

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: 12 June 2015

Membership of the Audit Committee

Cllr Andrew Bolton
Cllr Jim Edwards
Cllr Jenny Else
Cllr John Gray

Cllr Ged Hall
Cllr Stephen Hill
Cllr Richard Seaborne

Dear Councillors

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

DATE: TUESDAY, 23 JUNE 2015

TIME: 7.00 PM

PLACE: COMMITTEE ROOM 1, COUNCIL OFFICES, THE BURYS,
GODALMING

A training session will be held for members of the Audit Committee in CR1 at 5pm on Tuesday 23 June 2015 prior to the Audit Committee meeting

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 appoint a Chairman of the Audit Committee for the Council Year 2015/16.

2. **APPOINTMENT OF VICE-CHAIRMAN**

To appoint a Vice-Chairman of the Audit Committee for the Council Year 2015/16.

3. **MINUTES**

To confirm the Minutes of the Meeting held on 23 March 2015 (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. **ANNUAL REPORT 2014/15 AND TERMS OF REFERENCE** (Pages 7 - 22)

Good practice indicates that an annual appraisal of the work of the Committee would be beneficial and an Annual Report for the 2014/15 is attached.

Each year the Audit Committee is also invited to review its Terms of Reference. The current Terms of Reference are included at part 1.2 of the Annual Report.

Recommendation

It is recommended that the Audit Committee:

- 1. reviews its terms of reference and recommends any amendments to be adopted by Council (if necessary); and**

2. notes the Audit Committee Annual Report for 2014/15.

8. EXTERNAL AUDIT UPDATE REPORT (Pages 23 - 32)

To receive the attached Audit Committee Update Report from Grant Thornton.

Recommendation

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

9. PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Pages 33 - 40)

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:

- 1. considers the information contained in Annexe 1 and identifies any action it wishes to be taken;**
- 2. approve the proposed changes in implementation dates in Annexe 2.**

10. PROGRESS ON THE INTERNAL AUDIT PLANS FOR 2014/15 AND 2015/16 (Pages 41 - 46)

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 of the current position of the reviews in 2014/15 and 2015/16 is presented.

Recommendation

It is recommended that the Committee:

- 1. notes the progress for the Internal Audit Plan 2014/15 as attached at Annexe 1;**
- 2. notes the progress for the Internal Audit Plan 2015/16 as attached at Annexe 2.**

11. INTERNAL AUDIT ANNUAL REPORT 2014/15 ACTIVITY (Pages 47 - 58)

The Accounts and Audit Regulations require local authorities to maintain an adequate and effective internal audit of their accounting records and control

systems. This report is a summary of the work carried out by Internal Audit during the financial year 2014/15 and provides an assurance opinion to support the Annual Governance statement.

Recommendation

It is recommended that the Audit Committee notes the progress and the activity completed by the Internal Audit Service for 2014/15, and notes the outcomes being achieved by investigating housing issues and working collaboratively between services and other organisations.

12. ANNUAL GOVERNANCE STATEMENT 2014/15 (Pages 59 - 72)

Each year Waverley is required to produce an 'Annual Governance Statement' which sets out the key elements of the Council's internal control framework and identifies any issues that need addressing in the coming year. This report contains the Annual Governance Statement for 2014/15.

Recommendation

It is recommended that the Audit Committee approves the Annual Governance Statement.

13. 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).

14. 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
Maureen Brown, Democratic Services Officer, on 01483 523225 or by
email at maureen.brown@waverley.gov.uk**

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 23 JUNE 2015

REPORT TO THE COUNCIL MEETING – 21 JULY 2015

Title:

AUDIT COMMITTEE ANNUAL REPORT 2014/15 AND TERMS OF REFERENCE

This report details the work undertaken by the Audit Committee over the municipal year 2014/15. An audit of the Audit Committee suggested that an annual appraisal of the work of the Committee would be beneficial. It would help Members review the previous year's work and plan for the coming year.

The Committee met four times in June, September and November 2014 and March 2015.

The membership was as follows:-

Cllr Richard Gates (Chairman)	Cllr Peter Isherwood
Cllr Wyatt Ramsdate (Vice-Chairman)	Cllr Jennifer O'Grady
Cllr Tony Gordon-Smith	Cllr Stewart Stennett
Cllr Stephen Hill	

From the November 2014 meeting Cllr Jenny Else was appointed to the Audit Committee to replace Cllr Jennifer O'Grady.

On 6 January 2015, Councillor Stewart Stennett was appointed to the Executive and was no longer eligible to remain on the Audit Committee.

Details of Members' attendance at Audit Committee meetings during 2014/15 are given at Annexe 3.

1. INTRODUCTION

1.1 At its first meeting on 25 June 2014, the Committee reviewed its terms of reference.

1.2 The Audit Committee's Terms of Reference are set out below:

1. Corporate Governance

1.1 To consider 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 maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.

1.3 To consider the Council's compliance with its own and other published regulations, standards and controls.

1.4 To monitor Council policies in "Whistleblowing" and the anti-fraud and anti-corruption strategy and the Council's complaints-handling process.

1.5 To monitor the effective development and operation of internal control in the Council with particular reference to risk management.

1.6 To approve the Council's Annual Governance Statement and, if thought fit, recommend its adoption by the Council.

1.7 To consider any reports published by bodies, other than the external auditor, charged with inspecting the Council's performance or arrangements for corporate governance.

1.8 To review any issue referred to it by the Head of Paid Service or a director or any Council body.

1.9 To request a report from any Head of Service relating to an outstanding internal audit recommendation issue.

2. External Scrutiny

2.1 To consider whether appropriate accounting policies have been followed in the preparation of the annual statement of accounts.

2.2 To consider all communications from the external auditor to the Audit Committee, including:

2.2.1 the audit letter;

2.2.2 the report on issues arising from the audit of the accounts; and

2.2.3 any other reports requested by the Audit Committee from the external auditor.

2.3 To consider whether there are concerns that need to be brought to the attention of the Council that arise from:

2.3.1 the audit; or

2.3.2 the accounts.

2.4 To consider and, if thought fit, 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.

3. Internal Audit

- 3.1 To consider the Annual Review of the system of Internal Audit.
- 3.2 To consider the Internal Audit Client Managers Annual Report.
- 3.3 To approve the annual Internal Audit Service Plan.
- 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.
- 3.6 To consider proposed internal audit activity and the range of service areas to be covered and the level of assurance this can give concerning the effectiveness of the Council's corporate governance arrangements.
- 3.7 To commission work from the Internal Audit Service.
- 3.8 To consider any specific internal audit reports requested by the Audit Committee.
- 3.9 To monitor the progress of any specific internal audit projects.
- 3.10 To consider reports dealing with the management and performance of the providers of internal audit services.
- 3.11 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.

4. Composition of the Audit Committee

4.1 Membership and Meetings

The Audit Committee will

- be composed of seven councillors, with no members from the Executive; and
- meet a minimum of four times per year, as set out in the Calendar of Meetings,

4.2 Quorum

The quorum for meetings will be three councillors.

4.3 Role Descriptions

Role descriptions are attached for:

- the Chairman of the Audit Committee (Annexe 1); and
- members of the Audit Committee (Annexe 2).

2. REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

2.1 At each meeting the Audit Committee is provided with an update on Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their services areas. The Committee considers what action is required in respect of those recommendations that are overdue or appear likely to be implemented later than the target date.

2.2 25 June 2014

2.2.1 The Committee received a report outlining internal audit recommendations overdue or due within the next month. The Head of Finance was present at the meeting and confirmed that the recommendations falling within his service area would be completed by their due dates.

2.2.2 The Head of Housing Operations was also present at the meeting, and provided the Committee with a presentation on the work being done in the Housing Service to improve processes and therefore implement the audit recommendations which had not yet been completely put into effect. The Committee noted that while the whole Housing Process Improvement Programme was not due to be completed until mid 2015, the responsive repair interfaces and process project should be completed by the end of August, and therefore felt that it was unnecessary to postpone the implementation date for these particular recommendations until 30 March 2015.

2.2.3 The Committee noted the progress on the implementation of internal audit recommendation and asked the Head of Housing Operations to liaise with the Internal Audit Client Manager to identify a new target date in advance of 30 March 2015 and to report new dates and progress at the September meeting.

2.3 17 September 2014

2.3.1 The Committee received a report outlining internal audit recommendations overdue or due within the next month along with a request to extend the due date for one recommendation.

2.3.2 The Committee was pleased to note that two overdue recommendations relating to housing responsive repairs which had been considered at the last meeting had now been implemented. Further monitoring of this area would be through the regular performance reports received by the Corporate Overview and Scrutiny Committee.

2.3.3 The Committee noted the progress on the implementation of internal audit recommendations and agreed to extend the implementation date relating to Sundry Debtors to 31.12.14 as an Agresso consultant needed to be present and there had been a change in the System Software consultants.

2.4 19 November 2014

2.4.1 The Committee received a report outlining internal audit recommendations overdue or due within the next month. Updates from officers since the agenda had been published were circulated. The Committee was advised that Agresso consultants were now on site and the extended implementation date agreed at the previous meeting relating to Sundry Debtors would be on time.

2.4.2 Financial regulations had been updated to reflect the changes in job titles and would also be updated to include reference to InTend, Waverley's new e-tendering system. The updated financial regulations would need to be approved by Council and the Head of Finance would ensure that this was done as soon as possible.

2.4.3 Relating to recommendations raised by the external auditors, the Head of Finance explained that the complexity of the Agresso and iTrent systems meant that it would be difficult for someone in IT to solely hold the administration rights. However, he assured the Committee that other mitigation measures were in place.

2.4.4 The Committee noted the progress on the implementation of internal audit recommendations and the progress on the recommendations raised by Grant Thornton.

2.5 23 March 2015

2.5.1 The Committee received the report outlining the progress that had been made on the implementation of internal audit recommendations. The Committee noted that the status of agreed actions was mostly green, however, the action regarding National Non Domestic Rates was overdue/in progress due to a staff training issue whereby duties were being reallocated. The Internal Audit Client Manager explained that work had been undertaken and a report produced but historical entries still needed to be written off.

2.6.2 The Committee agreed that no action needed to be taken on the Internal Audit Recommendations

3. INTERNAL AUDIT PLAN

3.1 The Audit Committee's terms of reference include provision for the Committee to comment on the progress made in the Audit Plan. At each meeting the Committee receives an update on the current position of the review.

3.2 25 June 2014

3.2.1 The Committee was pleased to note that all but one review had been completed from the 2013/14 Audit Plan, with a further three reviews having been deferred to the 2014/15 Audit Plan. The Committee asked that an update be provided at the September meeting to confirm that the one outstanding review had been completed.

3.2.2 The Internal Audit Client Manager circulated an updated version of Annexe 2 to the report. The Committee noted that two new reviews had been added, one of which related to scanning to ensure that all controls were still adequate following a recent growth in workloads.

