

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

When calling please ask for:

Amy McNulty, Democratic Services Officer
Policy and Governance

E-mail: amy.mcnulty@waverley.gov.uk

Direct line: 01483 523492

Calls may be recorded for training or monitoring

Date: 26 October 2018

Membership of the Audit Committee

Cllr John Gray (Chairman)
Cllr Richard Seaborne (Vice Chairman)
Cllr Mike Band
Cllr Pat Frost

Cllr Jerry Hyman
Cllr Robert Knowles
Cllr Stephen Mulliner
Cllr Liz Townsend

Dear Councillors

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

DATE: MONDAY, 5 NOVEMBER 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

Agendas are available to download from Waverley's website (www.waverley.gov.uk/committees), where you can also subscribe to updates to receive information via email regarding arrangements for particular committee meetings.

Alternatively, agendas may be downloaded to a mobile device via the free Modern.Gov app, available for iPad, Android, Windows and Kindle Fire.

Most of our publications can be provided in alternative formats. For an audio version, large print, text only or a translated copy of this publication, please contact committees@waverley.gov.uk or call 01483 523351.

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. **MINUTES**

To confirm the Minutes of the Meeting held on 25 September 2018 (to be laid on the table half an hour before the meeting).

2. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

3. **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.

4. **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.

For this meeting, the deadline for receipt of questions is 5pm on Monday 29 October 2018.

5. **QUESTIONS FROM MEMBERS**

The Chairman to respond to any questions received from Members in accordance with Procedure Rule 11.

For this meeting, the deadline for receipt of questions is 5pm on Monday 29 October 2018.

6. **EXTERNAL AUDIT PROGRESS AND SECTOR BRIEFING REPORT** (Pages 7 - 22)

To receive the External Audit Progress and Sector Briefing Report, produced by Grant Thornton.

Recommendation

It is recommended that the Audit Committee comments on and notes the External Audit Progress and Sector Briefing Report.

7. AUDIT COMMITTEE TERMS OF REFERENCE 2018/19 (Pages 23 - 24)

Each year, the Audit Committee is invited to review its Terms of Reference and this item was deferred at the meeting on 25 September 2018. A comprehensive review was carried out in November 2017 and the current Terms of Reference are attached.

Recommendation

It is recommended that the Audit Committee reviews its Terms of Reference and agrees any amendments to be recommended to the Standards Committee and Council.

8. ANNUAL GOVERNANCE STATEMENT - INTERIM REVIEW

The Audit Committee has undertaken to identify at each meeting any potential governance issues to be considered for inclusion in the Annual Governance Statement 2018/19.

Recommendation

It is recommended that the Audit Committee identifies any potential governance issues that it wishes to be considered for inclusion in the Annual Governance Statement 2018/19.

9. REVIEW OF VALUE FOR MONEY ASPECTS OF WAVERLEY BOROUGH COUNCIL'S DECISION TO ALLOCATE FUNDING TO DEFEND CPRE SURREY AND POW CAMPAIGN LTD'S HIGH COURT CHALLENGES

At its meeting on 25 September 2018, the Audit Committee considered undertaking a review of the way in which the decisions to approve funding to defend recent legal challenges from POW and CPRE had been presented to the Council. The Audit Committee was interested in the matter from the perspective of ensuring the Council was delivering value for money for residents.

The Scoping Document for the review is attached (to follow) for the Committee's consideration.

10. PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2018/19 (Pages 25 - 28)

The Committee's Terms of Reference include provision for the Committee to comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the reviews in 2018-19 is presented.

Recommendation

It is recommended that the Committee notes the status of the 2018-19 Audit Plan as attached in Annexe 1.

11. PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Pages 29 - 36)

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 Audit Committee:

- 1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken; and**
- 2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).**

12. FRAUD INVESTIGATION SUMMARY (Pages 37 - 42)

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

Recommendation

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

13. RISK MANAGEMENT

The report (to follow) presents the latest corporate risk register as refreshed by Heads of Service.

