- Staff and Member training
- Management Board and Heads of Service Team
- Independent external sources, including external audit

4.1.3 Assurances Received:

- Regular performance and financial reporting
- Annual financial report
- External audit reports
- Internal audit reports
- On-going review of governance
- External reviews and inspectorate reports
- Customer feedback
- Council's democratic arrangements including scrutiny reviews, Audit Committee and Standards Panel
- Staff surveys
- Community consultations

4.2 Opportunities to Improve

4.2.1 This statement builds upon those of previous years. All the key governance mechanisms remain in place and are referred to in previous statements which are available on Waverley's website. This statement therefore describes the key changes and developments within the Council's governance framework during 2017/2018 and up to the date of approval of the Annual Financial Report.

4.2.2 This statement allows the Council to meet the requirement of the Accounts & Audit (England) Regulations 2016, to prepare and publish an AGS to accompany the 2017/2018 Annual Financial Report.

5 The Council: How it works

All Councillors meet together as the Full Council at least four times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt.

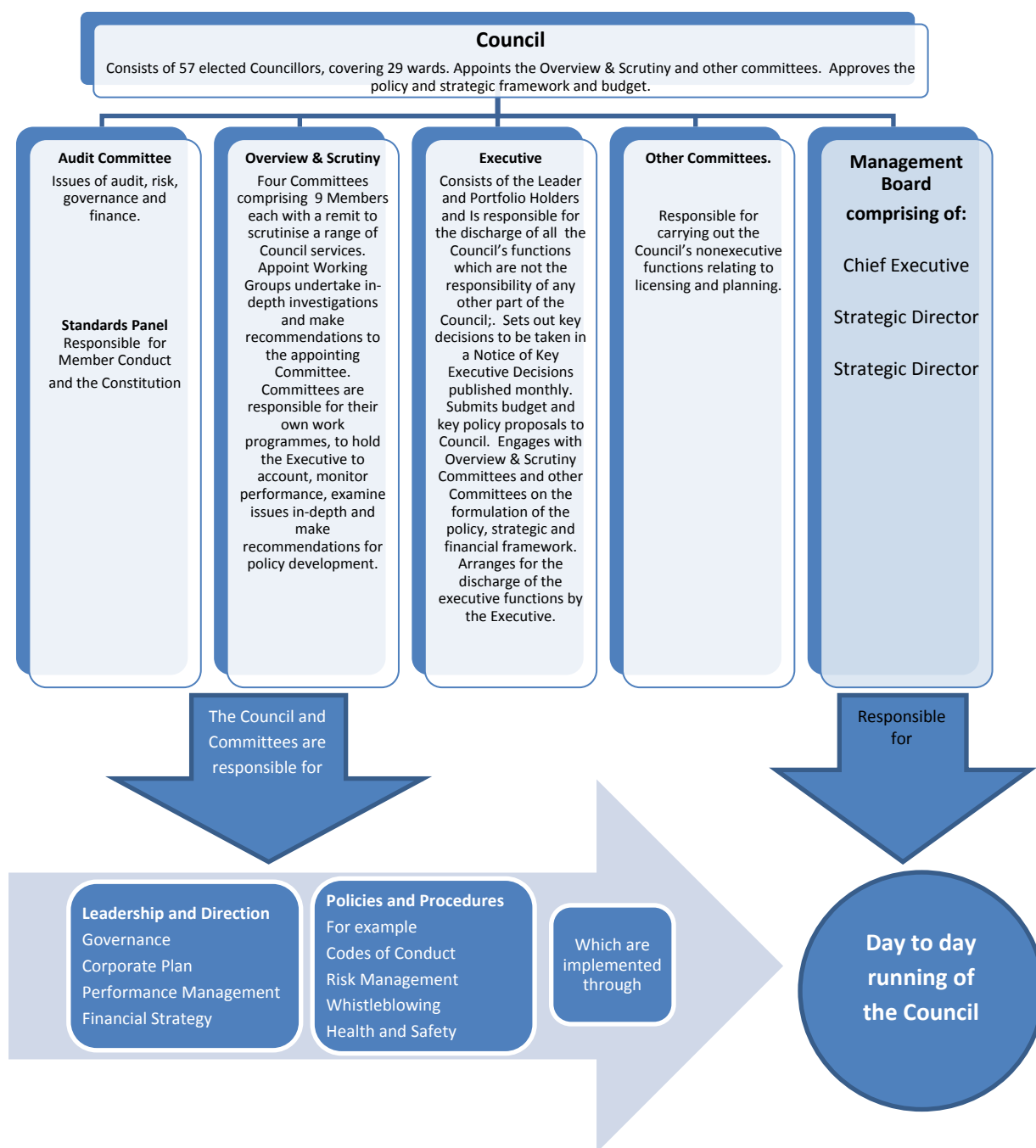
The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Scrutiny and Officer functions.

The 'Scheme of delegation' sets out the basis officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains a Code of Conduct for Councillors.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. He is assisted by the Management Board. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair.

The Council and its decisions are open and accessible. All reports requiring a decision are considered by appropriately qualified legal and finance staff before being considered by relevant decision making forum.

In meeting the requirements of the Local Government Transparency Code 2015 the Council has also published on its website a wide range of 'open data' and information.



5.1 Changes in governance during the year

5.1.1 Re-allocation of seats

Following the election of a new Borough Councillor at a By-Election in December 2017, the Council agreed the reallocation of seats on the Council's principal

committees in line with the Local Government and Housing Act 1989 (Committees and Political Groups Regulations 1990) on 19 December 2017.

5.1.2 Scheme of delegation review

The Standards Panel oversaw a comprehensive review of the Council's Scheme of Delegation and put forward recommendations for change which were subsequently agreed by the Council.

5.1.3 Overview and Scrutiny

A number of smaller changes to the Constitution were also put forward and agreed during the past 12 months. The most significant of these related to the Council's new approach to overview and scrutiny following a comprehensive member-led scrutiny review in 2016/2017.

In April 2017 the Council agreed changes to the Constitution which saw the introduction of four smaller scrutiny committees with new terms of reference:

- Value for Money and Customer Service OS committee
- Community Wellbeing OS committee
- Environment OS Committee
- Housing OS committee

An informal coordinating group, comprised of the chairs and vice chairs of each of the four committees, was established at the same time to coordinate the work agendas of all committees, with a focus on ensuring each committee undertakes meaningful and ambitious policy development work and research projects.

5.1.4 Constitution Formatting

Following feedback from members, including the Chair of the Audit Committee, it was decided during the year to undertake a review of how the Constitution was presented and formatted, with the aim of ensuring it is easy to refer to, find, understand and navigate. This work is now underway.

Further information on the Constitution and decision making structure including dates of meetings, agendas and reports can be found on the Council's webpages.

5.1.5 Corporate Plan

The Council's Corporate Plan 2016-19 sets out what the Council aims to achieve in addition to the core statutory services. A Strategic Review was reported to Council in February 2017 and an action plan agreed. A new Chief Executive was appointed in December 2017. The Council's Executive and all councillors have been involved in

developing a new Corporate Strategy to provide the Council with direction, priorities and key objectives. Further consultation will inform the draft Corporate Strategy before its adoption.

5.2 Significant operational events in 2017/2018

In August 2017, the Council's approach to recording and reporting air quality came under scrutiny following queries from an expert member of the public. The Council's publicly reported figures were found to be incorrect and its air quality report for 2016 was subsequently withdrawn.

Two reviews were commissioned. Independent air quality experts assessed the 2016 data and a revised report was completed. An independent public sector audit practice was also engaged to review processes and information was passed to Surrey Police for further investigation. At the time of writing the investigation is active and on going.

The Council then awarded a new three-year contract for the monitoring and reporting of the borough's air quality to ensure independent verification of data integrity. A second contract is reviewing the air quality monitoring network.

The Service is looking at the options for the future line management responsibilities for this function to strengthen governance arrangements.

The Chairs and Vice-Chairs of the Audit Committee and the Environment OS Committee, as well as the Executive and the Department for the Environment, Food and Rural Affairs, were briefed on a confidential basis during the investigation. Web pages and news releases were published to maintain public accountability. Raw air quality data is now being published monthly on the Council website.

5.3 Other governance issues arising during 2017/2018 include:

- 5.3.1 Following the departure of the Executive Director/Head of Paid Service the Council appointed Tom Horwood as its Interim Managing Director/Head of Paid Service with effect from 1 August 2017. Mr Horwood carried out this role for three days a week and continued his other role of Executive Director for East Hampshire District Council and Havant Borough Council while the Executive considered its strategic way forward. Following an assessment process facilitated by Solace in Business Ltd the Council appointed Mr Horwood as its new Chief Executive and Returning Officer in December 2017 and he took on this role on a full-time basis on 19 March 2018.
- 5.3.2 During the year Waverley has been preparing for the implementation of new General Data Protection Regulations (GDPR) which took effect from 25 May 2018. A new Data Governance Board oversaw the project work required to meet the new requirements which involved a comprehensive external data audit, training for all staff and Members, revision of policies and procedures and the creation of a new

Data Protection post. Officers are confident that all reasonable steps have been taken to implement the required changes.

6 Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2017/2018, considering a wide range of governance issues.