3.2.3 The Committee noted the progress for the Internal Audit Plan 2013/14 and 2014/15 and endorsed the inclusion of the additional areas for Internal Audit review.

3.3 17 September 2013

3.3.1 The Internal Audit Client Manager circulated an updated version of Annexe 1 to the report, which showed that several reviews from the 2014/15 Audit Plan had now been completed or were in progress.

3.3.2 In response to concerns expressed by the Committee, the Internal Audit Client Manager explained that it had been necessary to defer some reviews designated at Quarter 2 to Quarter 3 due to staff leave, however a number of reviews had been through the planning stages but were not marked as 'in progress' as the auditor was not on site yet. The Committee felt that it would be helpful to know when reviews were in the planning stage and asked that this be included in further reports.

3.4 19 November 2014

3.4.1 The Committee received the report setting out the current position of the Internal Audit reviews detailed in the 2014/15 Audit Plan. The format of the report had been amended slightly to include a planned start date for each review, which Members found very useful.

3.5 23 March 2015

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

3.5.2 The Committee was pleased to hear that there had been no reported asbestos incidents for 9 months. However, more work was needed and an Asbestos Recommendation Action Plan had been drawn up by Ridge & Partners and was closely monitored by the Asbestos Management Group reporting to Corporate O&S. As monitoring was continuing and progress well under way it would be of greater value for an audit to be undertaken once the re-procurement of the asbestos surveying and removal contracts had been completed. The Committee agreed that it would be of greater value to defer the Housing Asbestos Review until the 3rd quarter of the 2015-16 Audit Plan when this had been implemented.

4. RISK MANAGEMENT

4.1.1 Risk Management Update

4.1.2 25 June 2014

4.1.2 The Committee received an updated Corporate Risk Register, following observations made by the Committee at its March meeting. The main update was the inclusion of the risk level after mitigation, and target risk levels. The Committee noted that the register was not yet in a form that could be made public, and asked officers to work towards producing a version of the Corporate Risk Register that would be appropriate for wider publication for the September or December meeting of the Committee.

4.2 19 November 2014

4.2.1 The Committee received a report presenting the latest corporate risk registers as updated by Heads of Service. Members raised a number of questions about the detailed risk scenarios which were answered by officers.

4.3 23 March 2014

4.3.1 The Committee received a report that presented to Members the latest corporate risk registers as refreshed by Heads of Service with assistance from Zurich Municipal, the Council's insurance and risk management advisors. The Committee noted mitigation work was reducing risk levels and were pleased to note that in some areas the risk had improved from 'devastating'. Members considered it would be helpful for the register to have a yearly key which could identify every risk update.

4.3.2 Members were concerned over the risk associated with Staff Skill and Capacity Management. Officers explained that this was only in some areas of the Council where staff had migrated to the private sector as *the economy* came out of recession and was able to offer more incentives. The Council's HR team were reviewing this area. The Committee noted the revised corporate risks register with the above comments.

5. REVIEW OF ITEMS CONSIDERED BY THE AUDIT COMMITTEE 2014/15

5.1 External Audit Plan 2013/14

5.1.1 Emily Hill, the Grant Thornton External Audit Engagement Lead was present at the meeting on 25 June 2014 and introduced the report on the External Audit Plan for 2013/14. She described how Grant Thornton's considered the challenges and opportunities facing the Council, and explained that the 'significant' risks were generic and not specifically related to Waverley. Other risks identified included those involving large expenditure (Payroll) or complex transaction (Benefits).

5.1.2 Emily Hill also presented the results of the interim audit work and advised that the review of IT controls had showed no significant issues.

5.1.3 The Committee noted that no extra work was required and therefore there were no changes to the audit fee.

5.2 External Audit Update Report

5.2.1 At the meeting on 25 June 2014 Emily Hill presented the report and circulated a guide to local authority accounts for the Committee to read in advance of receiving the accounts in September. Draft accounts would be published on the website 'subject to audit' although there was no longer a requirement to publish the draft accounts by the end of June. The Director of Finance and Resources agreed to supply a copy to members of the Committee.

5.3 Accounts 2013/2014 – Key Issues

5.3.1 At the meeting on 25 June 2014 the Committee received a report which followed up on the 'challenge questions' raised by Grant Thornton at the March meeting. It was reiterated that the questions were not specific to Waverley and some were more relevant than others. Members asked that in future any such questions should be raised in consultation with officers so that their response could be included in the report.

5.4 Annual Governance Statement

5.4.1 At its meeting on 17 September 2014 the Committee received the Annual Governance Statement 2013/14 which set out the key elements of the Council's internal control framework and identified issues to be address in the coming year. The Committee felt that it would be useful if a draft version of the Annual Governance Statement could be submitted to the June meeting of the Audit Committee to enable Members to comment on it in advance. Officers agreed that this would be a good approach.

5.4.2 The Committee approved the Annual Governance Statement subject to amendments requested by the Committee.

5.5 Audit Findings Report

5.5.1 At its meeting on 17 September Emily Hill introduced the Audit Findings Report. The majority of testing had now been completed and the draft financial statements had been prepared to a very high standard. No significant issues were identified. An amendment to the report was tabled showing an error in categorisation that had been identified by officers and corrected on the 2014/15 General Ledger but not on the 2013/14 accounts as it was felt to be disproportionate to the value of the amendment, which was not material.

5.5.2 It was noted that the fees section included an additional fee of £900 in respect of work on material business rates balances. This additional work was necessary due to the fact that there was no longer a requirement to certify NDR3 claims and this was reflected in a reduced grant certification fee in comparison to the previous year.

5.5.3 The Committee asked the IT Manager and Head of Finance to report to the next meeting on the work that had or would be done to address the two audit recommendations for improvements related to domain-level accounts with elevated network privileges, and security administration rights within Agresso and iTrent.

5.6 Statement of Accounts 2013/14

5.6.1 At its meeting on 17 September 2014 the Committee received the Statement of Accounts for the year ended 31 March 2014. It was noted that due to a misstatement set out in the Audit Findings report, a small change to the Letter of Representation was required and officers circulated an updated version of Annexe 2 to the report, incorporating this change. The Committee confirmed that the Accounts had been prepared on a going concern basis.

5.7 Revised Governance Policies

5.7.1 At its meeting on 19 November 2014 the Committee received updated versions of the following governance policies:

- Whistleblowing Policy
- Corporate Anti-Fraud, Corruption and Bribery Policy
- Prosecution Policy
- Anti-Money Laundering Policy and Guidance

The Committee noted that the majority of changes were minor and would continue to be reviewed annually.

5.7.2 The Committee recommended that these revised policies be approved and adopted by the Council and also recommended that officer ensure that all staff were aware of these documents.

5.7.3 At its meeting on 10 December 2014 the Council resolved to approve the recommendations and adopted the revised policies.

5.8 Annual Audit Letter 2013/14

5.8.1 Dominic Bradley from Grant Thornton was present at the meeting on 17 November 2014 to present the Annual Audit Letter. Grant Thornton had issued an unqualified opinion on the Council's 2013/14 financial statements and an unqualified value for money conclusion. The Committee was very pleased with the content of the letter, and asked that their thanks be passed on to officers in the finance team. Members also asked officers to issue a press release explaining that Waverley had received excellent audit findings. (Press release issued 3 December 2014)

5.9 Grants and Claims 2013/14

5.9.1 At the meeting on 23 March 2015 Iain Murray from Grant Thornton introduced the report on the Certification of Grants and Claims 2013/14. Grant Thornton had certified two claims and returns, Housing Benefit Subsidy and Pooling of Housing Capital Receipts. The Committee was pleased to note that following additional work by the Council no further action was required in respect of issues identified under Housing Benefit Subsidy and there were no issues with respect to Pooling of Housing Capital Receipts.

The Committee heard issues had been identified with the CIVICA system which were outside the control of the Council. The Committee noted that CIVICA intended to issue a correction patch which would correct any errors in the 2014/15 subsidy claim.

5.10 Draft External Audit Plan 2014/15

5.10.1 At the meeting on 23 March 2015 Iain Murray from Grant Thornton introduced the Draft External Audit Plan 2014/15 which would be finalised following any comments from the Committee. The Plan identified the Local Plan, Brightwells Development, the LG Finance Settlement and Housing as key challenges and risks facing the Council. The Committee was pleased to note that there were no specific issues or weaknesses identified in respect of interim audit work and commended the Plan to the successor Committee.

5.11 Audit Committee Update Paper

5.11.1 At the meeting on 23 March 2015 Iain Murray from Grant Thornton introduced the Audit Committee Update Paper which provided the Committee with a report on delivering Grant Thornton's responsibilities as the Council's external auditors. It was noted that the Independent Commission on Local Government Finance proposal for the devolution of powers, funding and taxes over a 10 year period might well change after the General Election. Members would be updated following the Council's finance Seminar later in the year.

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

5.12 Proposed Audit Plan for 2015/16

5.12.1 At the meeting on 23 March 2015 the Committee received the proposed Audit Plan for 2015/16. The Internal Audit Client Manager informed the Committee that she had conducted a risk assessment of Waverley's control environment and activities. Time had been allocated to prioritise high risk areas including those that may hinder the achievement of Waverley's Corporate objectives. The plan proposed to remain at the same number of days as previous years at 230 days which will be allocated to the contractor Baker Tilly for 2015/16. The Committee noted that this was the same number of days as the previous year and endorsed the Plan with no additional comments.

5.13 Review of Contract Procedure Rules and Financial Regulations

5.13.1 At the meeting on 23 March 2015 the Committee received a report attaching revised Contract Procedure Rules and Financial Regulations that had been reviewed in line with the Council's commitment within the Annual Governance Statement. They were last updated in January 2012. The Committee noted the amendments made to the Financial Regulations and Contract Procedure Rules which reflected the current management reporting structure and support service delivery. The Committee endorsed the report to be passed to the Executive with no comments or observations.

5.14 National Fraud Initiative 2014/15 and the Surrey Counter Fraud Partnership

5.14.1 At the meeting on 23 March 2015 the Committee received a report providing an update on the progress made by officers on the latest results of the Audit Commission's data-matching exercise known as the National Fraud Initiative (NFI). Members noted the progress in carrying out checks, and recognised the resources applied by the relevant services to investigate each of the data matches.

5.14.2 The Council had benefitted from a bid by seven Surrey Boroughs and Districts in partnership with Surrey County Council for funds from the Department of Communities and Local Government. The funding has supported the temporary appointment of an experienced Tenancy Fraud Investigator to focus on the growing risk area of Housing Tenancy Fraud. The Committee was pleased to note the work being undertaken by the Council in conjunction with other Surrey Local Authorities and suggested that at the appropriate time a press release should be issued to publicise the work being done to prevent fraud and to act as a deterrent. (Press release issued 19 May 2015)

Recommendation

It is recommended that the work carried out by the Audit Committee in 2014/15 be noted.