Recommendation

It is recommended that the Audit Committee considers the corporate risks register at (Exempt) Annexe 1 and passes comments and observations to officers.

14. AUDIT COMMITTEE RECURRENT WORK PROGRAMME (Pages 43 - 44)

Recommendation

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

15. CONSIDERATION OF WEBCASTING AUDIT COMMITTEE MEETINGS

The Committee to consider whether future meetings of the Audit Committee should be webcast.

16. EXCLUSION OF PRESS AND PUBLIC

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

Recommendation

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

17. ANY 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.mcnulty@waverley.gov.uk**

This page is intentionally left blank

Audit Progress Report and Sector Update

Waverley Borough Council

26 October 2018



Contents

Section	Page
Introduction	3
Progress at October	4
Audit Deliverables	5
Planned 2018/19 Audit Timeline	6
Sector Update	7
Links	14

Introduction



Sarah Ironmonger

Engagement Lead

T 012 9355 4072
M 07880 456149
E Sarah.L.Ironmonger@uk.gt.com

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Sarah or Sophia.



Sophia Brown

Engagement Manager

T 020 7728 3179
M 07584 617957
E Sophia.Y.Brown@uk.gt.com



Tom Beake

Incharge Auditor

T 020 7728 3425
M 07867 929673
E Tom.Beake@uk.gt.com

Progress at October

2017/18 External Audit

The Annual Audit Letter for 2017/18 was issued in August 2018, and formally closes our external audit for the previous financial year.

We have gathered feedback from management in order to inform the efficient planning and execution of our 2018/19 audit.

Members requested at the July Audit Committee that in future they are provided with an updated final copy of the Audit Findings Report as at the July committee date. We will ensure that this request is fulfilled for the 2018/19 audit and beyond.

2017/18 Independent Examinations

We have completed the independent examinations of the Shottermill Recreation Ground Trust and The Bequest of Joesph Ewart 2017/18 accounts, and issued the independent examiner's reports for both Trusts.

2018/19 External Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin in November and we have agreed the timing of these with management. In the meantime we will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

We have also agreed dates with management for interim and early testing visits as set out in the planned external audit timetable on page 6.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2017/18 claim will be concluded by the end of November 2018.

We will also deliver the audits of the Pooling of Housing Capital Receipts returns in line with the January deadline. We have agreed with management that this work will be completed in December following conclusion of our housing benefits certification work.

The results of the certification work will be reported to you in our certification letter.

Meetings

We met with members of your finance team in early October as and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We will continue to meet with Senior members of management on a quarterly basis.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Our next event is the 2018/19 Chief Accountants workshop with dates in January and February.