Audit Committee Work Programme for 2017/18			
July 2017	September 2017	November 2017	March 2018
Review the progress of the Internal Audit Plans for 2016/17 and 2017/18	Review the progress of the Internal Audit Plan for 2017/18	Review the progress of the Internal Audit Plan for 2017/18	Review the progress of the Internal Audit Plan for 2017/18
Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations
Review Contract Procurement Rules and Recommend adoption to Council	Update on the work being completed as part of the Surrey Counter Fraud Partnership	Update on the work being completed as part of the Surrey Counter Fraud Partnership	Update on the work being completed on Housing Tenancy Fraud - SCFPartnership
Review the External Audit Findings Report	Review of the Corporate Risk Register	Review of the Corporate Risk Register	Comment on the proposal of internal Audit service delivery form April 2019.
Consider and approve the Statement of Accounts for year ended 31 March 2017	Review and revision of the Internal Audit Charter	Review Financial Regulations and Recommend adoption to Council	Approve proposed Internal Audit Plan for 2018/19
Consider and approve the Letter of Representation for 2016/17	Note the appointment of External Auditor	Receive the External Audit Annual Audit Letter	Receive the External Audit Grants and Returns Certification Report
Review and approve the Annual Governance Statement for 2016/17	Review of the Audit Committee Terms of Reference	Review and recommend amendments to the Audit Committee Terms of Reference	Review External Audit proposed External Audit Plan for 2018/19
Review the Annual Internal Audit Report	Note Audit Committee Activity Report	Interim consideration of Annual Governance Statement issues	Note updated Financial Reporting Standards for Statement of Accounts

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

7 Managing key risks

- 7.1 All Councillors and Managers are responsible for ensuring that risk implications are considered in the decisions they take. Managing risk is a key element of service planning. The successful delivery of the Corporate Plan priorities depends on the Council's ability to tolerate and manage risk where it cannot be eliminated altogether.
- 7.2 Significant risks that may be potentially damaging to the achievement of the Council's Corporate Plan objectives are recorded in a risk register and assigned owners. Senior Managers regularly review and update the risk register and are required to positively state the level of assurance they can place upon the controls that mitigate risks. If the residual risk exceeds the 'risk appetite', managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced. This information is used by Internal Audit during annual audit planning and reviewed during individual audits.
- 7.3 The corporate risk register is reviewed during Audit Committee meetings.
- 7.4 A project to comprehensively review the corporate risk commenced with councillors and senior officers, including external training.

8 Managing the risk of fraud

- 8.1 A corporate fraud risk assessment was completed in December 2016, to ensure the effectiveness of management processes and controls are in place to limit the risk of these risks materialising. This assessment was reported to the Audit Committee on the controls in place and the work being completed to minimise the risk of fraud. Over the last few years resources have been utilised to investigate and deter fraud in particular in relation to housing tenancy fraud where used for personal gain by the tenant. This work resulted in nine properties being made available for others on our waiting list in social housing need.
- 8.2 The Council has raised the profile of the anti-fraud, bribery and corruption policy and the whistleblowing policy by increasing their visibility through inclusion on the Council's website and/or intranet where applicable.
- 8.3 The anti-fraud, bribery and corruption policy, prosecution policy, whistleblowing policy and anti-money laundering policy were reviewed and updated and agreed by the Audit Committee at the March 2017 meeting. Any issues raised relating to these policies are dealt with by the appropriate responsible officers in accordance with the requirements of these policies.

8.4 Anti-Fraud and Corruption Statement

- 8.4.1 Waverley Borough Council is committed to the highest possible standards of honesty, openness and accountability.
- 8.4.2 It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.
- 8.4.3 The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

9 Responsible Chief Financial Officer

- 9.1 A Strategic Director is the Responsible Chief Financial Officer and the Section 151 Officer. The Responsible Chief Financial Officer has responsibility for delivering and overseeing the financial management arrangements of the Council and has line management responsibility for the Finance Team and Internal Audit. To maintain the independence and objectivity of the Internal Audit service the Internal Audit Manager has direct access to the Chief Executive, the Audit Committee and its Chairman. The role conforms to the good practice requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- 9.2 The Chief Responsible Financial Officer has been involved in reviewing the Code of Corporate Governance and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

10 Managing resources

- 10.1 The Council is continuing to face increasing financial pressures but, as shown through the Medium Term Financial Strategy, it has a strategy to address the budget shortfall by 2020/2021. In order to achieve this, a number of initiatives have been introduced:
- An initiative to strengthen procurement was undertaken with the recruitment to a new procurement post to provide skilled capacity to challenge business delivery.
 - The Corporate Procurement Regulations were reviewed to streamline the procurement process and a procurement advisory board set up consisting of key spending officers from across the services to oversee all procurement governance.
 - The Value for Money Overview and Scrutiny committee has initiated a project to support the further development of a strategy to address the budget gap forecasted in the Medium Term Finance Plan. This includes five workstreams that will review every aspect of service delivery over the next three years.

11 Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and External Auditors (Grant Thornton LLP).

11.1 Internal Audit

11.1.1 The Council considers its Internal Audit Service to be a key component of its governance framework.

11.1.2 Each year the Audit Committee review the Internal Audit Charter (which sets out the internal audit role and its responsibilities and clarifies its independence) and align it to the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit Service:

- provides independent, risk-based and objective assurance, advice and insight to the Council on its operations
- enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

11.1.3 The Internal Audit Manager reports to the Strategic Director (Section 151 Officer) and has direct access to the Chief Executive, the Audit Committee and its Chairman.

11.1.4 One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Internal Audit Manager on the Council's control environment based on the work that has been completed throughout the 2017/2018 year. The opinion for the 12 month period ending March 2018 is shown below:

The Internal Audit opinion:

- The organisation has an adequate and effective framework for risk management, governance and internal control.
- The internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

11.1.5 The assurance opinion remains the same as 2016/2017.

11.1.6 The Internal Audit Manager has stated in their Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

11.1.7 The Internal Audit Manager is not aware of any significant changes having occurred across the Council's internal control environment between April 2017 and the approval of this Statement.

11.2 External Audit

11.2.1 The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

11.2.2 The external auditor has also issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources.

12 Significant Governance Issues

12.1 The officers and the Audit Committee members have reviewed the governance arrangements and no further significant governance issues were identified.

13 Level of Assurance

13.1 This Annual Governance Statement demonstrates that the systems and processes that comprised Waverley's governance arrangements during 2017/2018, and which remain in force, and continue to provide a comprehensive level of assurance to the Council. The Audit Committee will continue to review these governance arrangements to ensure they are fit for purpose in accordance with the governance framework.

14 Certification

14.1 This Governance Statement has been prepared by Officers with knowledge of the key governance issues. The Officers compiled a list of items of evidence to support an assessment against the Council's Code of Corporate Governance and to support the actions mentioned above. That assessment has been referred to in the preparation of this Governance Statement, which also draws upon the knowledge and understanding of those Officers.

We therefore commend the Governance Statement to the Audit Committee for approval.

Signed
Leader of the Council

Chief Executive

Dated

Dated

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE - 24 JULY 2018

Title:

INFORMATION GOVERNANCE STRATEGY

[Portfolio Holder for Corporate Strategy: Cllr Julia Potts]

[Wards Affected: All]

Summary and purpose:

Information Governance is a matter that the Audit Committee has shown a keen interest in in recent years. New legislation came into force in May 2018 which has prompted the development of a new Information Governance Strategy.

This report seeks the Audit Committee's comments on the Council's new draft Information Governance Strategy and asks the Committee to endorse the Council's approach to Information Governance.

How this report relates to the Council's Corporate Priorities

Information Governance is becoming increasingly critical to the way the Council does business as we integrate services, seek to gain better outcomes with fewer resources and digitalise the way services are delivered. The new Information Governance Strategy therefore seeks to support all aspects of the Council's service delivery and therefore all corporate priorities – People, Place and Prosperity.

Financial Implications

There are no direct financial implications arising from this report.

Legal Implications

These are set out within the body of this report.

Introduction

1. Information is one of the Council's key assets and its use is a major responsibility. The Council needs to be trusted by its citizens, customers and employees to manage and protect their information.
2. The Council has not previously had a comprehensive Information Governance Strategy, and with the introduction of the General Data Protection Regulation (GDPR) and the coming into force of the new Data Protection Act 2018 on 25 May 2018, the opportunity has been taken to develop the new strategy that is before the Committee at Annexe 1. The development of the new Strategy has been a key element of the Council's GDPR implementation project over the past 12 months. This project has focused on the new requirements to ensure that the Council has taken all the necessary steps to achieve compliance with the legislation.

Information Governance Strategy

3. The Information Governance Strategy will ensure that the Council uses information as a strategic asset, using recognised best practice, legislation and technology to minimise requests for information and to maximise the opportunities for information intelligence to shape future services and evaluate the effectiveness of existing ones. We will store only what we need to and increase our ability to deliver value for money, customer-focused services to the benefit of the Council's customers, residents and the Council itself.
4. The Strategy covers all areas of the Council and it covers all information, documents and data that the Council creates, owns, collects and holds in paper and electronic format. It covers all documents that are accessed by the public, staff, Councillors and partners.
5. The Strategy formalises principles and a range of activities that are already underway within the Council, bringing these together in one place so that we can begin to connect these activities at a strategic level and make the most of the data and information that the Council holds and how we and others use it.
6. Increased availability and use of information has the potential to transform the way we work. It can strengthen our ability to deliver better outcomes working in collaboration with others, to make better decisions and to solve complex public problems. Alongside this it also has the potential to improve democratic engagement.
7. Importantly, an effective Information Governance Strategy enables the Council to deliver on its statutory responsibilities under both the GDPR and the 2018 Act – both of which have been high profile statutory developments in a modern, digital age when the public is more aware than ever of the use of their information by both the public and private sector.

Recommendation

It is recommended that the Audit Committee provides observations and comments on the draft Information Governance Strategy and endorses the Council's approach to Information Governance as set out in the Strategy.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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INFORMATION GOVERNANCE STRATEGY

<i>Owned by:</i>	Daniel Bainbridge
<i>Created Date:</i>	April 2018
<i>Equality Impact Assessment completed:</i>	May 2018
<i>MB Approval Date:</i>	29 May 2018
<i>JCC Consultation Date:</i>	N/A
<i>Executive/Council Approval date:</i>	N/A
<i>Date for review:</i>	May 2019
<i>Last updated</i>	12/07/2018

INFORMATION GOVERNANCE STRATEGY

1. PURPOSE

This Information Governance Strategy is about how the Council creates, communicates, stores, uses and distributes the information we need to deliver our services and corporate objectives. It covers all information in all formats – paper and electronic (including graphical, audio and video files).

This Strategy will add value to the information resources used by the Council and will promote efficiency. It will demonstrate that the Council has a commitment to providing high quality information and takes its role as a custodian of information seriously.

Information is different from every other resource – when it is produced and used, it increases rather than decreases. This brings risks – information overload, breach of confidentiality, multiple versions of information and documentation.

2. FOREWORD

2.1 Background

Public authorities rely on the collection of an ever-increasing amount of information to inform their strategies and plans to provide services.