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 COMMITTEE CHAIRMAN ROLE DESCRIPTION

Purpose

1. To provide leadership of and direction to the Committee
2. To demonstrate to the public that Waverley is committed to high standards of Corporate Governance
3. To ensure that adequate resources (financial and officer support) are identified and sought from the Council
4. To chair and manage Committee meetings and ensure the Committee achieves its terms of reference

Duties and responsibilities

1. To encourage Committee members to obtain necessary skills to contribute the work of the Committee and to work with officers to provide training if necessary
2. To endeavour to engage all members of the Committee in its activities
3. To lead the Committee, in consultation with officers, in prioritising its work
4. To develop a constructive relationship with the appropriate officers, their staff and where appropriate, with relevant portfolio holders
5. To be willing to learn about the professional disciplines and services relevant to the work of the Committee
6. To Chair the Committee in a fair and open manner and encourage members in their role of promoting and maintaining high standards of Corporate Governance.

AUDIT COMMITTEE CHAIRMAN PERSON SPECIFICATION

To fulfil his or her role as set out in the role description, an effective Audit Committee Chairman requires:

Providing leadership and direction:

- Commitment to highest standards of financial management
- Understanding of the Council's role in providing value for money
- Communication skills
- Knowledge of financial and governance issues
- Ability to manage the work of the committee
- Ability to support and develop necessary skills in fellow members of the committee

Promoting the role of the Audit Committee:

- Understanding and appreciation of the financial and governance framework
- Ability to inspire and enthuse Committee members for the work of the Committee
- Integrity and the ability to set aside own views and act impartially
- Knowledge and understanding of the relevant code(s) of conduct and protocols and the ability to champion them
- Reinforcing public confidence in the work of the Committee and the Council's commitment to value for money

Internal governance, ethical standards and relationships:

- Knowledge and understanding of the Corporate Governance processes and protocols
- Knowledge of and commitment to the values of the Council
- Knowledge of the basic financial framework of an Audit Committee.

ANNEXE 2

AUDIT COMMITTEE MEMBER ROLE DESCRIPTION

Purpose

1. To participate in the proactive work of the Audit Committee in maintaining and improving high standards of financial governance and developing value for money.

Duties and responsibilities

1. To be aware of the particular nature of the work of the Audit Committee
2. To have sufficient knowledge to contribute to the function of the Committee
3. To promote and support good financial governance by the Council
4. To understand the respective roles of members, officers and external parties operating within the Audit Committee's area of responsibility
5. To have an interest in all areas of Waverley's activities
6. To be committed to promoting value for money.

AUDIT COMMITTEE MEMBER PERSON SPECIFICATION

To fulfil his or her role as laid out in the role description, an effective Member of an Audit Committee requires the following:

Understanding the nature of the Audit Committee:

- Commitment to high standards of Corporate Governance
- Knowledge of financial management and procedures
- Maintenance of knowledge
- Objectivity and judgement

Governance, ethical standards and relationships:

- Knowledge and understanding of the audit process, Code of Conduct(s) and protocols
- Knowledge of and a commitment to the values of the Council
- Commitment to transparency and high standards of conduct.

ANNEXE 3

The Audit Committee met four times, on 25 June, 17 September and 19 November 2014, and 23 March 2015. The membership and attendance at meetings is detailed below:

	25 June 2014	17 Sept. 2014	19 Nov. 2014	23 March 2015
Cllr Richard Gates (Chairman)	X	X	X	X
Cllr Wyatt Ramsdale (Vice-Chairman)	X	X	X	
Cllr Tony Gordon-Smith	X		X	X
Cllr Stephen Hill	X	X	X	
Cllr Peter Isherwood		X	X	X
Cllr Jennifer O'Grady				
Cllr Stewart Stennett	X			
Cllr Jenny Else			X	X

X = In attendance

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Audit Committee Update for Waverley Borough Council

Year ended 31 March 2015

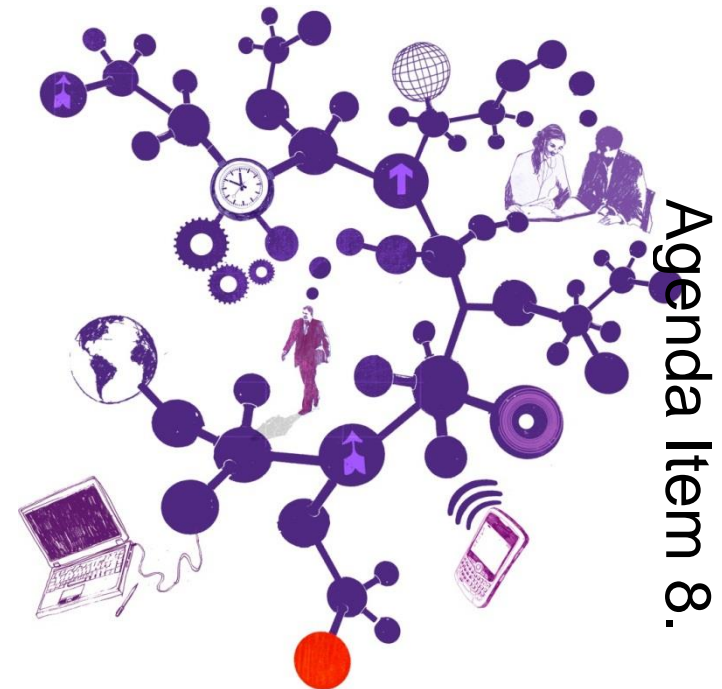
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

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 your Engagement Lead or Audit Manager.

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Progress at June 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	March 2015	Complete	We presented our Audit Plan to you in March 2015.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early work on Journals 	January 2015	Complete	The detailed results of our interim accounts visit were included in the Audit Plan presented in March.
<p>Early substantive testing Planned testing of the following areas:</p> <ul style="list-style-type: none"> • expenditure incurred to date • employee remuneration transactions to date 	January 2015	Complete	The results from this early testing visit were again included in the Audit Plan presented in March.

Progress at June 2015

Work	Planned date	Complete?	Comments
<p>2014-15 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July 2015	Not yet due to start	We anticipate receiving your draft financial statements in late June. Our final accounts audit will commence in early July.
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2014/15 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • updating our understanding of the key risks facing the Council • identifying whether any new risks have arisen since we completed our work in the prior year • undertaking detailed work on those risks which impact 2014-15 	February and July 2015	In progress	We have now completed our initial risk assessment, and will be carrying out our detailed work alongside the main accounts audit in July.

Easing the burden – the impact of welfare reform on local government

Grant Thornton

Our second report into welfare reform looks at how local welfare reform has developed over the last two years from the local authority and social housing point of view. It includes a look at some of the innovative 'good practice' that local authorities are using to address it. The report is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Easing-the-Burden/>

Our report is concerned with:

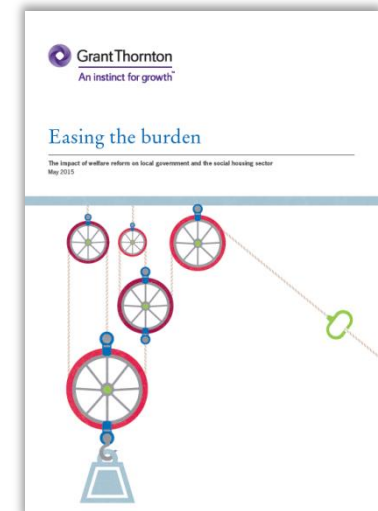
- the impact of reform on the strategy, finances and administration of local authorities and their partners, including housing associations
- the impact on welfare recipients to the extent that this has direct consequences for local authorities and housing associations
- what the future might hold.

Our findings are based on a survey of 75 local authorities, including the Royal Borough of Kingston, and housing organisations, as well as more detailed discussion with some of the key officers at these organisations.

Key findings include:

- reduction to discretionary housing payments would have significant financial implications for local authorities
- the proposed withdrawing of ring-fenced funding for local hardship schemes in 2016 will also contribute to the financial pressures on local authorities
- there is a danger that reduced funding for welfare will undermine the capacity of local authorities to pursue some of the more efficient methods of delivering welfare such as early intervention strategies
- however, in the face of reduced funding, welfare reform has been a key driver for innovation and improvement
- policies to reduce benefit dependency, coupled with a growing economy and better joint working between different agencies have already mitigated some of the impact. This could support the argument that a further devolution of powers to local government for welfare administration could be the key to a sustainable future.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Spreading their wings – building a successful local authority trading company

Grant Thornton

'Spreading their wings' is our second report looking at the increased use of alternative models to protect and develop services. This report focuses on local authority trading companies (LATCs) and is the first in a series that will look at alternative service delivery models in more detail. The report is available at <http://www.grant-thornton.co.uk/Publications/2015/Spreading-their-wings-Building-a-successful-local-authority-trading-company/>

Our report focuses on local authority trading companies, and looks at:

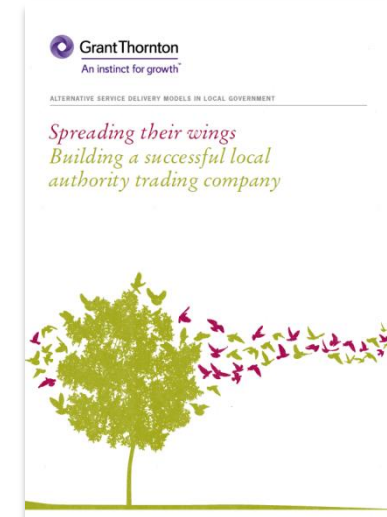
- the initial decision making process
- the key areas of consideration for councils when setting up a LATC
- how to make a LATC successful, along with examples of best practice.

The report is very much a practical guide on the steps that need to be followed. The report contains case studies of the journeys and practical solutions implemented by these and other local authority trading companies.

Key findings include:

- The level of innovation has been impressive as there has been a significant increase in the use of different service delivery models by local government.
- LATCs now cover an ever-widening volume of services, covering areas such as highways, housing and education, as well as moving into the delivery of social care services.
- We predict that the number of LATCs will grow in the next five years in order to generate income to protect other services.
- LATCs can be successful and there are a number of examples included within the report.
- Resistance can be expected from some stakeholders who see LATCs as privatisation, but these can be overcome with the right preparation and business processes.

Hard copies of our report are available from your Engagement Lead or Audit Manager.