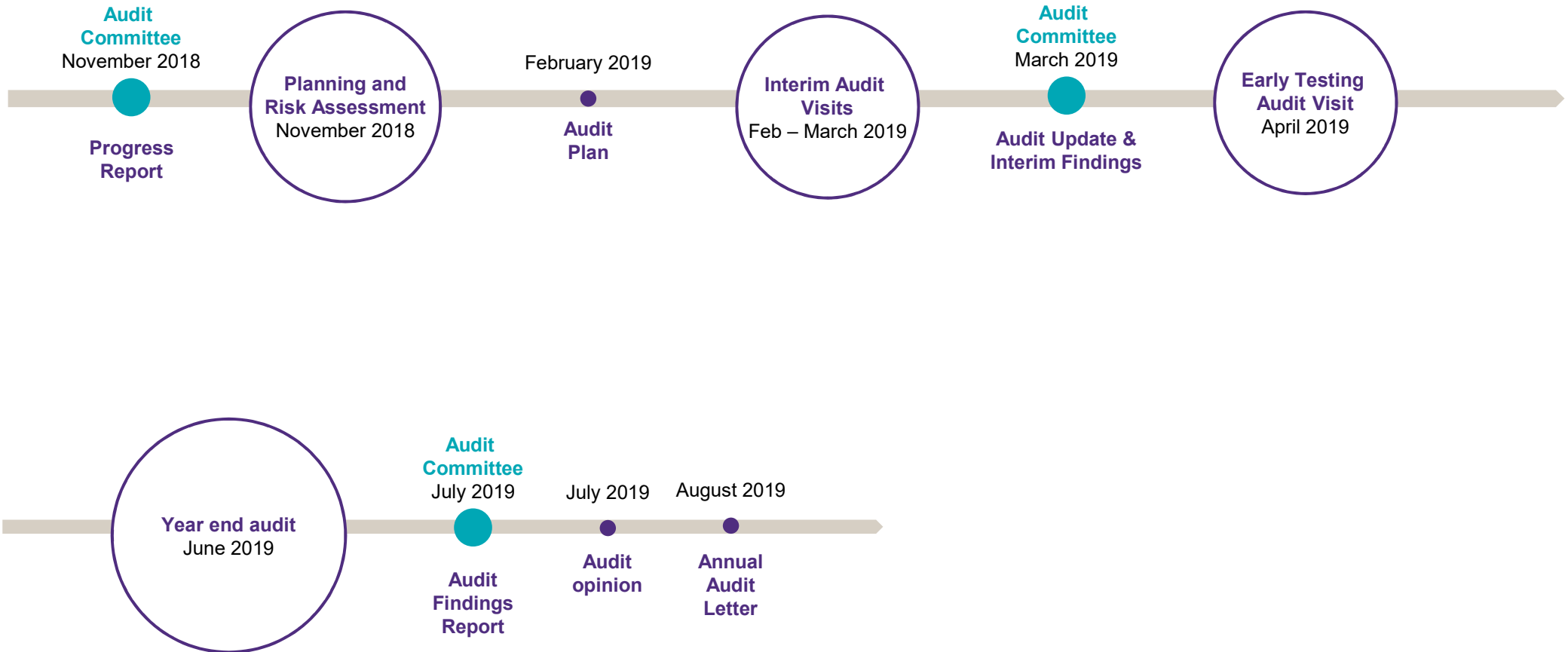
Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018/19 Deliverables

	Planned Date	Status
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018/19 financial statements.	February 2019	Not yet due
Interim Audit Findings/Progress Report We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

Planned 2018/19 External Audit Timeline



Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

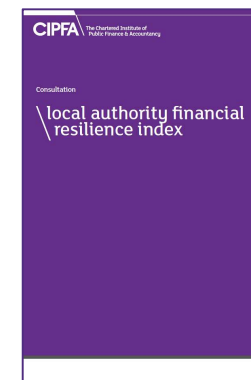
Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

CIPFA Consultation



MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:
<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

Social Housing Green Paper
Consultation



MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

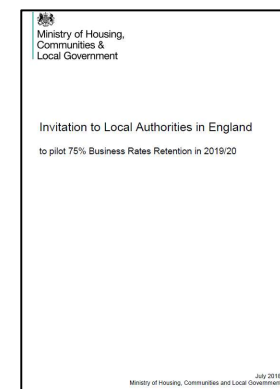
The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25th September 2018.

Business Rates pilots 2019/20



Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

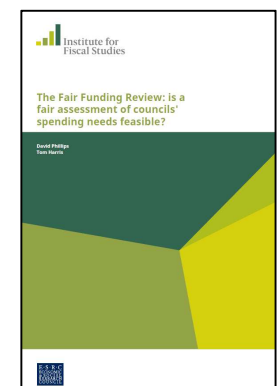
The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



The Vibrant Economy Index

a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website (www.granthornton.co.uk) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



Supply Chain Insights tool helps support supply chain assurance in public services

Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
 - organisation and category
 - service provider
 - date at a monthly level
- benchmark your spend against your peers
- identify:
 - organisations buying similar services
 - differences in pricing
 - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

Supply Chain Insights

Grant Thornton



Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

This page is intentionally left blank

8.02 **Audit Committee**

The Audit Committee is the means of bringing independent, effective assurance into the Council's corporate governance arrangements. This covers:-

- Risk management framework
- Control environment and arrangements
- Financial performance
- Non-financial performance (processes and controls)
- Financial reporting.