Waverley Borough Council ('the Council') is no different in this respect and must have in place an effective framework for collecting, accessing, storing, sharing and deleting this information.

Moreover, the Council needs to be open in the way it does its business, in particular in how it delivers its services and in how it makes decisions. The Council must be in a position to provide easily-accessible and understandable information about its services and the decisions it makes.

Over the years, public authorities have been making increasing use of advancing technology: computing equipment in general, the internet, mobile phones and touch screens. Through making better use of these new technologies and more effective ways of working, this Information Governance Strategy sets out how the Council will manage the information that it has to best ensure that the Council is effective in providing services that its residents want, protecting that information whilst complying with its statutory and regulatory responsibilities, and also in demonstrating transparent and accountable decision making.

2.2 Context

This Information Governance Strategy has been developed in response to the legislative requirements in relation to the management of information in its various guises by organisations. A term which is being widely used by public authorities is Information Governance. It is a framework to bring together all of the requirements, standards and best practice that apply to the handling of information. It allows organisations and individuals to ensure that information is accurate, dealt with legally, securely and efficiently within certain regulatory and standards frameworks.

Although this document aims to focus on Information Governance it is at the same time talking about Information Management. These terms are often seen as interchangeable, although the governance element is more about ensuring compliance with rules and

procedures, particularly if they are regulatory. Information Governance is also about how roles and responsibilities are defined and about what information functions there are.

Information Management is the means by which an organisation efficiently plans, collects, organises, uses, controls, audits, disseminates and disposes of its information, and through which it ensures that the value of that information is identified and exploited to the fullest extent.

Information is also evolving from different mediums e.g. social media. The Council needs to ensure that any information produced by its staff is created and managed in a secure and professional way.

There has been a raft of new legislation in recent years which has placed new obligations on local authorities. There are regulations which require us to provide information within given timescales, to make information more accessible and to guard people's rights. In order to comply we must ensure we manage our information effectively, taking into account these new legal requirements. Below is a list of recent legislation which affects some or all services and are drivers for Information Governance:

- General Data Protection Regulation
- Data Protection Act 1998
- Human Rights Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Local Government Acts 1972 to 2003
- Electronic Communications Act 2000
- Regulation of investigatory Powers Act 2000
- Consumer Protection Regulations 2000
- The Electronic Commerce Directive
- Re-use of Public Sector Information Regulations 2005

In order to comply with legislation and to ensure the Council manages its valuable information assets effectively, it is important to set out a strategic and corporate approach to Information Governance that becomes a shared vision across the whole organisation. The strategy set out in this document will deliver a direction and framework in which to operate, and a platform from which the Council can further improve its services in a more cohesive manner through the improved provision of, and accessibility to, information held by the Council.

3. VISION

The vision is about **connecting people with the information they need whilst also keeping it safe and secure over its life-cycle** in order to protect our residents, customers, businesses and staff. Achieving this is critical to the Council's success.

Information Governance is at the heart of the way in which the Council delivers services to the public. If the Council does not have consistent and accurate information it cannot optimise its efficiency or measure improvements.

4. PRINCIPLES

Available – Our information will be available to those who need it, when they need it and to those who have the permissions to view or use it. This will include responsiveness to requests for information. We will avoid information overload and target information where it is needed

Accessible – Our information will be clearly identified and easily found when it is needed, in a timely fashion, by anyone with authority who needs to access it. We will maintain a clear information structure. We will share and exchange information efficiently where necessary.

Electronic – Our information and documents will be stored electronically. Over time, we will evolve our policies such that we will endeavour to only keep paper records where there is a legal requirement to do so.

Secure – We will ensure that there are controls in place when we store and transfer information, so that the information itself is protected and any risks associated with inappropriate disclosure are reduced. We will record the confidentiality of information. Non-confidential information will be openly published where required.

Managed throughout its lifecycle – It is essential that information is only kept for as long as necessary, whether it is through a legal requirement or a business need. Information when it is no longer required should be disposed of in a secure manner in line with our Records Retention and Disposal policy.

Information assets – We will make full use of our information assets and keep them safe.

Generate an information culture – Information should be managed in a common structured system. This encourages collaborative working and reduces duplication of work.

Training – Implement a training programme to enable staff to manage, share and work with information in a corporate way to ensure all of the above.

5. INTRODUCTION

Information, in all its forms, whether electronic, paper-based or in people's heads, is one of our critical resources. This Information Governance Strategy will act as the overarching strategy that governs all of the Council's documents in Section 9.

Information is a corporate resource to be shared and used as effectively as possible, it is **not** owned by the individual who created it but by the Council.

Security, sustainability and privacy are concepts the Council will always consider when producing or working with information.

Information Governance covers a vast scope. We can never expect to achieve perfection, but we have scope to improve our services by a range of improvements to our policies, frameworks, technology and training, and by seeking to promote a culture which recognises and delivers our information management vision. Failure to manage information properly exposes the Council to a significant financial, legal and reputational risk.

When reviewing or implementing technologies, Information Governance should be a principal consideration.

6. OBJECTIVES OF INFORMATION GOVERNANCE

The objectives of this Information Governance Strategy are:

- To instil an understanding of the importance, and an appreciation of the potential, of effective information governance.

- To help develop awareness, understanding and to promote the application of good practice in handling information, and develop skills in this area.
- To define what the Council considers are the principles and practice of good information management and to reduce risk.
- To identify the changes and investments needed to deliver the Council's vision of connecting people with the information they need whilst also keeping it safe and secure over its life-cycle.
- To support the Council's ambition to improve processes, to improve customer services, to become more efficient and to reduce costs.
- To ensure that the Council takes advantage of technology advances appropriate to conducting the Information Governance processes within the Council.
- To ensure business continuity and protect vital records to ensure the continued functioning of the Council if any disasters affect the Council.

7. RESPONSIBILITIES

7.1 The Council

Overall responsibility for the efficient administration of the Information Governance lies with the Council. An Information Governance Board has been created, chaired by a Director and consisting of senior officers with key functions to play in strategic oversight of the Council's Information Governance Strategy (including the Senior Information Risk Owner and IT Development Manager). Below the Information Governance Board sits the Information Governance Group with senior representatives from all service areas and which is responsible for practical implementation of the Council's strategic Information Governance actions.

7.2 Senior Information Risk Owner

As the governance of information and the protection of personal information are so important a senior member of staff is appointed as the Senior Information Risk Owner to oversee and ensure compliance with the Council's information governance responsibilities. The SIRO is responsible for ensuring that information governance is embedded into the organisation to ensure that the potential risks to corporate information and records are mitigated. It has been agreed that the Borough Solicitor will be the SIRO.

7.3 IT Development Manager

The IT Development Manager will be responsible for:

- Providing operational work and support including training, query resolution, incident support and legal compliance requirement.
- Security of the Council network and infrastructure.

7.4 Information Champions

These are members of staff within service areas who will liaise with the SIRO and the Data Protection Officer on all matters concerning administration of the Strategy. It is suggested that there will be at least one representative from each service area. In particular they will assist where necessary in ensuring compliance in respect to information management systems and ensuring awareness of the need for information governance within their agreed remit. This applies particularly to Personal Protected Information.

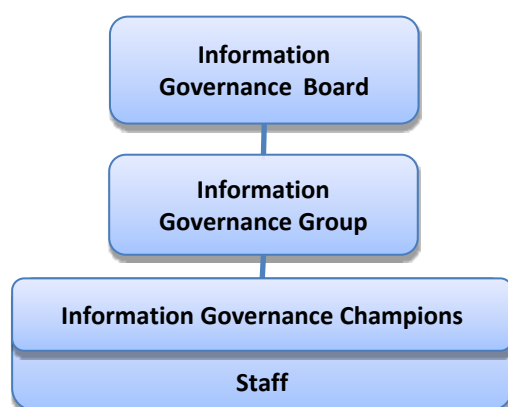
7.5 Managers

Managers are responsible for ensuring that staff under their direction and control are aware of the policies, procedure and guidance laid down on Information Governance and for checking that those staff understand and appropriately apply policies, procedures and guidance in respect of information Governance in carrying out their day to day work.

7.6 Staff

It is the responsibility of all staff to process information in accordance with the General Data Protection Regulation, and all other relevant data protection legislation, and to adhere to the policies, procedures and guidance that are laid down by the Council for information governance and security.

7.7 Information Governance Structure



8. INFORMATION GOVERNANCE REQUIREMENTS

8.1 Information Rights

Information Rights is a global term for Freedom of Information, Environmental Information Regulations and Data Protection. They are statutory functions and the information needed to comply with requests under these rules has to be gathered from across the Council. It is therefore essential that all our systems can be accessible and searchable to retrieve the information needed. Part of the Freedom of Information Code of Practice acknowledges that information is not held if it is managed in line with retention and disposal schedules.

We need to ensure we comply with these regulations and guidance from the Information Commissioner's Office to minimise the number of complaints it receives. There needs to be policies on each of the areas and staff be made aware of their responsibilities as part of on-going training.

8.2 Information Security

Ensuring the security of the Council's information, both from internal and external sources is paramount. As well as information being available to the people who need it, it also needs to be protected from those who should not use it. As part of Information Governance the Council has an ICT Security Policy which covers all business functions and information contained on the Council's IT network and the relevant people who support that network.

Information Assurance is managing information-related risk. As part of Information risk there needs to be an information risk register. Examples of information risk which should be assessed include whether disaffected staff could do damage to information systems if they

are given access to them or the risks associated with information falling into the wrong hands.

Egress Email Encryption Software enables secure data sharing. Egress Switch is provided by a company called Egress and is a secure email solution which allows the Council to send emails and file attachments securely and encrypted to third party recipients. Egress Switch enables third parties to communicate safely with the Council.

Government Connect (GCSX) enables secure data sharing up to Restricted level across Government. It is a key enabler of joined up working and shared services. To be a member of this community we have to instigate a number of procedures including Protective Markings. There is an annual process of accreditation we have to undertake to continue using Government Connect.