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WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 23 JUNE 2015

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 by 31st July 2015.
 3. Annexe 2 details the request for change of implementation target date.
-

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 identifies any action it wishes to be taken;
2. approve the proposed changes in implementation dates in Annexe 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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ANNEXE 1


Audit Recommendations overdue or due within next month




Generated on: 28 May 2015


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

Head of Service Mills, Kelvin


Action Code & Description	IA15/21.002 Policy update	The Safeguarding Children and Safeguarding Adults Policies should be updated to formally state who is the Safeguarding Champion at the Council and their roles and responsibilities. In addition the roles and responsibilities of the individuals that make up the Safeguarding Support Group should be included in the Policies.	Exit Meeting Date	26-Mar-2015
			Due Date	31-May-2015
Audit Report Code and Description		IA15/21 Safeguarding		
Agreed Action		Kelvin Mills co-ordinates Safeguarding with overall responsibility sits with Paul Wenham the Executive Director		
Status		In Progress	Progress	95%
Head of Service	Kelvin Mills			
All Notes	The policy has been reviewed by CMT, these adjustments will be made and shared with the nominated Portfolio Holder for approval, it is not felt that these adjustments require Council Approval.			12-May-2015

Action Code & Description	IA15/21.003 Roles and Responsibilities	The roles and responsibilities of the Executive Director and the Head of Community Services with regards to Safeguarding should be stated within their job description.	Exit Meeting Date	26-Mar-2015
			Due Date	31-May-2015
Audit Report Code and Description		IA15/21 Safeguarding		
Agreed Action				
Status		In Progress	Progress	95%
Head of Service	Kelvin Mills			
All Notes	This has been agreed by CMT appropriate wording will now be inserted within the job descriptions.			12-May-2015


Head of Service Taylor, Robin

Action Code & Description	IA15/10.001 Members Allowances Scheme	The next revision of the Members allowances scheme should be considered in conjunction with the Local Authorities (Members' Allowances) (England) Regulations 2003, as there are areas that should be included in the WBC scheme for example Section 8(2) relating to when a member could be suspended.	Exit Meeting Date	12-Mar-2015	
			Due Date	31-Mar-2015	
Audit Report Code and Description		IA15/10 Member Expenses			
Agreed Action		Agreed			
Status	 Overdue	Progress	75%	Head of Service	Robin Taylor
All Notes	The Members' Allowances Scheme is now updated annually to increase allowances by the same level as any annual pay award made to staff. For this reason, the contents of the scheme itself have not been reviewed in 2014/15. In view of this audit recommendation, it is proposed to bring forward a review of the scheme to early in the new electoral term and proposed changes will therefore be considered by the Executive in June and agreed by full Council in July.			12-Mar-2015	


Head of Service Vickers, Peter


Action Code & Description	IA15/17.001 Unallocated cash procedures	A procedural document should be produced outlining the steps to be taken, and the persons responsible for the clearing of unallocated cash items. In addition to this the draft procedures should be finalised, approved and disseminated to all member of staff involved in the process as soon as possible.	Exit Meeting Date	12-Mar-2015	
			Due Date	29-May-2015	
Audit Report Code and Description		IA15/17 Cash Income System			
Agreed Action		These will be developed as the system evolves.			
Status	 In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	Procedural notes are in progress.			21-May-2015	

Head of Service Wagstaff, Hugh


Action Code & Description	IA14/07.005 Asset Management Strategy	The Asset Management Strategy needs to be revised as the current strategy covers 2008-2012 informed by the results of a new stock condition survey.	Exit Meeting Date	01-Apr-2014	
			Due Date	15-Jun-2015	
Audit Report Code and Description		IA14/07 Housing Decent Homes			
Agreed Action		Agreed			
Status	 In Progress	Progress	95%	Head of Service	Hugh Wagstaff


All Notes	Strategy complete - to go through the democratic process - to seek approval at the 7 July Executive Meeting	20-May-2015
	Draft AMS presented to CMT on the 13 May - awaiting final sign off	15-May-2015
	Scoping document agreed by O&S Housing Improvement Sub Committee in January. Implementation plan in place	11-Feb-2015


Action Code & Description	IA14/11.009 Asset Management Strategy	The Asset Management Strategy needs to be revised as the current strategy covers 2008-2012 informed by the results of a new stock condition survey.	Exit Meeting Date	11-Feb-2015
			Due Date	31-Jul-2015
Audit Report Code and Description		IA14/11 Structural Works		
Agreed Action		Agreed		
Status		In Progress	Progress	95%
Head of Service				Hugh Wagstaff
All Notes	Draft report signed off by the Corporate Management Team - due to be presented to The Executive on 7 July 2015			26-May-2015


Action Code & Description	IA15/03.001 Interface between Orchard and Keystone	Ideally a process of automated integration and interface between Orchard and Keystone would provide better data management that would ensure renewal and replacement of property elements within Orchard are captured more systematically by the Keystone Stock Condition Database. Alternatively a single data platform for the management of housing repairs and stock condition may provide a more effective and efficient solution to the handling of such data although the costs and risks for such a proposal would need to be fully explored.	Exit Meeting Date	29-Aug-2014
			Due Date	01-Apr-2015
Audit Report Code and Description		IA15/03 Housing Keystone Asset Management Database		
Agreed Action		Project Leaders and the Clerk of works will be responsible for updating Keystone when works are completed. To automate the an interface between Orchard and Keystone will be to be implemented. A feasibility study will be undertaken a budget will be sought if the project is thought to be viable.		
Status		Overdue	Progress	60%
Head of Service				Hugh Wagstaff
All Notes	This project has been delayed due to IT resource availability. The development work is now due to be completed before end-May 2015 and the testing and implementation completed during July 2015.			20-May-2015
	Process to implement an interface between the Orchard database and Keystone to be implemented as part of the Planned works project. The data extracts have been provided from each system to allow the match between a completed job and a Keystone update – i.e. a Kitchen replacement job will update the keystone data relating to the age of the kitchen. The surveyor responsible for each process area has been responsible for defining the match between Orchard and Keystone in each case. This element of the project is in progress and to be implemented by end April 2015 (allowing for team holidays for testing).			23-Mar-2015

Action Code & Description	IA15/23.002 Recharge training	Some further guidance for tenancy and estate officers may be of use to determine when recharges may be appropriate	Exit Meeting Date	01-Apr-2015
			Due Date	30-Jun-2015
Audit Report Code and Description		IA15/23 Housing Voids		
Agreed Action		Identifying where recharges in a Void apply is included in the existing End of Tenancy Visit procedure and training. The rules for what should be recharged, how they should be noted and signed for by the tenant at the EOT visit is included in this training To apply the recharge the current recharge process is used. This was not reviewed as was out of scope of Project 20 (Voids Project) A meeting will be held with the Tenancy and Estates Manager to confirm what her and her team's		

		responsibilities are for identifying rechargeable items. The guidance note will be reviewed after the meetings if required.				
Status		In Progress	Progress	0%	Head of Service	Hugh Wagstaff
All Notes	Task allocated to team member					28-May-2015

Action Code & Description	IA15/23.003 End of Tenancy forms	All end of Tenancy visit forms must be scanned and archived on Civica	Exit Meeting Date	01-Apr-2015	Due Date	31-Jul-2015
Audit Report Code and Description	IA15/23 Housing Voids					
Agreed Action	<p>. This process element was covered by Project 20 and the team trained to complete this</p> <p>An event is added by the user "Forms scanned to Civica" when this is completed so a check could be completed of when this is done and where this step has been missed</p> <p>The Tenancy and Estates will receive a reminder to adhere to this part of the process. The Tenancy and Estates Manager will be instructed to monitor the scanning of the visit forms on to Civica.</p>					
Status		In Progress	Progress	0%	Head of Service	Hugh Wagstaff
All Notes	Task allocated to team member					28-May-2015

Action Code & Description	IA15/23.006 Post inspection outcomes	Void post inspection outcomes (pass / fail) should be aggregated and reported as a KPI to the Property Services Manager to provide assurances regarding the quality of works undertaken.	Exit Meeting Date	01-Apr-2015	Due Date	30-Jun-2015
Audit Report Code and Description	IA15/23 Housing Voids					
Agreed Action	<p>Post inspections for Voids were included in the training for Project 20 and passes and fails are recorded and reported</p> <p>The training includes the results being recorded on Orchard (as part of the Void, not on the individual job as they are inspecting the Void as a whole) The records of these will be available for reporting when the KPI is defined. A new report would need to be defined and requested from IT.</p>					
Status		In Progress	Progress	0%	Head of Service	Hugh Wagstaff
All Notes	Task allocated					28-May-2015

Action Code & Description	IA15/23.008 Major Works KPI	A Major Works KPI must be introduced to measure the achievement of overall end targets date set (inclusive of all jobs with all contractors)	Exit Meeting Date	01-Apr-2015	Due Date	31-Jul-2015
Audit Report Code and Description	IA15/23 Housing Voids					
Agreed Action	KPI to be defined.					
Status		In Progress	Progress	0%	Head of Service	Hugh Wagstaff
All Notes	Task allocated					28-May-2015

ANNEXE 2

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

Report ref/ recommendation ref	Title	Recommendation	Justification/Reason for change in implementation date	Responsible officer
IA15/10.001	Members Allowances Scheme	The next revision of the Members allowances scheme should be considered in conjunction with the Local Authorities (Members' Allowances) (England) Regulations 2003, as there are areas that should be included in the WBC scheme for example Section 8(2) relating to when a member could be suspended.	The Members' Allowances Scheme is now updated annually to increase allowances by the same level as any annual pay award made to staff. For this reason, the contents of the scheme itself have not been reviewed in 2014/15. In view of this audit recommendation, it is proposed to bring forward a review of the scheme to early in the new electoral term and proposed changes will therefore be considered by the Executive in June and agreed by full Council in July. Proposed Implementation date 01/08/2015	Robin Taylor Head of Democratic Services
IA15/03.001	Housing Keystone Asset Management Database	Ideally a process of automated integration and interface between Orchard and Keystone would provide better data management that would ensure renewal and replacement of property elements within Orchard are captured more systematically by the Keystone Stock Condition Database. Alternatively a single data platform for the	This project has been delayed due to IT resource availability. The development work is now due to be completed before end-May 2015 and the testing and implementation completed during July 2015. Proposed Implementation date	Hugh Wagstaff Head of Housing

Report ref/ recommenda tion ref	Title	Recommendation	Justification/Reason for change in implementation date	Responsible officer
		management of housing repairs and stock condition may provide a more effective and efficient solution to the handling of such data although the costs and risks for such a proposal would need to be fully explored.	01/08/2015	

WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 23 JUNE 2015

Title:

PROGRESS ON THE INTERNAL AUDIT PLANS FOR 2014/15 AND 2015/16

[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 2014/15 and 2015/16 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 2014/15 is shown as attached at Annexe 1.
2. The progress on the commencement of the Internal Audit Plan for 2015/16, including the relevant quarters as agreed by the Head of Services and Service Managers are attached at Annexe 2.

Conclusion

3. The Committee is asked to note that the review of Housing Asbestos review is programmed for starting in quarter 3 (Oct – Dec 2015) as agreed by the March 2015 Audit Committee.