8.03 **Terms of Reference**

The Terms of Reference are as follows:

1. Corporate Governance

- 1.1 To review the Council's arrangements for corporate governance and recommend necessary actions to ensure compliance with best practice as set out in the current CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" and any revision thereof.
- 1.2 To review the Council's compliance with its own and other published regulations, standards and controls, covering both financial and general issues and, if appropriate, make recommendations to the Council.
- 1.3 To maintain an overview of the contract procedure rules and financial regulations and recommend their adoption to the Council.
- 1.4 To review Council policies in "Whistleblowing" and the anti-fraud and anti-corruption strategy and the Council's complaints-handling process and recommend any changes to the Council.
- 1.5 To monitor the effective development and operation of internal control in the Council with particular reference to all aspects of risk management, including Waverley's Corporate Risk Registers.
- 1.6 To review any issue referred to it by the Head of Paid Service or a Director or any other Council Committee.
- 1.7 To approve the Council's Annual Governance Statement.

2. External Audit

- 2.1 To consider whether appropriate accounting policies have been followed in the preparation of the annual statement of accounts and to approve any changes to these policies.
- 2.2 To receive all reports from the external auditor to the Audit Committee.
- 2.3 To consider any concerns arising from the audit of the accounts and to agree appropriate action to be taken including bringing the matter to the attention of the Council.
- 2.4 To consider and approve the annual statement of accounts.
- 2.5 To comment on the scope and depth of external audit work and to ensure that it gives value for money, especially with regard to reports dealing with risk management and performance matters.

2.6 To make recommendations to Council regarding the appointment of the External Auditor.

3. Internal audit

3.1 To approve the Internal Audit Charter.

3.2 To approve the Annual Internal Audit (Risk-Based) Plan.

3.3 To consider the Internal Audit Client Manager's Annual Report and Internal Audit Opinion.

3.4 To consider the current Internal Audit Plan and summaries of internal audit activity by Service Area and consider the level of assurance this can give concerning the effectiveness of the Council's corporate governance arrangements.

3.5 To consider internal audit reports detailing recommendations not implemented within the specified timescale and to agree appropriate action, including requesting a report from any Head of Service relating to an outstanding internal audit recommendation issue.

3.6 To commission work from the Internal Audit Service.

3.7 To monitor the progress of any specific internal audit projects not included in the Audit Plan.

3.8 To consider reports dealing with the appointment, management and performance of the providers of internal audit services.

3.9 To comment on the scope and depth of internal audit work and to ensure that it gives value for money, especially with regard to reports dealing with risk management and performance matters.

8.04 Composition of Audit Committee

(a) Membership and Meetings

The Audit Committee will

- be composed of eight councillors, with no members from the Executive;
- meet four times per year, as set out in the Calendar of Meetings, and on an ad hoc basis when necessary.

(b) Quorum

The quorum for meetings will be three Councillors.

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 5 NOVEMBER 2018

Title:

PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2018/19

[Wards Affected: All]

Summary and purpose:

The Committee's Terms of Reference include provision for the Committee to monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the reviews in 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 to provide assurance on the control environment of the Council.

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 2018-19 is shown as attached at Annexe 1. 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

2. 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 status of the 2018-19 Audit Plan as attached in Annexe 1.