Rightly, much publicity has been made about the loss of sensitive data from public authorities. Residents, customers businesses and staff should all expect that any personal information given to the Council is stored and transferred when necessary safely and securely. Guidance has been published regarding data protection and information governance and the recommendations must be implemented across the Council. This includes appointing a Senior Information Risk Owner (“SIRO”) and ensuring staff understand through training and guidance their responsibilities when handling personal information.

8.3 Email Management

Email has become an important part of the recording of decisions within the Council. It is important that the email lifecycle is correctly and securely managed. It must be treated as a business communication and not simply a tool. An email management policy exists as part of our overarching policy for use of information and communications technology by staff. All new and existing staff are trained in email management. Guidance will be given to staff and Councillors individually and also on the Intranet. As part of the email management policy staff must manage their emails as they would documents. Emails will be deleted after five years. If they are needed as records and to comply with different retention and disposal schedules they must be moved out of Outlook.

8.4 Audit

It is essential for Information Governance that the Council routinely reviews the secure retention and handling of data. These considerations are integral to Internal Audit assignments.

Each year, a risk-based Internal Audit plan is produced and the audit areas listed are reviewed over the financial year. This plan includes IT audits, covering such areas as network maintenance, disaster recovery / business continuity plans, servers, backup procedures etc.

In addition, Internal Audits included in the plan cover areas such as:

- Use of data (covering how and why data is collected, stored and used)
- Document Management systems
- Compliance with Data Protection and Freedom of Information legislation
- Compliance with the corporate document disposal policy

either as specific areas for audit review or as an integral part to other audit work.

The Internal Audit Client Manager (whether this be an employee or third party contracted to undertake that function) informs the Senior Information Risk Owner of any breaches and hardware failures affecting the loss or misuse of data identified as part of such an audit. They decide which other members of the Information Governance Board are to be informed, considering issues such as confidentiality and possible fraud investigations (if there needs to be an investigation (and particularly if there were any possibility of wrongdoing occurring)).

Also the Council should regularly undertake an **information audit** (separate to the Council's Internal Audit function) which identifies where information is located, its flow and how accessible it is. It should also look at the information needs of the Council and compare them with the systems that are in place to meet those needs and see if there are any gaps. It would be useful to help in assessing an information strategy's success as it can be used as a performance measurement. It is important when doing an information audit to match it against the organisation objective. As well as investigating the information needs of Waverley, the audit also needs to record the Council's information assets. As part of the Freedom of Information publication scheme and also a need for greater transparency there is a requirement for an information asset register. The Information Governance Board will set out guidelines for when such audits should take place.

8.5 Records Management

According to ISO 15489: 'Information and Documentation – Records Management' a **record** is information which is created, received and maintained as evidence and information by an organisation or person, in pursuance of legal obligations or in the transaction of its business. A record is a primary source of information.

Records Management is the field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records, including processes for capturing and maintaining evidence of and information about business activities and transactions in the form of records.

Retention and Disposal is about managing the lifecycle of a record. As well as creating documents there is a need to decide how long a record is kept. Both the Freedom of Information Act and the Data Protection Act require that data should be kept for no longer than is necessary for the purpose it was created. If we destroy documents in line with the Council's retention and disposal policy then if requested in the future, there is no retort on the Council. Conversely, if the Council still held the documents, but should have destroyed them, then they are required to be disclosed. Some legislation states how long a record should be kept; other retention periods are devised from guidance or departmental policy.

Retention and disposal policies are applied to the information and not the media in which it was created e.g. Word documents, emails.

The Council's current retention and disposal policy was last revised and approved in April 2018 and is generally revisited annually. Retention and disposal schedules should be applied to all documents.

8.6 Training

Training is at the core of Information Governance. It is important that at all stages, staff and Councillors are fully aware of their responsibilities when it comes to managing information. Policies and procedures can be put into place but it is the responsibility of all to understand that the information they create and use is the property of the Council and is not just for here and now but as part of the corporate memory. Information and particularly personal

information is an important resource. Many data losses are not done deliberately but they can have serious consequences. Councillors and staff must be made aware on how to handle information correctly. The Information Commissioner's Office is being given greater powers to investigate any data breaches. Training will be delivered in a variety of different formats including face to face, induction and the intranet.

9. MONITORING COMPLIANCE WITH AND THE EFFECTIVENESS OF THIS INFORMATION GOVERNANCE STRATEGY

Compliance with this Strategy will be monitored through its associated policies and procedures as listed below:

- Information Management Policy
- Records Retention and Disposal Policy
- Email Management Policy
- IT Acceptable Use Policy
- Data Protection Policy
- Freedom of Information Policy
- Subject Access Request Procedure
- Staff Code of Conduct
- Photography Guidelines
- Telephone Policy
- Data Breach Procedure
- Relevant sections within the Council's Constitution
- Business Continuity Plan

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

24 JULY 2018

Title:

ANNUAL INTERNAL AUDIT REPORT

[Wards Affected: ALL]

Summary and purpose:

The Accounts and Audit Regulations 2015 (Part 2 s3) require local authorities to have a sound system of internal control and Internal Audit is part of this system of internal control Part 2 (s5) of the Regulations state that an authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This report is a summary of the work carried out by Internal Audit during the financial year 2017-18 and also provides an assurance opinion to support the Annual Governance Statement on the organisation's control environment.

How this report relates to the Council's Corporate Priorities:

The maintenance of an effective internal control environment supports all corporate priorities.

Financial Implications:

Maintenance of an effective internal audit service to Waverley Borough Council that embraces the requirements of the CIPFA Code of Practice, the Public Sector Auditing Standards and other professional internal audit institutes such as the IIA.

Legal Implications:

This report fulfils a legal requirement "to report the annual activity of the Audit Service" as contained in the Accounts and Audit Regulations.

1. Introduction

The Committee is requested to consider this report in conjunction with the Annual Governance Statement for consideration at this meeting on the 24th July 2018.

As set out in Public Sector Internal Audit Standard (PSIAS) 2450, the Chief Audit Executive (Internal Audit Manager) must provide an annual report to the board (Audit Committee) timed to support the Annual Governance Statement. This report and opinion should be considered as part of the evidence supporting the Annual Governance Statement.

Attached in Annexe 1 is the Internal Audit Annual Report covering the activity for 2017/18, complete with the annual performance measures.

Recommendation

It is recommended that the Audit Committee endorses the annual the annual report for 2017/2018.

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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Internal Audit Annual Report for 2017/18

July 2018

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1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (at Waverley Borough Council this role is fulfilled by the Internal Audit Manager) is required to provide an annual audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's system of internal control. The opinion is incorporated into the councils' Annual Governance Statement.

1.1 The opinion

For the 12 months ended 31 March 2018, the Head of Internal Audit's opinion for Waverley Borough Council (the Council) is as follows:

Head of Internal Audit Opinion 2017/2018

The organisation has an adequate and effective framework for risk management, governance and internal control. However, the internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Please see Appendix A for the full range of annual opinions available in preparing this report and opinion.

1.2 Scope of the Internal Audit work

The formation of my opinion is achieved through the development of the risk-based audit plan of work, agreed with management and approved by the Audit Committee, to provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that is taken into account by the Management Board in making its Annual Governance Statement (AGS).

The majority of the Internal Audit Plan work is completed by the Internal Audit Contractors. Quarterly contract monitoring meetings take place with the contractor ensuring that reviews are progressed to completion and where issues materialise in the delivery of the plan these are resolved to aid the completion of the plan.

There have been no impairments identified to the independence of the internal auditors during the period 2017/18.

1.3 Factors and findings which have informed my opinion

Based on the work undertaken on the systems of internal control, governance and risk management across the Council, I consider that there are issues relating to the control and ownership of keys relating to properties and garages owned by the council. This review resulted in a 'no assurance' (red) opinion being provided due to the lack of records and control over the issuing and logging of keys. This was an operational review and does not impact on the councils financial management arrangements.

28 audits have been completed. The 28 reports can be summarised as follows:

- 1 - No Assurance
- 6 - Partial assurance
- 13 - Reasonable assurance
- 7 - Substantial assurance
- 1 - Report where a formal opinion was not provided as this was an advisory audit

Monitoring of the action tracking for the review on Housing Management of Keys recommendations made for the review had been implemented. Recommendations relating to previous years re data governance (GDPR) have now been implemented, with the exception of the successful recruitment of a Data Protection Officer. This designated role continues to be assigned to the Borough Solicitor in the interim period. A summary of the internal audit work undertaken in 2017-18 financial year, and the opinions provided, is shown at Appendix B.

A summary of the findings relating to the one 'No assurance' review and six 'partial assurance' opinions in are detailed in Appendix B with the implementation status of the related recommendations.

1.4 Topics judged relevant for consideration as part of the Annual Governance Statement

There are no areas that I am aware of through the work completed or from wider sector knowledge that have impacted my opinion and therefore this should be flagged in the AGS.

2 THE BASIS OF THE INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform my opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management has agreed actions to address all but one of the findings reported by the internal audit service during 2017/2018. A sample of these recommendations will be selected at a future date to ensure these have been embedded into the relevant systems.

2.2 Implementation of internal audit management actions

The follow up of the actions agreed to address internal audit findings shows that the organisation had made progress in implementing the agreed actions.

Recommendation Priority	Number made in 2017/18	Addressed	In Progress/ Not Implemented/Agreed date for implementation not reached (DNR).	Ref No.
High	5	5	0	
Medium	67	64	3, of which 2 (DNR*)	IA18/21.001* IA18/21.005 IA18/24.004*
Low	66	61	5, of which 5 (DNR*)	IA18/19.011* IA18/25.001* IA18/25.002* IA18/26.002* IA18/27.004*
Totals	138	130	8	

Overall internal audit considers that appropriate action has been taken to address recommendations but will continue to monitor and report progress throughout the Audit Committee cycle.

Three advisory reviews were completed by the Internal Audit Manager to enhance the systems in operation with the relevant service areas where concerns were raised that systems were not functioning as originally intended. Enhancements have now been implemented to address issues raised.

2.3 Working with other assurance providers

In forming my opinion I have placed reliance on the internal audit assignments completed on Waverley Borough Council's behalf by the contractor RSM.