Recommendation

It is recommended that the Committee:

1. notes the progress for the Internal Audit Plan 2014/15 as attached at Annexe 1;
2. notes the progress for the Internal Audit Plan 2015/16 as attached at Annexe 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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Jun-15 AUDIT PLAN AGREED BY 18
MARCH 2014 AUDIT
COMMITTEE

Report No.	AUDIT PLAN AS AT 27/05/2015	2014/15 PRIORITY	Proposed No. of Plan Days	Variations	Revised plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end	Total expected time	Bal	Progress	Details	Last Audited	Quarter to be started	Head of Service & Manager Responsible for Area	Contact Details	Auditor
		RISK BAND	2014/15 (a)	(b)	(c)		(d)	(e)									
	Systems and Services Audit																
	IT SERVICES																
IA15-07	Payment Card Industry Std (PCI)	H	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Assurance on system controls in operation re security and information held.	N/A	QTR 2- TM in contact with RS.	Head of Customer, IT and Office Services - Roger Standing, Linda Frame - IT Development Manager	01483 523221 - 01483 523157	BT
IA15-04	Wireless Network	M	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Assessment of security control in place	N/A	QTR 2 - TM in contact with RS.	Head of Customer, IT and Office Services - Roger Standing, Martin Wilson - Operations Manager	01483 523221 - 01483 523155	BT
IA15-08	Systems Review of Orchard IT Management System	H	15.00	0.00	15.00	15.00	15.00	0.00	15.00	0.00	Final Report on Covalent	Request by Housing Management re connectivity and functionality over all modules of the system.	N/A	QTR 2/3	Head of Housing Operations, Hugh Wagstaff	01483 523363	BT
	Contingency		5.00	-2.00	3.00	0.00	0.00	3.00	3.00	0.00							
	IT Total		30.00	-2.00	28.00	10.00	25.00	3.00	28.00	0.00							
	GENERAL SYSTEM REVIEWS																
	Key Financial Systems																
IA15-26	Payroll	H	7.00	0.00	7.00	0.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Production of payroll by SLA	2013-14	QTR 4*	Head of Finance - Peter Vickers, Karen Booker, Payroll and Employee Services Manager	01483-523539, 01483-523248	BT
IA15-09	Housing Benefit and Council Tax Support	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Embedding in of revised scheme	2013-14	QTR 3	Head of Finance - Peter Vickers, Benefits Manager - Nicky Harvey	01483- 523539 & 01483 5233021	BT
IA15-13	Council Tax	H	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Embedding in of revised scheme	2013-14	QTR 3	Head of Finance - Peter Vickers, Revenues Manager - Simon Piper	01483- 523539 & 01483 523104	BT
IA15-19	Asset Register	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	New accounting principles for leases to come into force in 2015.	2012-13	QTR 3	Head of Finance - Peter Vickers Senior Accountant - Vicki Basley, Estates and Valuation Manager - Ailsa Woodruff.	01483- 523539, & 01483 523459.	BT
IA15-24	Reconciliations of all Key Financial systems incl. Debtors Creditors, General Ledger, HB, Ctax etc)	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Reconciliations of key financial systems	2013-14	QTR 4	Head of Finance - Peter Vickers	01483- 523539	BT
IA15-11	NNDR	H	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Mandatory and Discretionary relief, Insolvency status appropriately claimed.	2013-14	QTR 3	Head of Finance - Peter Vickers, Revenues Manager - Simon Piper	01483- 523539 & 01483 523104	BT
IA15-17	Cash Income System	H	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	New Project running form Apr-Aug 2014 upgrade CIVICA and Adelante	2012-13	QTR 4	Head of Finance - Peter Vickers Senior Accountant Vicki Basley & L Heath	01483- 523539 & 01483 523250	BT
IA15-14	Payments	H		10.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report Stage	Provide assurance that controls are in place for any payments made by the council.	Request	QTR 3	Head of Finance - Peter Vickers	01483-523539	BT
	Sub total for Key Financial Systems		56.00	10.00	66.00	59.00	66.00	0.00	66.00	0.00							
IA15-23	Housing tenancy void management and terminations	H	10.00	0.00	10.00	0.00	10.00		10.00	0.00	Final Report on Covalent	Review of revised processes introduced in 2013-14	Pre 2008	QTR 4 Feb 2015	Head of Housing Operations Hugh Wagstaff	01483 523363	BT
Request to Defer until	Asbestos in Waverley Properties	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00	Defer 3rd QTR 2015/16	Review of revised processes introduced in 2013-14	2011-12	QTR 4	Head of Housing Operations Hugh Wagstaff	01483 523363	BT
Risk Reg	Legionella, Electrical, Fire checks etc re Waverley Property	H	10.00	0.00	10.00	0.00	10.00	0.00	10.00	0.00	Awaiting Draft Report	Review of revised processes introduced in 2013-14	2011-12	QTR 4	Head of Housing Operations Hugh Wagstaff	01483 523363	BT
IA15-03	Housing property database (Keystone)	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Assurance on the accuracy and reliability of the Keystone System.	Pre 2008	QTR 1/2	Head of Housing Operations Hugh Wagstaff	01483 523363	BT
IA15-12	Gas Maintenance in Waverley Properties	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Review of revised processes introduced in 2013-14	2011/12	QTR 2	Head of Housing Operations Hugh Wagstaff	01483 523363	BT

Jun-15 AUDIT PLAN AGREED BY 18
MARCH 2014 AUDIT
COMMITTEE

Report No.	AUDIT PLAN AS AT 27/05/2015	2014/15 PRIORITY	Proposed No. of Plan Days	Variations	Revised plan (a) + (b)	B/F from Previous Month	Actual Total to date	Days Planned to end	Total expected time	Bal	Progress	Details	Last Audited	Quarter to be started	Head of Service & Manager Responsible for Area	Contact Details	Auditor
IA15-04	Rent Deposit Scheme	H	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Document process, provide assurance that Rent deposits are recovered where possible.	Fees reviewed previously	QTR 2	Head of Housing Strategy - Jane Abrahams, Head of Finance - Peter Vickers	01483- 523096, 01483 523539	BT
IA15-02	Planning - Procurement of specialist professional services (Agricultural appraisals, Counsel etc)	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Provide assurance that the procurement of specialist professional services are in accordance with CPR's with the appropriate approvals obtained.	New	QTR 1	Head of Planning - Matthew Evans	01483- 523298	BT
IA15-18	Health & Safety	H	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Assurance that H & S inspections completed by the Environmental Health Team are completed in accordance with Policies and Procedures and controls are in place.	Pre 2008	QTR 3	Head of Environment - Rob Anderton	01483 523411	BT
IA15-21	Safeguarding	H	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Assurance that clear responsibilities, policies, procedures and training are in place.	2011-12	QTR 3	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT
IA15-16	Car Parking	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Assurance on the collection of fees through to the recovery of fines and write offs.	2012-13	QTR 3 15/12/2014	Head of Environment - Rob Anderton	01483 523411	BT
IA15-22	Refuse Collection	M	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Post review of Green Waste collection	2011-12	QTR 3/4	Head of Environment - Rob Anderton	01483 523411	BT
IA15-20	Environmental Protection Team	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Reviewing the way in which the Environmental Protection team and the Planning Team work together on planning consultations.	Pre 2008	QTR 3	Head of Environment - Rob Anderton & Deputy Environmental Health Manager Colin Giddings	01483 523411 - 01483 523435	BT
IA15-01	Fuel Cards (WBC Owned Vehicles, Pool cars and Countryside)	M	5.00	0.00	5.00	5.00	5.00	0.00	5.00	0.00	Final Report on Covalent	Assurance that Fuel cards are being appropriately used by those staff they were issued to.	New	QTR 1	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT
IA15-25	Sport Centre Refurbishment (Herons)	H	10.00	0.00	10.00	0.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Assurance that project controls are in operation and being complied with.	New Project	QTR 4	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT
IA15-27	Document Scanning service	M		7.00	7.00	0.00	7.00	0.00	7.00	0.00	Final Report Stage	Assurance re compliant with Info Security, certification of copy of original - time and motion re utilisation of resources.	2010	QTR 3	Roger Standing Head of Customer, IT and Officer Services	01483 523221	BT
IA15-06	Waverley Training Services	H	10.00	0.00	10.00	10.00	10.00	0.00	10.00	0.00	Final Report on Covalent	Growth and expansion of service.	2012-13	QTR 2	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT
IA15-15	WTS contractor funding issue (Advisory)			3.00	3.00	3.00	3.00	0.00	3.00	0.00	Final Report Stage	SFA Funding Issue re PTS		QTR3	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT
	Governance and Risk Reviews																
IA15-10	Member Allowances	H	7.00	0.00	7.00	7.00	7.00	0.00	7.00	0.00	Final Report on Covalent	Assurance that system in operation is compliant with documented and agreed scheme	2009-10	QTR 3	Head Of Policy and Governance - Robin Taylor	01483 523222	BT
	In Progress																
	Completed																
	New review utilising contingency days																
	Management Contract Liaison Meetings		5.00	0.00	5.00	4.00	4.00	1.00	5.00	0.00							BT & GB
	Contingency		18.00	-18.00	0.00	0.00	0.00	0.00	0.00	0.00							
	Sub Total for Operational Reviews (Inc Cont)		164.00	-8.00	156.00	108.00	145.00	11.00	156.00	0.00							
	Subtotal Financial Systems Reviews		56.00	10.00	66.00	59.00	66.00	0.00	66.00	0.00							
	Subtotal of IT Reviews		30.00	-2.00	28.00	10.00	25.00	3.00	28.00	0.00							
	Total Contractor Plan Review Days		250.00	0.00	250.00	177.00	236.00	14.00	250.00	0.00							