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:

Name: Gail Beaton

Telephone: 01483 523260

E-mail: gail.beaton@waverley.gov.uk

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key
Awaiting Draft Report
Completed
New Review
Deferred
Cancelled

Report No. Ref	Internal Audit Plan position as at 24 October 2018	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details	No of Recs	Overall Opinion
			2018/19	(b)	(c)	(d)	(e)								
	Systems and Services Audit														
	IT SERVICES														
IA19-00	Review still to be ascertained		0.00	0.00	0.00	0.00	0.00	0.00				Head of Customer, IT and Office Services - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157		
	Contingency		15.00	0.00	15.00	0.00	15.00	0.00							
	IT Total		15.00	0.00	15.00	0.00	15.00	0.00							
	GENERAL SYSTEM REVIEWS														
	Key Financial Systems														
IA19-06	Car Parking	High	7.00	0.00	7.00	7.00	0.00	0.00	Draft Report Stage	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	7.00	0.00	0.00	Awaiting Draft Report	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	10.00	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	10.00	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	7.00	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	14.00	27.00	0.00							
IA19-00	Environmental Street Cleaning	Medium	7.00	0.00	7.00	0.00	7.00	0.00	W/C 3 December 2018	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	7.00	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	10.00	0.00	0.00	Awaiting Draft Report	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	10.00	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	10.00	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	7.00	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	7.00	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		

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key
Awaiting Draft Report
Completed
New Review
Deferred
Cancelled

Report No. Ref	Internal Audit Plan position as at 24 October 2018	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details	No of Recs	Overall Opinion
			2018/19	(b)	(c)	(d)	(e)								
IA19-05	Safeguarding	High	7.00	0.00	7.00	7.00	0.00	0.00	Draft report Stage	Assurance that awareness is embedded and actions recorded appropriately	Q2 Sept 18	Head of Strategic Housing Andrew Smith	01483 323096		
IA19-00	Local Land Charges	Medium	7.00	0.00	7.00	0.00	7.00	0.00		Assurance that system is operating as intended	Q1 now Q3 re HOS	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	7.00	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	10.00	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	10.00	0.00	0.00	Awaiting Draft Report	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	10.00	0.00	0.00	Final Report on Pentana	Re authorisation process on Orchard through to Agresso	Q1	Head of Housing Operations Hugh Wagstaff	01483 523363	3	Substantial Assurance
IA19-03	Management of Flexible Tenancy	High	5.00	0.00	5.00	5.00	0.00	0.00	Final Report on Pentana	Preparedness re 5 years since 1st awarded - What happens next? - Assurance on preparation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363	6	Reasonable Assurance
IA19-02	Right to Buy Process	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Review process in operation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363	11	Partial Assurance
IA19-00	On Line Forms	High		3.00	3.00	3.00	0.00	0.00	Awaiting Draft Report	Assurance that forms are meeting the requirements re collection of income	Q3	Corporate	01483-523333		
IA19-00	Building Control Process	High		7.00	7.00	7.00	0.00	0.00	Awaiting Draft Report	Assurance on the system in operation to monitor and control income collection for works completed	Q3	Head of Planning - Elizabeth Sims	01483-523292		
	Governance and Risk Reviews														
IA19-00	Investment Board and Commercial Investment Venture	High	10.00	-5.00	5.00	0.00	5.00	0.00	To be rearranged	Assurance on the Governance arrangements, initiation and reporting arrangements	Q1/2* now Q3	Graeme Clark - Strategy Director - Finance And Resources	01483 523099		
IA19-00	Brightwells	High	10.00	0.00	10.00	0.00	10.00	0.00		Assurance on the controls re risk of loss, legal obligations etc.	Q3/4	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	7.00	0.00	0.00	Awaiting Draft Report	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	2.00	4.00	0.00							
	Contingency		30.00	-5.00	25.00	0.00	25.00	0.00							
	Sub Total for Operational Reviews (Inc Cont)		184.00	0.00	184.00	68.00	116.00	0.00							
	Subtotal Financial Systems Reviews		41.00	0.00	41.00	14.00	27.00	0.00							
	Subtotal of IT Reviews		15.00	0.00	15.00	0.00	15.00	0.00							
	Total Contractor Plan Review Days		240.00	0.00	240.00	82.00	158.00	0.00							
	In-house Service														
	Total In-house Internal Audit Reviews				0	0	0	0							
	Total Days Plan		240.00	0.00	240.00	82.00	158.00	0.00							

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

5 NOVEMBER 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.
2. Annexe 1 provides the current position on recommendations due for completion at the end of the month after the date of the Audit Committee.
3. Annexe 2 details the Head of Service request for change of implementation due dates.