RSM affirms that its internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under PSIAS, internal audit services are required to have an external quality assessment every five years. RSM commissioned an external independent review of its

internal audit services in 2016 to provide assurance whether its approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

2.4 Performance indicators

A number of performance indicators were agreed with the Audit Committee. Our performance against those indicators is as follows:

Delivery				
Calendar Days	Annual Target	Actual Year 2017/18	Previous Year 2016/17	Previous Year 2015/16
1. Average no. of days between Contractor exit meeting and the issue of Draft Report (C)	28	26	17	19
2. Average no. of days between the Contractor providing the report to WBC and WBC receiving the file. (C)	5	10	6	15
3. Average number of days between the Internal Audit Client Managers Exit meeting & obtaining management comments and the issuing of Final Report (WBC)	28	19	26	34
4. Average number of days for Heads of Service to return report to Internal Audit Client Manager after signing. (WBC)	5	4	5	13
5. Completion of audit plan by 31 st March (C)	100%	100%	83%	83%

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to me within my internal audit methodology to provide context regarding my annual internal audit opinion.

Annual opinions

The organisation has an adequate and effective framework for risk management, governance and internal control.

The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

There are weaknesses in the framework of governance, risk management and control such that it could be, or could become, inadequate and ineffective.

The organisation does not have an adequate framework of risk management, governance or internal control.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2017/2018

Ref	Assignment	Assurance level	Actions agreed		
			L	M	H
(IA18-01)	Recovery of Debts	Reasonable	5	1	-
(IA18-02)	Framework for compliance with the General Data Protection Regulations 2018	Advisory	-	8	1
(IA18-03)	Rent Collection	Reasonable Assurance	2	1	1
(IA18-04)	Treasury Management	Substantial Assurance	1	-	-
(IA18-05)	Main Accounting (Budgetary Control & Ledger)	Reasonable Assurance	1	3	-
(IA18-06)	Petty Cash/Cash Equivalent/Supplier A/Cs	Partial Assurance	5	6	-
(IA18-07)	Management of garages system to include keys to both Housing Properties and Garages	No Assurance	-	5	2
(IA18-08)	Hackney Carriage Licensing	Substantial Assurance	3	-	-
(IA18-09)	Recycling	Substantial Assurance	1	1	-
(IA18-10)	Completeness of Fire Safety Assessment Checks	Reasonable Assurance	1	3	-
(IA18-11)	BACs Electronic System	Substantial Assurance	5	-	-
(IA18-12)	Planning Systems Appeals	Reasonable Assurance	2	1	-
(IA18-13)	Housing Benefit and Council Tax Reduction Scheme	Substantial Assurance	1	2	-
(IA18-14)	Environmental Health Services - Food Inspections	Reasonable Assurance	3	2	-
(IA18-15)	Asbestos Exposure	Reasonable Assurance	2	3	-
(IA18-16)	Tree Management	Reasonable Assurance	1	4	-
(IA18-17)	Payroll	Reasonable Assurance	2	3	-
(IA18-18)	Income Streams	Reasonable Assurance	3	2	-

Ref	Assignment	Assurance level	Actions agreed		
			L	M	H
(IA18-19)	Restaurant (Catering Facilities)	Partial Assurance	4	6	-
(IA18-20)	Production of Final Accounts	Substantial Assurance	3	-	-
(IA18-21)	Contract Final Accounts	Partial Assurance	2	3	-
(IA18-22)	Gifts and Hospitality	Partial Assurance (Staff) Substantial (Members)	1	-	1
(IA18-23)	Gas Maintenance	Reasonable Assurance	4	1	-
(IA18-24)	Removal and Addition of Properties (Sales Of Council owned properties (Inc. RTB) Process, purchases and new build)	Partial Assurance	-	5	-
(IA18-25)	Home Choice (Management of Housing Register)	Reasonable Assurance	6	1	-
(IA18-26)	Reconciliations	Reasonable Assurance	2	1	-
(IA18-27)	Responsive Repairs and Voids	Partial Assurance	5	-	-
(IA18-28)	System Development & Change Control Management	Substantial Assurance	1	-	-
		Total	66	67	5

Detailed audit findings impacting on my overall opinion

<p>The auditors gave a No Assurance opinion in respect of the Council's Management of Keys relating to garages and housing properties (IA18-07). They identified the following areas for improvement which management agreed actions to address:</p>	
Areas identified for improvement	Current Status of related Recommendation
Although a key management process was in place for void to re-let properties this did not include all properties and garages.	Implemented
Records maintained were not adequate to record when keys are transferred within housing or across service lines.	Implemented
No nominated key controller was in place.	Implemented
Keys were being held in key cabinets, but the key to these cabinets were not held in a controlled method.	Implemented
Not all areas had a key log in place, where this was the case, no rationale was give for the use of the key when logged out.	Implemented
Random checks were not in place to verify the whereabouts of keys.	Implemented
Many keys held are now redundant or unidentifiable as to their original use, regular reviews should be completed.	Implemented

<p>The auditors gave a partial opinion in respect of the council's Petty Cash/Cash Equivalentents (IA18-06). They identified the following areas for improvement which management agreed actions to address:</p>	
Areas identified for improvement	Current Status of related recommendation
Standard procedure is not in place, as the number of accounts held has reduced and the change over in staff over the years.	Implemented
Periodic review of the petty cash floats held to determine if still required.	Implemented
Restaurant petty cash to involve 2 people re verification of float contents.	Implemented

Purchases made from Petty cash to have receipts/till rolls presented to the Exchequer before being processed.	Implemented
Borough Hall shift return slips to be complete to identify the personnel on duty and custodian of the petty cash.	Implemented
Housing Petty cash should be reconciled at least once a month.	Implemented
Tenants Panel Petty cash arrangement to be revised and reimbursed directly from Exchequer Services.	Implemented
Arrangements and methods of topping up utility cards to be reviewed.	Implemented
Supplier Accounts to be rationalised, and lead officers identified.	Implemented

The auditors a partial opinion in respect of the council's Restaurant (IA18-19). We identified the following areas for improvement which management agreed actions to address:

Areas identified for improvement	Current Status of related recommendation
Day to day procedure notes to be formally documented.	Implemented
Implementation of the latest Food Inspection recommendations.	Implemented
End of day procedure to be cascaded to all restaurant staff re reconciliation of funds.	Implemented
Recording of cash movements from the petty cash tin.	Implemented
Ordering of goods should comply with corporate procedures.	Implemented
Wastage sheet to be introduced to enable the value of stock disposed of to be quantified.	Implemented
Quarterly stock takes to be reported to Finance.	Implemented
The restaurant manager's job description to be revised to include requirement to complete quarterly stock takes.	Implemented
Yearly analysis of expenditure re assuring that best value price is being achieve for quality produce, review and approval of regular suppliers	30 April 2019

The auditors gave a partial opinion in respect of the council's Contract Final Accounts (IA18-21). They identified the following areas for improvement which management agreed actions to address:

Areas identified for improvement	Current Status of related recommendation
Update of Financial Regulations to include paragraph relating to the requirements and responsibilities re Contract Final Accounts.	Due 04 November 2018
All contracts (including any extensions to a contract) to be held by legal as well as being uploaded to the intend procurement system.	Implemented
Website to be updated with high value contracts.	Implemented
Formal review of final account to be implemented, independent of the team involved with the project.	IA18/21.005

The auditors gave a partial opinion in respect of the council's Removal and addition of properties from Orchard (IA18-24). They identified the following areas for improvement which management agreed actions to address:

Areas identified for improvement	Current Status of related recommendation
Process document to be developed re removal and addition of properties to Orchard.	Implemented
Responsibility for updating key systems to be clearly defined re the addition and removal of properties.	Implemented
Central list of new builds, purchases and sale of housing properties to be maintained.	Implemented
Audit trails to be explored with Orchard and Keystone.	Due 30 July 2018
Reconciliations between systems to provide and maintain accurate and current records.	Implemented

We gave a partial opinion in respect of the council's Responsive Repairs (IA18-27). We identified the following areas for improvement which management agreed actions to address:

Areas identified for improvement	Current Status of related recommendation
Procedural guidance will be created that defines the five types of inspection (including thresholds for High Value and High Variation) and the process for Waverley staff to undertake for each inspection type.	Implemented
Going forwards, rejection notices for voids and responsive repair works will be stored in a dedicated folder on the Council's Sharepoint instead of Inspectors local C:/drives.	Implemented
<p>The Customer Services team will be reminded of the importance of maintaining good records on Orchard.</p> <p>Going forwards it will be a requirement to record the reason for rejection in the notes for the repair job on Orchard.</p>	Implemented
<p>Once improvements are made to the Council's recording of reasons that works are rejected in Orchard, the Council will complete a lessons learnt analysis to identify the common reasons for rejected works and the common reasons for works not being completed within the required 28 day timeframe for routine works.</p> <p>This will then be presented to Mears at the CORE Group so that a plan of action to tackle these areas can be put together.</p>	Due 30 September 2018 (50% complete)
The Council will work with Mears to ensure that when Mears have ordered subcontracted works, that they still record in MCM (and subsequently Orchard) notes confirmation that works by the subcontractor have been completed.	Implemented
The Termination and Void User Guide will be updated to ensure that it is reflective of working practice and then shared with the relevant members of staff.	Implemented
<p>Management will ensure that for every void, Officers are recording the following in Orchard:</p> <p>1) The date that a Gas Safety Inspection has been booked; and</p> <p>2) The date that a Gas Safety Inspection has been completed.</p>	Implemented
The Council will remind Officers of the importance to keep records that a handover form has been completed	Implemented

on Civica and ensure that the status is being correctly amended on Orchard to confirm that a post-inspection has been completed.	
The Council will ensure that spec sheets received by Mears are stored in a dedicated folder on the Council's sharepoint system.	Implemented
The Council will ensure that before a handover pack is sent to a Tenant that the following occurs: 1) The CP12 Gas Safety Certificate will be scanned into Civica; 2) The Asbestos Report will be scanned into Civica; and 3) Orchard will be updated with event codes confirming that inspections have been completed.	Implemented

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

No Assurance

Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
Urgent action is needed to strengthen the control framework to manage the identified risk(s).

Partial Assurance

Taking account of the issues identified, the board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied.
Action is needed to strengthen the control framework to manage the identified risk(s).