Jun-15 AUDIT PLAN AGREED BY
AUDIT COMMITTEE ON 23
MARCH 2015

Report No.	AUDIT PLAN AS AT 28/05/2015	2015/16 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 '15	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Last Audited	Quarter to be started	Head of Service & Manager Responsible for Area	Contact Details	Auditor	
	Systems and Services Audit	RISK BAND	2015/16	(b)	(c)		(d)	(e)										
	IT SERVICES																	
AS	Mobile Devices and Remote/Home Working security	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Roll out and increased use of devices	N/A	Q2	Head of Customer, and Corporate Service - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157	BT	
HOS	IT Helpdesk functionality	M	5.00	0.00	5.00	0.00	0.00	5.00	5.00	0.00		Reliance on service.	N/A	Q3/4	Head of Customer and Corporate Service - David Allum, Head of Customer, Martin Wilson - Operations Manager	01483 523221 - 01483 523155	BT	
CMT	Sharepoint	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Technical Audit - Knowledge of Sharepoint - Resilience re volume of files, structure, hierarchy and permissions documented as to who can see what etc	N/A	Q3 Oct/ Nov	Head of Customer, and Corporate Service - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157	BT	
	Contingency		10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00								
	IT Total		35.00	0.00	35.00	0.00	0.00	35.00	35.00	0.00								
	GENERAL SYSTEM REVIEWS																	
	Key Financial Systems																	
AS	Treasury Management	H	7.00	0.00	7.00	0.00	0.00	7.00	7.00	0.00		Change in personnel and high value/risk.	2013-14	Q2	Head of Finance - Peter Vickers	01483-523539	BT	
AS	Sundry Debtors	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Review on the effectiveness of debts recovery.	2013-14	Q1	Head of Finance - Peter Vickers	01483-523539	BT	
AS	Itrent (Leave recording and calculations methodolgy)	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00	APS	Assurance on the accuracy of output.	Pre 2012	Q1 June	Head of Finance - Peter Vickers	01483 523539	BT	
AS	Council Tax Support	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assurance on the system in place	2012-13	Q2	Head of Finance - Peter Vickers	01483-523539.	BT	
AS	Rents (new payment methods and self service)	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assessment and assurance on new arrangements	2013-14	Q2	Head of Housing Operations - Hugh Wagstaff	01483-523363	BT	
HOS	Car Parking (Phone Payments)	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00	In Progress	New Project re 'Cade' Pay by phone system re Web Office/ Online Challenge	New	Q1	Head of Environment - Rob Anderton	01483 523411	BT	
CMT	Sundry Creditors	H	7.00	0.00	7.00	0.00	0.00	7.00	7.00	0.00		Review of the effectiveness of the systems in operation	2014-15	Q1	Head of Finance - Peter Vickers	01483-523539.	BT	
	Sub total for Key Financial Systems		64.00	0.00	64.00	0.00	0.00	64.00	64.00	0.00								
Deferred from 2014-15	Housing Asbestos Review	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assurance on process in place to identify, react and resolve issues in a timely manner.	C/F 2013-14	Q3	Head of Housing Operations Hugh Wagstaff	01483 523363	BT	
HOST	Gas Servicing Contract re Central Heating contractors service performance in accordance with contract terms.	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assurance on the contract performance measures in place.	2014-15	Q4	Head of Housing Operations Hugh Wagstaff	01483 523363	BT	

Jun-15 AUDIT PLAN AGREED BY
AUDIT COMMITTEE ON 23
MARCH 2015

Report No.	AUDIT PLAN AS AT 28/05/2015	2015/16 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 '15	Total expected time ((d)+(e) to match (c))	Balance	Progress	Details	Last Audited	Quarter to be started	Head of Service & Manager Responsible for Area	Contact Details	Auditor	
HOST	Kitchen & Bathroom (Basket Rates) Review	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assessment and assurance on new arrangements	2013-14	Q1	Head of Housing Operations Hugh Wagstaff	01483 523363	BT	
HOST	Fire & Legionnaires Risk Assessments at Sheltered Housing Units	H	5.00	0.00	5.00	0.00	0.00	5.00	5.00	0.00		Follow up from 2014/15 review	2011/12	Q4	Head of Housing Operations Hugh Wagstaff	01483 523363	BT	
AS	New Homes Build	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Increased activity and value high	2011-12	Q3	Head of Strategic Housing Jane Abraham	01483 323096	BT	
AS	Disability facilities Grants (Private Sector House)	M	5.00	0.00	5.00	0.00	0.00	5.00	5.00	0.00		Assurance over controls re awarding of grants	2012-13	Q2	Head of Strategic Housing Jane Abraham	01483 323096	BT	
AS	Waste Collection Management Contract	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00	In Progress	Major contract - assurance on contract management function and Performance Management	2012-13	Q1	Head of Environment - Rob Anderton	01483 523411	BT	
HOS	Pest Control - SDK	H	7.00	0.00	7.00	0.00	0.00	7.00	7.00	0.00		Assurance on the process re handling of income and invoicing.	New	Q4	Head of Environment - Rob Anderton	01483 523411	BT	
AS	Grounds Maintenance contract	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Contract management and performance management of contractor.	2012-13	Q3	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT	
AS	Grants to other organisations	H	5.00	0.00	5.00	0.00	0.00	5.00	5.00	0.00		Assurance on the controls in place and justification re verification on the use of grants.		Q3	Kelvin Mills Head of Community Service and Major Projects	01483 523432	BT	
AS	Official Orders - Sharepoint system	M	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assurance on the accuracy of generation of official orders.	New	Q3	Head of Finance - Peter Vickers & IT Services	01483-523539	BT	
	Governance and Risk Reviews																	
AS	Information Governance security	H	15.00	0.00	15.00	0.00	0.00	15.00	15.00	0.00		Information Governance Security group Action Plan		Q4	Corporate - Dan Bainbridge Borough Solicitor	01483 523235	BT	
CMT	Intend - Procurement Portal	H	10.00	0.00	10.00	0.00	0.00	10.00	10.00	0.00		Assurance on the implementation to meet transparency code		Q3	Head of Finance - Peter Vickers	01483-523539.	BT	
	Management Contract Liaison Meetings		5.00	0.00	5.00	0.00	0.00	5.00	5.00	0.00								
	Contingency		9.00	0.00	9.00	0.00	0.00	9.00	9.00	0.00		Plus IT contingency of 10 days						
	Sub Total for Operational Reviews (Inc Cont)		131.00	0.00	131.00	0.00	0.00	131.00	131.00	0.00								
	Subtotal Financial Systems Reviews		64.00	0.00	64.00	0.00	0.00	64.00	64.00	0.00								
	Subtotal of IT Reviews		35.00	0.00	35.00	0.00	0.00	35.00	35.00	0.00								
	Total Contractor Plan Review Days		230.00	0.00	230.00	0.00	0.00	230.00	230.00	0.00								
	Total Part 1 of Plan		230.00	0.00	230.00	0.00	0.00	230.00	230.00	0.00								

WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 23 JUNE 2015

Title:

INTERNAL AUDIT ANNUAL REPORT 2014/15 ACTIVITY

[Wards Affected: All]

Summary and purpose:

The Accounts and Audit Regulations require local authorities to maintain an adequate and effective internal audit of their accounting records and control systems. This report is a summary of the work carried out by Internal Audit during the financial year 2014-15 and provides an assurance opinion to support the Annual Governance statement.

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 efficiently provides an 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.

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.

Introduction

1. The annual review of the system of internal audit is required under the Accounts and Audit Regulations, to maintain an adequate and effective internal audit of their accounting records and control systems. This report provides the Council with assurance on the adequacy of those controls.
2. Attached in Annexe 1 is the Internal Audit Annual Report covering the activity for 2014-15, complete with performance measures and other Fraud and Corporate Governance related issues carried out in the last year financial year.

Conclusion

3. The report presents to the Audit Committee a comprehensive overview of the control environment status in Waverley Borough Council. Nevertheless, further improvements are required to enhance the performance measures and turnaround time outputs.

Recommendation

It is recommended that the Audit Committee notes the progress and the activity completed by the Internal Audit Service for 2014-15, and notes the outcomes being achieved by investigating housing issues and working collaboratively between services and other organisations.

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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Internal Audit Client Manager

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ANNEXE 1



Internal Audit Annual Report Year ended 31 March 2015

Presented at the Audit Committee meeting of: 23rd June 2015

Gail Beaton
Internal Audit Client Manager

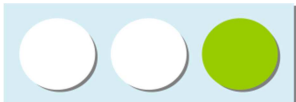





INTERNAL AUDIT OPINION

Context

As the Internal Audit Client Manager I am required to provide the Section 151 Officer and the Audit Committee an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving my opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

As the Internal Audit Client Manager I rely largely on the audit opinions that Baker Tilly Risk Advisory Services LLP (Baker Tilly), our Internal Audit Contractor provided to the organisation during the year as part of the framework of assurances that assist the Council to prepare an informed annual governance statement.

Internal Audit Opinion 2014/2015

<p>I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of Waverley Borough Councils arrangements.</p> <p>For the 12 months ended 31 March 2015, based on the work undertaken, the opinion regarding the adequacy and effectiveness of Waverley Borough Councils arrangements for governance, risk management and control is as follows:</p>				
	Red	Amber	Green	Direction of travel
<p>Governance</p> <p>Based on the arrangements in place to manage the governance framework.</p>				
<p>Risk Management</p> <p>The revision of the Risk Management process presented to the Audit Committee March 2015 provides reasonable assurance opinion.</p>				
<p>Control</p> <p>Work completed identified adequate/strong control framework and applications of controls across the range of financial areas reviewed.</p>				

Note: The direction of travel arrow indicates whether the change in opinion related to the previous year is upward (improving), downward (adverse) or static.

The Basis of the Opinion

Governance

The governance arrangements continued to reinforce the control environment which provides an overall 'Green' assurance opinion.

Risk Management

The Council has a good approach to risk management, which is co-ordinated by the Director of Finance and Resources, through the Risk and Insurance Officer, who ensures that Heads of Services are reviewing and updating their risk registers frequently and as a minimum on a quarterly basis in relation to their Annual Service Plan. Risk management is integrated into governance arrangements and clearly informs the annual statement of governance.

Control

Reviews of eight specific key financial areas were completed in 2014/15 and I am satisfied that controls in these areas were operating effectively. Two reports resulted in a '**Green**' substantial assurance opinion, with five receiving an '**Amber Green**' and one receiving an '**Amber Red**' opinion.

Acceptance of Recommendations

All of the recommendations made during the year 2014/15 were accepted by management.

Comparison of Internal Audit Opinions (Assurance assignments) in 2014/2015 compared with 2013/2014.

<i>Year</i>	<i>Red</i>	<i>Amber Red</i>	<i>Amber Green</i>	<i>Green</i>
2013/14	2	3	11	9
2014/15	1	7	11	6

Comparison of Internal Audit recommendations made 2014/2015 compared with 2013/2014, highlights areas of concern have been raised and addressed by management.

Year	High	Medium	Low
2013/14	20	42	44
2014/15	7	66	29

Progress made with previous internal audit recommendations

Follow up of the recommendations made in 2013/2014, including those that were outstanding from previous years, showed that the organisation had made excellent progress in implementing the agreed recommendations, as summarised below:

Recommendation Priority	Number made in 2013/2014	Of which:	
		Addressed	Not implemented or still in progress
High	20	18	2* relates to Asset Management Strategy for approval at Committee on 07/07/2015
Medium	42	42	0
Low	44	44	0
Totals	106	104	2

Fraud Prevention, Detection and Investigation

During the year the following work was completed to investigate areas raised of possible frauds. This report includes not only the work completed by Internal Audit as a result of cases raised through the corporate ReportIT online facility but also those raised directly to the Internal Audit Service, via email or telephone etc. The overview includes an analysis of the work carried out by the Housing Benefits Investigation Team. Detailed below is the progress being made in other Housing Tenancy Fraud investigations, where work on this issue has been accelerated due to the opportunity being provided by the Department of Communities and Local Government through funding until the end of 2015/16, to encourage partnership working to address non housing benefit fraud. Waverley Borough Council has joined Surrey County Council and 6 other local authorities to form the Surrey Counter Fraud Partnership. The funding obtained has enabled Waverley to appoint a Fraud Investigator on a temporary basis to initially focus on housing tenancy fraud.