Conclusion

4. Recommendations relate to the control environment and hence 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:

1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.
2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).

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:

Name: Gail Beaton

Telephone: 01483 523260

E-mail: gail.beaton@waverley.gov.uk

ANNEXE 1

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



Generated on: 25 October 2018

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

Head of Service Vickers, Peter

Action Code & Description	IA19/02.011 Anti Money Laundering Training	There are Anti Money Laundering forms in place and declarations in additional forms, as well as checks by the Fraud Investigation Officer. The Fraud Investigation Officer has attended Induction sessions, where he introduces new staff to Fraud Awareness. However, without formal anti-money laundering training for current staff involved in high risk areas, there is a risk that they do not have sufficient understanding of anti-money laundering practices.	Exit Meeting Date	02-Aug-2018
			Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy		
Agreed Action		The Council will investigate how best to raise awareness of Anti-Money Laundering, e.g. training, particularly for key staff (Housing, etc.).		
Status		Check Progress	Progress	0%
			Head of Service	Hugh Wagstaff; Peter Vickers
All Notes	IA19/02.011 Anti Money Laundering Training: Vicki is picking this up and revising the overall policy against the detailed statutory update you provided, Vicki has agreed to draft an explanatory note of what is required by each area of the council potentially affected/at risk. This will be rolled out alongside the adoption of the revised ML policy. This policy will take a little while to complete so will be going to the Jan/Feb audit committee. The action will be completed by 31st March 2019 and a request for an extension has been made in ANNEXE 2.			19-Oct-2018

Head of Service Wagstaff, Hugh

		Through our review of the procedural documents, we identified several differences between the documented processes and the actual controls/processes in place . there is mention of Tenancy and Estates coordinators, which are no longer in place . the Housing Customer Services team now issue the RTB1 pack	Exit Meeting Date	02-Aug-2018
			Due Date	31-Oct-2018

		<ul style="list-style-type: none"> . there is not an email to Head of Housing Operations for confirmation of when the RTB3 will be ready . the Head of Housing Operations does not sign and return the RTB3 . documentation is sent to Legal through a legal memo template . eligibility criteria are out of date <p>It is important that the policies and procedures reflect actual operational processes, to ensure that new staff are appropriately trained, and that management can either take assurance over the area or challenge and change the processes where necessary.</p>		
--	--	--	--	--

Audit Report Code and Description	IA19/02 Right to Buy
--	----------------------

Agreed Action	The procedures will be reviewed and updated, to both reflect actual operational processes and ensure that required processes are documented to facilitate compliance to support the timeframes in the government targets.
----------------------	---

Status		Check Progress	Progress	20%	Head of Service	Hugh Wagstaff
---------------	---	----------------	-----------------	-----	------------------------	---------------

All Notes	<p>We've completed six actions but request an extension to 30 November for a further three</p> <ul style="list-style-type: none"> • IA 19/02.001 Procedures • IA 19/02.005 Update and check discounts • IA 19/02.006 Effective percentages in line with the Orchard action. <p>To fully update the procedure we need to establish functionality, develop and test orchard with new actions.</p> <p>I have a page turn user guide review meeting scheduled for 29 October to add new actions from the recommendations and current practice and an Orchard process and functionality review meeting on 7 November. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.</p>	23-Oct-2018
------------------	--	-------------




	Identified areas for updating. Second meeting arranged 29 October for turn page review of user guide to update with current practice and incorporate audit recommendations.	23-Oct-2018
--	---	-------------

	Procedure review meeting arranged for 16 October 2018 to update processes and ensure compliance	09-Oct-2018
--	---	-------------