Reasonable Assurance

Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.
However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

Substantial Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

FOR FURTHER INFORMATION CONTACT

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WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 24 JULY 2018

Title:

PROGRESS ON THE INTERNAL AUDIT PLANS FOR 2017-18 AND 2018/19

[Wards Affected: All]

Summary and purpose:

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 2017-18 and 2018-19 is presented.

How this report relates to the Council's Corporate Priorities:

The work of the Internal Audit service can have an impact upon all the Council's priorities as its work involves exposure to all service areas.

Financial Implications:

There are no specific financial implications from this report, however the delivery of the Audit Plan will contribute towards the Council's sound financial and management processes and help ensure sound probity and governance arrangements are in place.

Legal Implications:

The Council must have an operational plan that must cover a period of no more than a year in order to fully comply with the requirements of the Code of Practice issued by CIPFA, which is given mandatory status by the Accounts and Audit Regulations.

Introduction

1. The progress on the completion of the Internal Audit Plan for 2017-18 is shown as attached at Annexe 1. All reviews were completed by 31 March 2018.

2. The progress on the completion of the Internal Audit Plan for 2018-19 is shown as attached at Annexe 2. Each review has an indicative quarter for when the work will be completed and the planned start dates as agreed by the relevant Head of Service.

Conclusion

3. The Committee is asked to note the completion of the 2017-18 Internal Audit Plan.
4. The Committee is asked to note the current position of the 2018-19 Internal Audit Plan.

Recommendation

It is recommended that the Committee notes the completion of the 2017-18 Audit Plan and the progress on the 2018-19 Audit Plan as attached in Annexe 1 and 2.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 21 MARCH 2017

Report No.	AUDIT PLAN AS AT 31/05/2018	2017-18 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end March '18	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Proposed quarter to be started * indicates change from original plan	Head of Service & Manager Responsible for Area	Contact Details
	Key		2017/18	(b)	(c)		(d)	(e)							
	Awaiting Draft Report														
	Completed														
	New Review														
	Deferred														
	Cancelled														
	Systems and Services Audit														
	IT SERVICES														
IA18-28	System Development & Change Control Management	High	7.00	0.00	7.00	0.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Assurance on the change controls in place re the development of in-house systems into the sharepoint environment.	Q4	Head of Customer, and Corporate Service - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157
IA18-00	Email Server & Virus Protection	High	7.00	-7.00	0.00	0.00	0.00	0.00	0.00	0.00		Assurance on the systems in place to limit the risk of systems being compromised due to virus or penetration attacks	Q4	Head of Customer, and Corporate Service - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157
	Contingency		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
	IT Total		14.00	-7.00	7.00	0.00	7.00	0.00	7.00	0.00					
	GENERAL SYSTEM REVIEWS														
	Key Financial Systems														
IA18-03	Rent Collection	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Accuracy of rent setting, completeness of income and pursuit of arrears.	Q2	Head of Housing Operations - Hugh Wagstaff	01483-523363
IA18-17	Payroll	Medium	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Compliance with agreed processes.	Q3	Head of Finance - Peter Vickers	01483-523539
IA18-06	Petty Cash/Cash Equivalent/Supplier A/Cs	High	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Compliance with process and include account held with other re Screwfix, John Lewis etc	Q1	Head of Finance - Peter Vickers	01483-523539
IA18-05	Main Accounting (Budgetary Control & Ledger)	High	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Compliance with Agreed Processes including Journals	Q2-3	Head of Finance - Peter Vickers	01483-523539
IA18-26	Reconciliations	High	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Review re timely and completeness.	Q4	Head of Finance - Peter Vickers	01483-523539
IA18-01	Recovery of Debts	High	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Review of the write off processes and procedures	Q1	Head of Finance - Peter Vickers	01483-523539
IA18-11	BACs Electronic System	Medium	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Review of the effectiveness of the systems in operation re changes in personnel involved in the process	Q3	Head of Finance - Peter Vickers	01483-523539
IA18-13	Housing Benefit and Council Tax Reduction Scheme	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Review of the effectiveness of the systems in operation, High value with complex process.	Q3	Head of Finance - Peter Vickers	01483-523539
IA18-04	Treasury Management	High	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Review of the effectiveness of the systems in operation, recent changes in personnel involved in the process.	Q1	Head of Finance - Peter Vickers	01483-523539
IA18-00	Approval of Invoices on Agresso	High	7.00	-7.00	-7.00	0.00	-7.00	0.00	-7.00	0.00	Deferred until 2018/19	Integration of the Housing Orchard invoicing into the Agresso system to enable payments to be processed.	Q4	Head of Finance - Peter Vickers & Hugh Wagstaff	01483-523539
IA18-20	Production of Final Accounts	High	0.00	7.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Review of the process in place and identify if there are any actions that could be taken to expedite the completion of the Final Account to meet the Accounts and Audit Regulations 2015 timetable of 31 July.	Q4	Head of Finance - Peter Vickers	01483-523539
IA18-18	Income Streams	High	0.00	10.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	To provide assurance that income streams are being activity monitored and controlled to ensure that all income due is being invoiced, collected and credited to the appropriate income budget.	Q3	Various officers	
	Sub total for Key Financial Systems		74.00	10.00	77.00	84.00	77.00	0.00	77.00	0.00					
IA18-19	Restaurant (Catering Facilities)	Medium	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	To provide assurance that controls are in place and operating as intended.	Q3-Q4	Head of Customer and Corporate Services	01483-523338
IA18-14	Environmental Health Services - Food Inspections	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	To ensure that appropriate policies and procedures are in place to ensure that income due from goods and services is properly identified, charged appropriately and can be collected in full and recorded in the accounts of the Council.	Q1	Head of Environmental Services - Richard Homewood	01483-523411
IA18-09	Recycling	Medium	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Assurance on the systems in operation are achieving the objective of increasing recycling levels and effective management of the contractual terms with the contractor ensuring that areas of responsibility are clear.	Q2	Corporate - Head of Environmental Service -Richard Homewood	01483-523411

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 21 MARCH 2017

Report No.	AUDIT PLAN AS AT 31/05/2018	2017-18 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end March '18	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Proposed quarter to be started * indicates change from original plan	Head of Service & Manager Responsible for Area	Contact Details
	Key		2017/18	(b)	(c)		(d)	(e)							
	Awaiting Draft Report														
	Completed														
	New Review														
	Deferred														
	Cancelled														
	Systems and Services Audit														
IA18-16	Tree Management	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Complication of the Risk Management Plan, Tree Surveys, Proactive/Reactive/ HRA/Public Areas/ Dunfold risk management /Budgets	Q1-2	Head of Communities and Special Projects - Kelvin Mills	01483-523432
IA18-27	Responsive Repairs and Voids	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Ensure that Post Inspection process is in place and being complied with.	Q3/Q4	Head of Housing Operations - Hugh Wagstaff	01483-523363
IA18-24	Removal and Addition of Properties (Sales Of Council owned properties (Inc RTB) Process, purchases and new build)	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	To ensure that the system in operation is working effectively and controls are in place to ensure records are updated and maintained re sold, built or purchased. Property Service, RTBs & Legal, New build - e.g. Station Road - Maintenance programme.	Q1-Q4	Lead officer Head of Housing Operations - Hugh Wagstaff	01483-523363
IA18-07	Management of garages system to include keys to both Housing Properties and Garages	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	To ensure that the system in operation is working effectively and controls are in place re the control of keys for nay Waverley Owned property or garage.	Q1	Head of Housing Operations - Hugh Wagstaff	01483-523363
IA18-23	Gas Maintenance	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Compliance with terms and conditions of the contract in place and the monitoring of this compliance.	Q4	Head of Housing Operations - Hugh Wagstaff	01483-523363
IA18-15	Asbestos Exposure	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Assurance on the operational aspects of the management and access to the register.	Q3	Head of Housing Operations (Hugh Wagstaff)	01483-523363
IA18-10	Completeness of Fire Safety Assessment Checks	High	0.00	5.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Assurance on the operational aspects of the management and assessment and completeness of Fire Safety registers and other relevant documentation.	Q2/Q3	Head of Housing Operations (Hugh Wagstaff)	01483-523363
IA18-12	Planning Systems Appeals	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Planning Performance re changes in government targets re the number of appeals allowed against WBC.	Q3*	Head of Planning - Elizabeth Sims	01483-523193
IA18-25	Home Choice (Management of Housing Register)	High	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Review and assess the effectiveness of the systems in operation.	Q4	Head of Housing Strategy & Delivery - Andrew Smith	01483-523096
IA18-08	Hackney Carriage Licensing	Medium	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Review of the effectiveness of the systems in operation re recent changes	Q3	Head of Policy and Governance - Robin Taylor	01483-523108
IA18-21	Contract Final Accounts	High	0.00	7.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Contract management re Final accounts and retention of documentation	Q4	Corporate	
	Governance and Risk Reviews														
IA18-22	Gifts and Hospitality		5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent		Q3	Head of Policy and Governance - Robin Taylor	01483-523108
IA18-02	Framework for compliance with the General Data Protection Regulations 2018		10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Changes in European Legislation are expected in year and thus review will consider the compliance with legislation as well as the preparedness for required changes. Our work will consider the lessons learned and changes made from any complaints received and or involvement of the ICO.	Q1	Head of Policy and Governance - Robin Taylor	01483-523108
	Management Contract Liaison Meetings		5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00					
	Contingency		27.00	-8.00	19.00	0.00	0.00	19.00	19.00	0.00					
	Sub Total for Operational Reviews (Inc Cont)		158.00	4.00	162.00	143.00	143.00	19.00	162.00	0.00					
	Subtotal Key Financial Systems Reviews		74.00	10.00	77.00	84.00	77.00	0.00	77.00	0.00					
	Subtotal of IT Reviews		14.00	-7.00	7.00	0.00	7.00	0.00	7.00	0.00					
	Total Plan Contractor Review Days* (RSM 230 & 16 Days from 2016/17 re deferrals)		246.00	7.00	246.00	227.00	227.00	19.00	246.00	0.00					

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key
Awaiting Draft Report
Completed
New Review
Deferred
Cancelled