Activity Report (ReportIT & other referrals methods)

Year	2012/13	2013/14	2014/15	2015/16 @27/05/15
No of cases reported	10	5	26	13
Closed	9	5	14	4
Results from those closed	WB13-05 property retained and re-let	WB14-02 Property retained and re-let	WB15-06 Property retained and re-let	WB16-03 Application for 3 bed stopped. WB15-05 Single Person Discount ceased WB16-14 Application for tenancy stopped.
Still being investigated	1	0	12	9
TOTAL	10	5	26	13

Provided below is the Housing Benefit Investigation Team Activity for 2014/15

Total Referrals in year	Total Rejected	Investigations				Outcomes		
		Opened	Closed No Fraud	Closed Claimant Error	Closed Fraud Proven	Prosecutions	Administrative Penalties	Cautions
202	104	98	82	2	23	9	1	13

Overpayments & Income Summary

Total overpayments Identified	Claimant error	Adpens Created	Court Costs Awarded	Subsidy @ 40% on Fraud Overpayments	Total Overpayments from Sanctions
£226,801.75	£8,089.89	£650.00	£4,713.00	£90,720.70	£332,959.40

Reliance Placed Upon Work of Other Assurance Providers

In forming my opinion I have placed reliance on other assurance providers. The Annual Audit Letter from the External Auditors (the last one received from the Audit Commission) states "I issue an unqualified opinion on the Authority's

2014/15 financial statements included in the Authority's Statement of Accounts; concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources".

SERVICE PERFORMANCE

Wider value-adding delivery

As part of our contractor's client service commitment, during 2014/15 they have:

- issued 11 news bulletins to their local authority clients;
- provided a seminar for the East Surrey Internal Audit Consortium in October 2014 which focused on risks around:
 - Procurement
 - Contract Management
 - Social Value
- Providing benchmarking within their reports on the number and category of recommendations and assurance opinions across other organisations where appropriate;
- Made suggestions throughout their audit reports based on their knowledge and experience in the local government sector to provide areas for consideration;
- Used specialist to undertake a review of your policies and procedures from a fraud perspective
- Provided regular contact and ad-hoc telephone calls and responded to queries from senior staff throughout the year.

Conformity with Internal Audit Standards

Our Contractor Baker Tilly affirms that their internal audit service to Waverley Borough Council is designed to conform with the Public Sector Auditing Standards (PSAS) which came in to effect from 1 April 2013.

Under the standards, internal audit services are required to have an external quality and review at least once every five years. During 2011 our contractors Risk Advisory service commissioned an external independent review of their internal audit services to provide assurance that their approach meets the requirements set out in the International Professional Practices Framework (IPPF) published by the IIA. The PSIAS are based upon IPPF, and therefore we are confident that the results of this review apply to our continuing services in the sector.

The external review concluded that *"the design and implementation of systems for the delivery of internal audit provides **substantial assurance** that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner"*.

Conflicts of Interest

The contractors have not undertaken any work or activity during 2014/2015 that would lead them to declare any conflict of interests.

Performance Indicators





The service performance during 2014/2015 is summarised below across a range of performance indicators. (C) Denotes that this is contractor related and (WBC) denotes Waverley related.

Delivery					Quality			
Calendar Days	Target	Actual Year 2014/15	Prev Year 2013/14	Prev Year 2012/13	Target	Actual	Notes (ref)	
Average no. of days between Contractor exit meeting and the issue of Draft Report (C)	28	22	24	25	Compliance with CIPFA Code of Practice for Internal Auditing	Yes	Yes	
Average no. of days between the Contractor providing the report to WBC and WBC receiving the file.(C)	5	9	6	8	Extent to which External Audit place reliance on our work	Yes		Unknown
Average number of days between the IACM Exit meeting & obtaining management comments and the issuing of Final Report (WBC)	28	34	32	27				
Average number of days for Heads of Service to return report after signing. (WBC)	5	11	23	5				
Completion of audit plan work by 31 st March (C)	100%	93%	92%	89%				

**APPENDIX A: INTERNAL AUDIT OPINIONS AND RECOMMENDATIONS
2014/2015**

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Payment Card Industry Std (PCI)	Assurance		1	6	2
Wireless Network	Assurance		0	0	2
Systems Review of Orchard IT Management System	Assurance		0	3	1
Housing tenancy void management and terminations	Assurance on systems in operation		0	7	1
Legionella, electrical, fire checks etc in Waverley Properties	Assurance on systems in operation				
Housing property database (Keystone)	Systems review re usage of contractor		0	4	2
Gas Maintenance in Waverley Properties	Review of new Allocations Policy introduced in 2012		1	2	1
Rent Deposit Scheme	Assurance on the system in operation		0	0	2
Planning Procurement of specialist professional services (Agricultural appraisals, Counsel etc)	Assurance on the system in operation		0	5	0
Health & Safety	Assurance		0	1	0

Safeguarding	Review of system in operation		1	4	1
Car Parking	Housing Responsive Repairs and voids improvements opportunities		1	2	1
Refuse Collection	Assurance		0	2	0
Environmental Protection Team	Assurance		0	3	4
Fuel Cards (WBC Owned Vehicles, Pool cars and Countryside)	Review of systems in operation		1	2	2
Sport Centre Refurbishment (Herons)	Assurance		0	0	0
Document Scanning service	Assurance		2	5	0
Waverley Training Services	Assurance		0	2	0
WTS contractor funding issue (Advisory)	Advisory	Advisory			
Member Allowances	Assurance		0	0	1
Core Assurance					
Payroll	Key Financial System		0	4	2
Housing Benefits and Council Tax Support	Key Financial System		0	0	0
Council Tax	Key Financial System		0	1	0
Asset (Lease) Register	Key Financial System		0	3	1

Reconciliations of all Key Financial Systems	Key Financial System		0	1	0
NNDR	Key Financial System		0	2	1
Cash Income System	Key Financial System		0	2	0
Payments	Key Financial System		0	5	5
Total			7	66	29

The following levels of opinion classification are used within our internal audit reports:

Red	Amber / Red	Amber / Green	Green
<p>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.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>

ANNUAL GOVERNANCE STATEMENT 2014/15

1. SCOPE OF RESPONSIBILITY

Waverley is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively.

In discharging this overall responsibility, Waverley must put in place proper arrangements for governing its affairs to help it exercise its functions, which include arrangements for managing risk. Waverley's Code of Corporate Governance accords with the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". This Annual Governance Statement has been prepared in accordance with the proper practices as defined in the Code. A copy of the Code is available on the Council's website.

The purpose of this Annual Governance Statement (AGS) is to explain how Waverley has complied with the principles of the Code. It also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement. Where there is scope to improve current arrangements when compared with the Code, the actions have been identified and are contained in the action plan at the end of this Statement.

The Annual Governance Statement underpins Waverley's Corporate Plan and other key corporate strategies, including the Medium Term Financial Strategy, the workforce plan, equalities and diversities action plan and the Council's environmental policies.

The evidence for this Statement is drawn from Council, Executive, Corporate Management Team and Heads of Service Team work. The work of internal and external audit is also taken into account. The system of internal control also covers the Council's group activities.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The "governance framework" comprises the systems, processes and controls, and the culture and values by which Waverley is directed and controlled and its activities through which it accounts to, engages with, and leads, the community. It enables Waverley to monitor how it achieves its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It has a key role in maintaining public confidence that Waverley is following high standards of governance.

The system of internal control is a significant part of that framework and is designed to manage, but not eliminate, risk of failure to achieve policies, aims and objectives and it provides reasonable assurance of its effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to achieving Waverley's policies, aims and objectives.

The purpose of the governance framework is to allow Waverley to:

- Focus on the outcomes for the area and its community
- Engage with local people and other stakeholders to ensure robust public accountability
- Foster an approach that sees Members and Officers working together to achieve a common purpose with clearly defined roles and responsibilities
- Promote values and behaviours for the Council that will demonstrate how it will uphold good governance and high standards of conduct
- Take informed and transparent decisions which manage risk and opportunity and are subject to effective scrutiny
- Develop the capacity and capability of its Members and Officers to be effective and innovative

The governance framework has been in place at Waverley for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance framework are described below. Further details in relation to each element can be viewed through the Council's website <http://www.waverley.gov.uk>.

a) Corporate Plan 2012 to 2015 – The Council adopted its current Corporate Plan 2012 – 2015 in February 2012. It set the direction of the Council until the Borough Elections in 2015. The plan is available on Waverley's website at www.waverley.gov.uk/corporateplan.

Waverley's Core priorities were set out in that plan, under the overall heading of '**VALUE**':

Value for money

The Council is committed to providing customer focused services at the best value for money. The Council will ensure that sound financial management is at the core of everything it does.

Affordable housing

Waverley will work hard to provide more affordable housing in the Borough for people in housing need. The Council aims to be an excellent landlord, managing its own housing stock well and improving the fabric and condition of its properties.

Leisure and lives

The Council will continue to support opportunities for all to take part in sport, recreation and other leisure activities to promote health and well-being for all.

Understanding our residents' needs

It is important to the Council that it understands its residents and that it focuses on providing the services they want, by consulting with them and ensuring its services are designed to meet people's needs across the Borough.

The Council will be active in consulting and working with residents, service users and local businesses.

Environment

Waverley will continue to do everything within its powers to protect and enhance the area's unique mix of rural and urban communities throughout its towns, villages and hamlets. It will set an example in protecting the environment through its promotion of recycling and environmental sustainability.

Each of the Corporate Plan priorities has a number of measurable outcomes and targets. Each year, every Head of Service prepares, in conjunction with their Portfolio Holders, a Service Plan to deliver the Corporate Plan objectives and other service priorities. The draft 2015/16 Service Plans were presented to a joint meeting of the Overview and Scrutiny Committees in January 2015 and comments put forward before being agreed by the Executive in February 2015.

The Council has made significant progress in delivering all five corporate objectives of its 2012-2015 plan and many actions have been delivered in their entirety. The current Corporate Plan is now nearing the end of its tenure and will be reviewed and refreshed in 2015.

b) Council Constitution - The Council Constitution was updated in February 2014, and is available on Waverley's website, sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Each agenda for a Council or business meeting contains an item requiring members at the outset of the meeting to declare any relevant interests. The agendas and minutes of all the public meetings of the Council and its Committees are available on Waverley's website. Waverley webcasts the majority of public meetings live via its website and makes available archive webcast recordings following the meetings.

c) Council Structure - The Council operates under a 'Strong Leader' model, with members of the Executive responsible for individual Portfolios. At the full Council meeting held in May 2014 the following Executive portfolios and responsibilities were agreed for the 2014/15 year:

- Leader of the Council – Corporate Strategy including Democratic Services, Representing Waverley, Wider Issues
- Finance, Property and Capital Resources, Housing Delivery
- Environment, Car Parks and Community Safety
- Planning
- IT and Customer Services,
- Leisure and Culture, Communications and Partnerships
- Major Projects and Economic Development
- Housing – Operational

The Executive can only make decisions which are in line with the Council's overall Policy and Budget Framework. If it wishes to make a decision which is contrary to the Policy and Budget Framework, it must be referred to the full Council to decide. The Executive collectively make recommendations to the Council about the policy framework and take decisions that ensure services are provided within the framework. For most "key" decisions made by the Executive, the Council is required to publish in advance information about:

- (a) The matter to be decided;
- (b) Who will be making the decision, and
- (c) The date or timescale for the decision and the place where the decision will be made.