Action Code & Description	IA19/02.002 Key stages input to Orchard	The purpose of the user guide was to train individuals in the new right to buy process, in order to utilise the RTB module fully on Orchard and move away from the current spreadsheets.	Exit Meeting Date	02-Aug-2018
		<p>However, we found that the Homeownership Manager still utilises her own spreadsheet for tracking the progress of applications and does not fully utilise Orchard to record the stage of each application.</p> <p>Where the central system is not used, there is reduced business resilience and a greater risk of key tasks not being completed. In addition, as all five of our sample had delayed RTB2 notices, and four out of five also had delayed RTB3 notices, there is a risk of people successfully applying for a reduction in the sale price due to a delay, therefore causing a reduction in council income.</p>	Due Date	30-Nov-2018

Audit Report Code and Description	IA19/02 Right to Buy
--	----------------------

Agreed Action	Orchard will be further used for noting completion of key stages and key dates
----------------------	--

		relating to delays in processing the application (e.g. interview invite, surveyor request, etc.) This will be monitored, through a periodic review of in progress applications, to ensure timely processing of applications. When considering the process for monitoring applications the line management arrangements for the Homeownership Manager (RTB Officer) should be reviewed.				
Status		In Progress	Progress	20%	Head of Service	Hugh Wagstaff
All Notes	Identified areas for review. Second review meeting arranged 7 November to work through Orchard process and request updates/ actions to reflect process and audit recommendations.					23-Oct-2018
	Review meeting arranged 16 October 2018					09-Oct-2018
Action Code & Description	IA19/02.005 Upload and checking of discounts				Exit Meeting Date	02-Aug-2018
					Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy				
Agreed Action		A process will be developed to manage the upload and checking of RTB discounts on the Orchard system.				
Status		Check Progress	Progress	50%	Head of Service	Hugh Wagstaff
All Notes	Agreed process to request annual discount update to Orchard through IT service desk and for line manager to check/sign off. To be added to user guide on 29 October review. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.					23-Oct-2018
	Discounts updated within Orchard. review meeting 16 October to develop process to manage discounts on Orchard.					09-Oct-2018
Action Code & Description	IA19/02.006 Effective Percentages				Exit Meeting Date	02-Aug-2018
					Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy				
Agreed Action		The Council will investigate whether Orchard can calculate the effective percentage, otherwise a spreadsheet will be created to calculate the actual and effective discount values and percentages.				
Status		Check Progress	Progress	20%	Head of Service	Hugh Wagstaff
All Notes	Identified aim to centralise information. Second meeting arranged 7 November to further review functionality of Orchard. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.					23-Oct-2018
	Review meeting booked 16 October to consider functionality of Orchard.					09-Oct-2018

ANNEXE 2

Internal Audit Recommendations presented to the Audit Committee for status change of Due Date on Covalent

Report Ref/ recommendation/s Ref	Title	Recommendation	Head of Service written justification/ Reason for change in implementation date	Responsible officer
IA19/02.001 IA19/02.005 IA19/02.006	Right to Buy	Recommendations as details above. <ul style="list-style-type: none">• IA 19/02.001 Procedures• IA 19/02.005 Update and check discounts• IA 19/02.006 Effective percentages in line with the Orchard action.	To fully update the procedures we need to establish functionality, develop and test orchard with new actions re <ul style="list-style-type: none">• IA 19/02.005 Update and check discounts• IA 19/02.006 Effective percentages in line with the Orchard action. A page turn user guide review meeting is scheduled for 29 October to add new actions from the recommendations and current practice and an Orchard process and functionality review meeting on 7 November. Revised Due Date requested - 30 November 2018.	Head of Housing Operations – Hugh Wagstaff