Report No. Ref	AUDIT PLAN AS AT 12/07/2018	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details
			2018/19	(b)	(c)		(d)	(e)							
	Systems and Services Audit														
	IT SERVICES														
IA19-00	Reviews still to be ascertained		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				Head of Customer, IT and Office Services - David Allum, Martin Wilson - Operations Manager	01483 523221 - 01483 523155
	Contingency		15.00	0.00	15.00	0.00	0.00	15.00	0.00	0.00					
	IT Total		15.00	0.00	15.00	0.00	0.00	15.00	0.00	0.00					
	GENERAL SYSTEM REVIEWS														
	Key Financial Systems														
IA19-00	Car Parking	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00	W/C 16 July 2018	Revenue expenditure re Car park maintenance, low value accumulates to high value CPF.	Q1/2	Head of Environment - Richard Homewood	01483 523411
IA19-00	Creditors	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00	W/C 17 September 2018	KFS testing. Review processes for identifying procurement route, and for issue and control of orders and agreeing payment of invoices. P2P.	Q2/3	Head of Finance - Peter Vickers	01483-523539
IA19-00	Housing Benefit and Council Tax Reduction Scheme	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Key systems tests. Review of access to accounts on-line, Systems Thinking Outputs.	Q4 (Jan 2019)	Head of Finance - Peter Vickers	01483-523539
IA19-00	Business Rates (NNDR)	Medium	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Review of on-line access to accounts, and revaluation implementation.	Q4 (Jan 2019)	Head of Finance - Peter Vickers	01483-523539
IA19-00	Housing Rent Collection	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		KFS testing. Review the implementation of universal credit planned October 2018.	Q3	Head of Housing Operations Hugh Wagstaff	01483 523363
	Sub total for Key Financial Systems		41.00	0.00	41.00	0.00	0.00	41.00	0.00	0.00					
IA19-00	Environmental Street Cleaning	Medium	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		Management contract terms and non compliance.	Q3	Head of Environment - Richard Homewood	01483 523411
IA19-00	Leisure - Share profits arrangement	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		Communities O/S working group re Leisure contract Early January 2017.	Q4	Head of Communities and Special Projects - Kelvin Mills	01483 523432
IA19-00	Ground Maintenance	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00	W/C 01 October 2018	Management contract terms and non compliance. (Note work completed re O&S Report 2017/18)	Q3	Head of Communities and Special Projects - Kelvin Mills	01483 523432
IA19-00	Memorial Hall	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Project management re quality and cost delivery, upgrade Project	Q3	Head of Communities and Special Projects - Kelvin Mills	01483 523432
IA19-00	Waverley Training Services	Medium	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Operational review re growth in business impact on council, business plan, contractor relationship, governance arrangements, remoteness of service.	Q4	Head of Communities and Special Projects - Kelvin Mills	01483 523432
IA19-00	Community Infrastructure Levy	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		Assurance that new system is working at intended	Q4	Head of Planning - Elizabeth Sims	01483 523292
IA19-00	Deposit Guarantee Scheme	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		Recovery of costs re deposit/bond from tenant re Deposit Guarantee Scheme (Deposit Bond)	Q3 Oct 18	Head of Strategic Housing Andrew Smith	01483 323096
IA19-00	Safeguarding	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00	W/C 10 September 2018	Assurance that awareness is embedded and actions recorded appropriately	Q2 Sept 18	Head of Strategic Housing Andrew Smith	01483 323096

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key
Awaiting Draft Report
Completed
New Review
Deferred
Cancelled

Report No. Ref	AUDIT PLAN AS AT 12/07/2018	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details
			2018/19	(b)	(c)		(d)	(e)							
IA19-00	Local Land Charges	Medium	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00		Assurance that system is operating as intended	Q3	Head of Policy and Governance - Robin Taylor	01483 523108
IA19-00	Flexi-Time - Consistency of Application	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00	W/C 29 October 2018	Assurance that Consistency is applied	Q3	Head of Policy and Governance - Robin Taylor	01483 523108
IA19-00	Staff Expenses and Allowances (Itrent)	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Accuracy of claims	Q4	Head of Policy and Governance - Robin Taylor	01483 523108
IA19-00	Risk Management	Medium	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00	W/C 15 October 2018	Effective and impact of the system in operation	Q3	Head of Finance - Peter Vickers	01483-523539
IA19-01	Housing Approval of invoices on Agresso	High	10.00	0.00	10.00	0.00	10.00	0.00	0.00	0.00	Draft Report Stage	Re authorisation process on Orchard through to Agresso	Q1	Head of Housing Operations Hugh Wagstaff	01483 523363
IA19-00	Management of Flexible Tenancy	High	5.00	0.00	5.00	0.00	0.00	5.00	0.00	0.00	Planned Start Date 23th July 2018	Preparedness re 5 years since 1st awarded - What happens next? - Assurance on preparation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363
IA19-00	Right to Buy Process	High	7.00	0.00	7.00	0.00	7.00	0.00	0.00	0.00	Draft Report Stage	Review process in operation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363
	Governance and Risk Reviews														
IA19-00	Investment Board and Commercial Investment Venture	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00	06th August 2018	Assurance on the Governance arrangements, initiation and reporting arrangements	Q1/2	Graeme Clark - Strategy Director - Finance And Resources	01483 523099
IA19-00	Brightwells	High	10.00	0.00	10.00	0.00	0.00	10.00	0.00	0.00		Assurance on the controls re risk of loss, legal obligations etc.	Q4	Head of Communities and Special Projects - Kelvin Mills	01483 523432
IA19-00	Corporate Complaints Policy, Procedures and IT System functionality	High	7.00	0.00	7.00	0.00	0.00	7.00	0.00	0.00	W/C 16 July 2018	Accuracy of reporting information and output management	Q2	Head of Policy and Governance - Robin Taylor	01483 523108
	Management Contract Liaison Meetings		6.00	0.00	6.00	0.00	0.00	6.00	0.00	0.00					
	Contingency		30.00	0.00	30.00	0.00	0.00	30.00	0.00	0.00					
	Sub Total for Operational Reviews (Inc Cont)		184.00	0.00	184.00	0.00	17.00	167.00	0.00	0.00					
	Subtotal Financial Systems Reviews		41.00	0.00	41.00	0.00	0.00	41.00	0.00	0.00					
	Subtotal of IT Reviews		15.00	0.00	15.00	0.00	0.00	15.00	0.00	0.00					
	Total Contractor Plan Review Days		240.00	0.00	240.00	0.00	17.00	223.00	0.00	0.00					
	In-house Service														
	Total In-house Internal Audit Reviews				0	0	0	0	0	0					
	Total Days Plan		240.00	0.00	240.00	0.00	17.00	223.00	0.00	0.00					

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

24 JULY 2018

Title:

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

[Wards Affected: ALL]

Summary and purpose:

To inform the Audit 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 likely to be implemented later than the target date.

How this report relates to the Council's Corporate Priorities:

Internal Audit work contributes to the safeguarding of assets against loss and waste and for identifying other value or money issues.

Financial Implications:

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

Legal Implications:

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

Introduction

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.

Annexe 1 provides the current position on recommendations due for completion at the end of the month after the date of the Audit Committee.

2. Recommendations relate to the control environment and hence contribute to the overall governance and risk management of the Council and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

Recommendation

It is recommended that the Committee considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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ANNEXE 1

Audit Recommendations overdue or due within the end of the month after the AC




Generated on: 12 July 2018

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed


Head of Service Vickers, Peter

Action Code & Description	IA18/21.005 Final Payment Process	We noted three Final Accounts threshold 4 contracts closed since January 2017. Reviewing these we confirmed that the final account amount was subject to Officer scrutiny and review. Through review of the Agresso approval workflow we confirmed that an appropriate budget holder approved the payment within the system, however we could not confirm any independent review of the final account figure by anyone external to the team. There is a risk that final account figures or payments could be miscalculated and missed without adequate review. This can lead to an adverse affect on cash flow.	Exit Meeting Date	10-Apr-2018
			Due Date	30-Jun-2018
Audit Report Code and Description		IA18/21 Contract Final Accounts		
Agreed Action		<p>The Council will implement a formal review of the final payment process for large contracts where stage payments have been made. This will include as a minimum:</p> <ul style="list-style-type: none"> -The sign off process by a member of staff independent of the team which the contract sits within; - Sign off to be completed prior to the final account payment; - Guidance on when to deliver the contract to legal for retention (where applicable); <p>and</p> <p>The target timeframe to complete this from the date final account from contractor is received.</p> <p>The Head of Finance is of the opinion that this is the responsibility of the Service Managers to ensure that payments in relation to contract are accurate and that retention of funds are accurately recorded and released at the appropriate time.</p>		
Status		Overdue	Progress	0%
Head of Service	Peter Vickers			
All Notes				

Action Code & Description	IA18/26.002 Outstanding Reconciliation Items	<p>We reviewed the August 2017 to January 2018 monthly Bank (main account and payment accounts), Creditors and Debtors reconciliations and the October 2017 to January 2018 VAT reconciliations, and identified:</p> <p>- There are currently 16 reconciling items within the January 2018 Main Bank Account reconciliation, three are cashbook items and 13 are statement items dating back to April 2017 and amount to just under £10,000.</p> <p>By not clearing these items in a timely manner, the Council is at risk of not resolving errors or unrecorded transactions.</p>	Exit Meeting Date	19-Jun-2018		
			Due Date	31-Jul-2018		
Audit Report Code and Description		IA18/26 Reconciliations				
Agreed Action		<p>The Council will work towards reconciling the outstanding reconciling items that date back to April 2017 from the Main Bank Account reconciliation.</p> <p>The formal handover for the responsibility for the payment reconciliation supported by detailed process notes should now be completed.</p> <p>Requires Senior Accountant to document the work or supervise an Accounts Assistant to complete this.</p>				
Status		In Progress	Progress	90%	Head of Service	Peter Vickers
All Notes	Bank rec has been signed off at year end with a few items from Apr 2017 outstanding. Will update with progress				19-Jun-2018	