IA19/02.011	Anti Money Laundering Training re Right to Buy	<p>There are Anti Money Laundering forms in place and declarations in additional forms, as well as checks by the Fraud Investigation Officer. The Fraud Investigation Officer has attended Induction sessions, where he introduces new staff to Fraud Awareness. However, without formal anti-money laundering training for current staff involved in high risk areas, there is a risk that they do not have sufficient understanding of anti-money laundering practices.</p>	<p>Anti Money Laundering Training: Vicki is picking this up and revising the overall policy against the detailed statutory update you provided, Vicki has agreed to draft a explanatory note of what is require by each are of the council potentially affected/at risk. This will be rolled out alongside the adoption of the revised ML policy. This policy will take a little while to complete so will be going to the Jan/Feb audit committee. The action will be completed by 31st March 2019.</p> <p>Revised due date Requested – 31st March 2019.</p>	<p>Head of Finance – Peter Vickers</p>
-------------	--	---	---	---

This page is intentionally left blank

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 5 NOVEMBER 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 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 work contributes to all our corporate priorities and mission "to deliver excellent and affordable service by using our resources wisely and working creatively". However, it does have a direct contribution to the priority of people, with the number one goal to "deliver housing options for people in need of affordable housing services and continue to be one of the most effective housing services in the country at preventing homelessness".

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 to or using them in accordance with tenancy agreement terms and conditions. As a by-product of the fraud investigation officers cases changes to Council Tax and Business Rates discounts may materialise. The Housing Revenue Account supports this work by resourcing the role of an experienced Fraud Investigator.

Legal Implications:

It is the Council's duty to safeguard public funds, the work being completed may incur legal costs where matters escalate to prosecution. However, these costs are far outweighed 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 carried out. 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 2, 30 September 2018. The Audit Committee are provided with updates throughout the year. 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 previous years outcomes have also been provided.
4. In this period, results include 3 properties being relinquished, and these have now been made available to be re-let to tenants on our waiting list. 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.
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.

Conclusion

6. 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 achieve 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.
7. The notional value of financial savings detailed in Annexe 1 up to 30 September 2018, is £135,305 based on Audit Commission notional figures. However, these do not include the real value to Waverley Borough Council,

as it costs on average £200,000 to build a new house (£600,000). Outcomes from this work not only highlight 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. 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:

Name: Gail Beaton

Telephone: 01483 523260

E-mail: gail.beaton@waverley.gov.uk

This page is intentionally left blank

Name of Partner	Waverley
QUARTER	2

Record of cases investigated in the period covering 01 April 2018 to 30 September 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	12	3	15	5	10	3		3	Tenancy Relinquished	54,000		
Housing Register Fraud	2	2	4	4	0	0			Housing Applications Rejected	0		
Homelessness Applications												
Right To Buy/Right To Acquire	3	14	17	10	7	1	1		Right to Buy stopped and/or Tenancy Relinquished	80,900		
Mutual Exchange	0	10	10	10	0				Mutual Exchange denied/rejected	0		
Successions	1	4	5	5	0				Succession denied	0		
Recovered properties for others	0	0	0	0	0					0		
Council Tax Discount												
SPD & LCTRS (As result from Caseload above)						1				405		
Student Exemptions												
Disability												
Council Tax Support (benefit)												
Business rates												
NNDR	0					0				0		
Other												
2018/19 Total to Date	18	33	51	34	17	5	1	3		135,305	0	0
2017/18 Previous Year Total	21*	113	134	117	17	30	13	10		733,930		
2016/17 Year Total	11	127	138	118	20*	32	13	12		688,866		

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 £80,900)

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)

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

This page is intentionally left blank

**AUDIT COMMITTEE RECURRENT ANNUAL WORK
PROGRAMME**

Meeting	Item	Action	Responsibility
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
<i>May/June</i>	<i>Training on the Financial Statements to be arranged for new Committee members</i>		<i>Finance/Committee Services</i>
July 2019	External Audit Findings Report	Note	External audit
	Annual Governance Report	Endorse	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
September 2019	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
	External Audit Annual Audit Letter	Note	External Audit
November 2019	Risk Management	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement – Interim Review	Comment and instruct	Head of Finance, Peter Vickers

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.

This page is intentionally left blank