Head of Service Wagstaff, Hugh

Action Code & Description	IA18/24.004 Audit Trails	<p>Upon attempting to test our sample of ten properties to confirm that Orchard and Keystone are updated accurately and in a timely manner following the notification from the Legal / Development Team of the change, we found that in most instances, the audit trails on the system were not of an adequate standard in their current format and we therefore were unable to verify when the systems were updated to reflect any changes.</p> <p>Property details were also not fully completed for all ten properties sampled on either of the Keystone or Orchard systems. Due to there not being a set procedure note in place confirming the specific information the Asset Team / Data Administrators need to receive to be able to update the relevant systems in full, we could not confirm whether the property information on the systems reviewed at the time of the audit was complete or not. We did however confirm that the data that was present on both systems at the time of the audit, such as the UPRN and Gazetteer number, matched for all ten properties sampled.</p> <p>If the Orchard and Keystone systems do not have adequate audit trail functions, there is a risk that unauthorised changes could be made to the system and senior management / system owners would be unaware.</p> <p>Without the specific information the Asset</p>	Exit Meeting Date	15-Mar-2018
			Due Date	30-Jul-2018

		Team / Data Administrators need to receive to be able to update the relevant systems to reflect a sale, purchase or new builds accurately and in full being documented in a policy / procedural document, there is a risk that planned maintenance and depreciation schedules are being calculated and undertaken inaccurately.		
Audit Report Code and Description		IA18/24 Addition and Removal of Housing Properties		
Agreed Action		The Council will work with their software providers to explore audit trails on both Orchard and Keystone systems become more robust and user-friendly. Action raised at 2.1.1 re documenting the specific information the Asset Team / Data Administrators need to receive to be able to update the relevant systems to reflect a sale, purchase or new build accurately and in full.		
Status		In Progress	Progress	50%
Head of Service	Hugh Wagstaff			
All Notes	We are working with Keystone on this one. I have worked with one of their technicians but we could not find a robust way to provide the requested data. I cannot at the moment confirm any timescale as they need to investigate whether there is any demand from other clients. If there is it may be added to their development schedule. Email from David Thompson on update			21-Jun-2018

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 24 JULY 2018

Title:**FRAUD INVESTIGATION SUMMARY**

[Wards Affected: All]

Summary and purpose:

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed in investigating all types of fraud, primarily focusing on Housing Tenancy fraud.

How this report relates to the Council's Corporate Priorities:

Internal Audit and fraud investigation work initiatives contribute to the safeguarding of assets against loss and waste. This contributes to the corporate priority of Value for Money.

Resource/Value for Money implications:

Through the detection of instances of housing related fraud, the Council's resources are better safeguarded thus improving value for money and reducing the waiting list for homes. This work ensures that members of the public are only provided with housing and other services that they are legally entitled. As a by-product of the fraud investigation cases changes to Council Tax and Business Rates discounts may materialise. The Housing Revenue Account funds have continued to support this work through providing resources that have been utilised to obtain the services of an experienced Fraud Investigator.

Legal Implications:

It is the Council's duty to safeguard public funds, and there may be legal costs in taking any matters through to prosecution. However, these costs are far out weighed by the Council's belief that fraud perpetrated against the council and its tax payers will not be tolerated and there are tangible and intangible benefits of the recovery of HRA properties by stopping fraudsters receiving services that they are not entitled to.

Introduction

1. This report provides the Audit Committee with an update on the progress being made on fraud investigations that are being completed. As part of the Surrey Counter Fraud Partnership (SCFP) 8 Surrey councils and other social housing providers are working together, including attendance at relevant sub groups in collaboration to fight fraud and share information, ideas and achievements. The SCFP and its partners have signed up to Information

Sharing Protocols to facilitate data matching exercises between members. Waverley has one dedicated experienced Fraud Investigator since March 2015. The success of the work completed has been supported by the introduction of the Prevention of Social Housing Fraud Act 2013 where the maximum penalty is up to 2 years imprisonment or a fine (or both) and the continued support of the council to fund this post until April 2019.

Details of Results

2. A summary of the volumes of cases being investigated is detailed in Annexe 1, for activity up until the end of Quarter 4, 31 March 2018. The Audit Committee are provided with updates throughout the year at each audit Committee. Our results are also collated and provided to Surrey County Council to enable these to be cascade to the Surrey Treasurers and used for publicising the success of the partnership.
3. For comparison purposes, as requested by the Audit Committee, the final figures for 2016/17 have been provided.
4. In this period, results include 9 properties being relinquished, and these have now been made available to be re-let to tenants on our waiting list. 5 of these were due to the properties not being occupied by the tenant in accordance with the Tenancy Agreements terms and conditions, or the tenancy was originally obtained by providing inaccurate information. The remaining 4 instances were a result of unsuccessful successions where investigations concluded that details provided on the application did not reflect the true circumstances of the applicant/s.
5. An increase awareness of Housing staff and training has enabled cases to be dealt with more confidently and efficiently, however work continues to embed new ideas and processes to safeguard our assets.
6. In this year the Council successfully obtained legal possession of a property, own by Ewart Bequest but managed by Waverley on there behalf. After many years of that property not being occupied in accordance with the tenancy agreement, although a previous attempt though the benefits process to secure a conviction had failed, this success highlights the thorough process applied to obtain this result. This successful prosecution informs those that seek to abuse their tenancy agreements that Waverley will not tolerate this behaviour as it deprives others of much needed accommodation.
7. In working in collaboration with one of the housing associations in our area the investigation officer assisted them to obtain possession of one of their properties where it was not being used in accordance with the terms of their tenancy agreement.

Conclusion

8. The Fraud Investigation Officer, supported by the Internal Audit Manager, will continue to investigate the cases reported and introduce, where applicable, enhancements to policies and procedures to maintain effective working practices. Where the need arises we will work closely with other officers in the council and in the partnership with others to maximise successful outcomes. The housing team support this work by informing tenants that breaches of a tenancy agreement will not be tolerated and this will also assist in minimising the risk of fraudulent activity occurring.
9. The notional value of financial savings detailed in Annexe 1 up to 31 March 2018, is £733,930 based on Audit Commission figures. However, these notional figures do not include the real value to Waverley Borough Council, as it costs on average £200,000 to build a new house (£1,800,000). Where tenancies are relinquished or those that are not applicable for social housing or a succession these properties are allocated to those on our housing waiting list who fulfil the necessary criteria. These outcomes not only highlights the fundamental financial value of continuing to support the work being carried out but the ethical and social responsibility importance to ensure that only those that qualify for social housing are successful, and by securing the return of properties back into housing stock helps Waverley to meet the needs of legitimate housing applicants.

Recommendation

It is recommended that the Audit Committee notes the success of the housing fraud investigation activity and the results achieved.

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

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Name of Partner	Waverley
Full Financial Year	2017-18

Record of cases investigated in the period covering 01 April 2017 to 31 March 2018

	Cases currently being investigated from previous year	Referrals received since 1 April 2017	Cases Started	Cases closed	Still under investigation	Positive outcomes includes previous years cases	Properties retained by the Council	Properties Handed Back /Recovered	Housing / Homeless/RTB / Succession/Mutual Exchange/Shared ownership application withdrawn	Financial Value	Prosecutions	Other Sanctions
Housing												
Social housing Fraud	10	31	41	29	12	6	1	5	Tenancy Relinquished	108,000		
Housing Register Fraud	2	8	10	8	2	7	7		Housing Applications Rejected	126,000		
Homelessness Applications												
Right To Buy/Right To Acquire	2	21	23	21	2	5	5	0	Right to Buy stopped and/or Tenancy Relinquished	389,500		
Mutual Exchange	5	41	46	46	0	0	0	0	Mutual Exchange denied/rejected	0		
Successions	0	12	12	11	1	4	0	4	Succession denied	72,000		
Recovered properties for others	2*	0	2	2	0	2		1		36,000	1	
Council Tax Discount												
SPD & LCTRS						6				2,430		
Student Exemptions												
Disability												
Council Tax Support (benefit)												
Business rates												
NNDR	0					0				0		
Other												
2017/18 Total Year	21*	113	134	117	17	30	13	10		733,930	1	0
2016/17 Previous Year Total	11	127	138	118	20*	32	13	12		688,866		

* difference of 1 relates to Housing Association property where assistance was provided to recover a property as part of one of our investigations.

Value of financial savings

Tenancy Recovered £18,000 (Audit Commission notional figure)
Housing/Homeless Application withdrawn £18,000 (as above)
Right To Buy/Right To Acquire withdrawn/terminated Value of individual amount of discount offered by Housing provider - (max discount £77,900)
Council Tax Discount £405 per case (25% discount on avge band C property)
Council Tax Support - actual figure per case based on amount of CTS added back to account from effective date of change to end of current financial year.
Business Rates - actual figure per case

Resources utilised to investigate - 1 full time officer, approx £60,000 per year including on costs (£15K per quarter)

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Agenda Item 16.

AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME

Meeting	Item	Action	Responsibility
September 2018	Risk Management	Approve	Head of Finance, Peter Vickers
	Review Audit Committee's Terms of Reference	Rec to Council, if necessary	Committee Services
	Audit Committee Annual Report	Note	Committee Services
	Internal Audit Charter	Endorse	Internal Audit Client Manager, Gail Beaton
November 2018	External Audit Annual Audit Letter	Note	External Audit
	Risk Management	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement – Interim Review	Comment and instruct	Head of Finance, Peter Vickers
March 2019	External Audit Plan	Note	External Audit
	Certification Report	Note	External Audit
	Internal Audit Plan	Approve	Internal Audit Client Manager, Gail Beaton
	Risk Management	Approve	Head of Finance, Peter Vickers
July 2019	External Audit Findings Report	Note	External Audit
	Statement of Accounts (Deadline 31/07/2019)	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement (Deadline 31/07/2019)	Approve	Head of Policy and Governance, Robin Taylor
	Annual Internal Audit Report (Activity of previous financial year)	Comment and Note	Internal Audit Client Manager, Gail Beaton

Please Note: At every meeting the Committee will receive the following reports:

Review of progress in the implementation of Internal Audit Recommendations [To note and instruct];

Review of the progress in achieving the Audit Plan [To note and instruct]; and

Fraud Investigation Summary [To note].

The Work Programme details regular items, but other items can be submitted to each meeting on an ad hoc basis or at the request of the Committee.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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