Most day to day service decisions are taken by Council Officers, and these powers are set out within Waverley's Scheme of Delegation which forms part of the Council's constitution. The Council appoints committees with power to carry out non-executive and other functions (e.g. planning and licensing where there is a statutory requirement for the Council to maintain committees). Non-executive functions are those which the Executive does not have the power to carry out.

d) Policy Development & Scrutiny- Waverley operates two Overview and Scrutiny (O&S) Committees:

- Corporate Overview & Scrutiny Committee – remit includes Finances, Corporate Services and Housing.
- Community Overview & Scrutiny Committee – remit includes Community matters, Environment, Planning and Community Safety.

These Committees, and their respective Sub-Committees, hold the Executive to account for its decisions, provide an opportunity for a methodical review of performance and the effectiveness of policies and have a key role in the policy development process.

e) Standards /Panel - The Localism Act 2011 gave Councils an explicit duty to promote and maintain high standards of Member conduct and the statutory model Code of Conduct was abolished. In July 2012 the Council adopted a new Code of Conduct and local arrangements for dealing with complaints about councillors which were substantially simpler and clearer, and both came into effect from July 2012.

The roles and responsibilities of the Panel include:

- (a) Promoting and maintaining high standards of conduct by councillors and co-opted members;
- (b) Assisting councillors and co-opted members to observe the Members' Code of Conduct;
- (c) Monitoring the operation of the Members' Code of Conduct; and

- (d) Where the Monitoring Officer has decided a hearing is necessary, to hear complaints received concerning the conduct of Waverley Borough and Town and Parish councillors, and the determination as appropriate.

The Panel meets on an ad hoc basis and also operates more as a pool from which to draw councillors should a councillor complaint need to be progressed. It met during the year to adopt an Independent Person Protocol and received a report on investigations over the previous 18 months. The Council also appointed two Independent Persons whose views must be sought by the Council before it takes a decision on an allegation which it has decided shall be investigated, or at any other stage. The Member against which an allegation has been made can also consult them.

The Monitoring Officer has arranged briefing sessions for all councillors on the updated code and arrangements. He also arranged a series of briefings for staff on working successfully with councillors that covered the staff code of conduct and the Member-Officer protocol. These were attended by over 100 members of staff and will be repeated every year during induction.

The Council has agreed that the Code of Conduct be reviewed again after the next Borough Elections in May 2015.

f) Audit Committee - The Audit Committee is made up of seven Councillors. The Council has delegated to this Committee responsibilities including:

- To consider 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
- To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour
- To consider the Council's compliance with its own and other published regulations, standards and controls
- To monitor Council policies in "Whistleblowing" and the anti-fraud and anti-corruption, Bribery strategy and the Council's complaints-handling process
- To monitor the effective development and operation of internal control in the Council with particular reference to risk management
- To approve the Council's Annual Governance Statement
- To consider any reports published by bodies, other than the external auditor, charged with inspecting the Council's performance or arrangements for corporate governance
- To review any issue referred to it by Head of Paid Service or a director or any Council body
- To request a report from any Head of Service relating to an outstanding internal audit recommendation issue
- To consider whether appropriate accounting policies have been followed in the preparation of the annual statement of accounts

- To consider all communications from the external auditor to the Audit Committee
- To consider and, if thought fit, approve the annual statement of accounts
- To consider the Annual Review of the system of Internal Audit
- To consider the Internal Audit Client Managers Annual Report
- To approve the Annual Internal Audit Service Plan
- 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
- To consider internal audit reports detailing recommendations not implemented within the specified timescale
- To consider proposed internal audit activity and the range of service areas to be covered and the level of assurance this can give concerning the effectiveness of the Council's corporate governance arrangements
- To commission work from the Internal Audit Service
- To consider reports dealing with the management and performance of the providers of internal audit services
- To comments of 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

On 10 December 2013, the Council agreed a new senior management structure including, *inter alia*, the deletion of the post of Chief Executive; the re-designation of the post of Deputy Chief Executive as Executive Director; and the establishment of a new post of Director of Finance and Resources. These changes became effective from 1 January 2014.

g) Head of Paid Service - The Executive Director is the designated Head of Paid Service with overall corporate management and operational responsibility (including overall management responsibility for and authority over all officers). Duties include the provision of professional advice to all parties in the decision making process and, together with the Monitoring Officer, responsibility for the system of record keeping for all Council's decisions.

h) Monitoring and Returning Officer – is designated as Waverley's Monitoring Officer with the responsibility for ensuring that the Council's decision-making processes meet the requirements of the law and comply with principles of good governance and Waverley's Codes of Conduct for Officers and Members.

i) Chief Finance Officer - The Director of Finance and Resources replaced the Deputy Chief Executive and is designated as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

In March 2010 CIPFA issued a Statement on the role of the Chief Finance Officer in Local Government. This required the Chief Finance Officer (S 151 Officer) to:

- 1) be a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- 2) be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- 3) Lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer must:

- a) lead and direct a finance function that is resourced to be fit for purpose; and
- b) Be professionally qualified and suitably experienced.

Waverley's financial management arrangements conform to the governance requirements of the CIPFA/SOLACE Statement.

The S151 Officer has responsibility for establishing sound financial management within the Council and ensuring adherence to the Council's own financial standards and rules including the Financial Regulations (January 2012) and Contract Procedure Rules (January 2012). The Council has put in place a Medium Term Financial Strategy to support the aims of the Corporate Plan and a system of regular reporting of its financial position and performance during the year.

j) Code of Corporate Governance – The Council has adopted a Code of Corporate Governance which sets out Waverley's definition of corporate governance, the Values it stands for and the Key Principles of Corporate Governance that it has adopted.

k) Anti-Fraud, Corruption and Bribery Arrangements - The Council has an Anti-Fraud, Corruption and Bribery Policy that demonstrates its commitment to tackling fraud and corruption whether within or external to the Council. The Audit Committee champions Anti-fraud and Corruption and a yearly a report on the effectiveness of the counter fraud and anti-corruption framework and activities in the period and plans for future activities is included in the Internal Audit Annual Report.

These have been informed by recommendations and advice from Fighting Fraud Locally publications, from the National Fraud Authority, the Audit Commission's Protecting the Public Purse and our External Auditors.

The National Fraud Authority was closed with effect from 31 March 2014 and its role has been distributed to various bodies, including the new National Crime Agency, City of London Police, Home Office and Cabinet Office.

It details:

- The key principles of the policy

- The roles and responsibilities of Members and Officers
- Investigation procedures to be followed in a suspected case of fraud

The Council's Whistleblowing Policy is a component of the Anti-Fraud, Corruption and Bribery Policy. Fraud policies are in place and are reviewed every two years for example, Housing Tenancy Fraud and Prosecutions.

Waverley was provided an opportunity to accelerate the work being completed in relation to Housing Tenancy Fraud. This has been achieved through external funding from the Department of Communities and Local Government until the end of 2015/16. The funding is initially being utilised to appoint an experienced housing tenancy fraud investigator and training whilst encouraging partnership working to address any non housing benefit fraud. Waverley Borough Council has therefore joined forces with Surrey County Council and 6 other local authorities to form the Surrey Counter Fraud Partnership.

l) Corporate Complaints System - The Council has a Corporate Complaints Procedure which describes how complaints can be made and how the Council will deal with them. Waverley has adopted a three stage approach to ensure that if the complainant is dissatisfied with the initial response they can have the complaint investigation reviewed again:

- Stage 1 – Complaints dealt with by the contact officer
- Stage 2 – Complaints dealt with by the Head of Service
- Stage 3 – Complaints dealt with by the Executive Director

If the complainant is still dissatisfied they can request that their complaint is examined by the Local Government Ombudsman. Since April 2013 Housing complainants who have exhausted Waverley's procedure and remain dissatisfied with the response are able to raise their complaint with the Housing Ombudsman.

m) Customer and Stakeholder Engagement - The Council has an established strategy to engage with citizens and the Community. Examples of this include:

- **Waverley's Citizens Panel** – A representative panel of Waverley residents who have signed up to give their views and feedback on a regular basis. The Council is in the process of reviewing and refreshing the membership of the panel to ensure it is representative of Waverley's communities.
- **Forums** which ensure the on-going consultation and communication with different groups in the Community including the Waverley Disability Forum, Faith Forum, and Tenants Panel.
- **Waverley's Website and social media**, which is updated daily, and provides information about the Council & online access to services;
- **'Making Waves'**, Waverley's newsletter, is produced three times a year and sent to all households within Waverley.
- **'Waverley Homes'**, our tenants newsletter, is produced at least twice a year and sent to all Waverley Borough Council tenants residing in our properties.

The Council also undertakes additional one off consultations on specific subjects, for example on the development of Waverley's Planning Core Strategy or potential creation of a new Parish Council in Rowledge.

n) Performance Management - Quarterly performance results across all services were considered by the Overview and Scrutiny Committees and the Executive. The Overview and Scrutiny Committees had specific Performance Sub Committees which went through the reports in detail with officers and reported their findings, concerns and recommendations back to the main Committees and on to the Executive. Individual staff performance is managed through Waverley's annual appraisal system.

o) Risk & Opportunity Management – Waverley's Risk Management Policy and Process Document was reviewed during the year and was approved in March 2014 with minor amendments. The Risk Management Policy will be reviewed thoroughly when the new Corporate Plan has been developed. The Heads of Service Team maintain Corporate Risk Registers which define and assess risks to the Council's objectives and they record actions to manage these risks. The risks and actions are monitored on a quarterly basis. The Directors review Service risk management processes along with a wider health and safety agenda. The Audit Committee monitors the risk management plan periodically.

p) Internal Audit - Internal Audit operates to the standards set out in the Chartered Institute of Public Finance Accountant's 'Public Sector Auditing Standards for Internal Audit in Local Government' adapted from the application of the Institute of Internal Auditors International Auditing Standards. The Council's appointed External Auditor will then assess Internal Audit against these standards and its most recent assessment is that Internal Audit satisfies these standards. The Internal Audit Client Manager reports annually to the Audit Committee on the performance of the Internal Audit Service in the Annual Internal Audit Report providing details of the activities completed in the financial year. The Internal Audit service audit plan is fulfilled by an external contractor, currently Baker Tilly, who was awarded the contract as part of the East Surrey Audit Consortium which Waverley joined in 2012. The contract period will run until 2017 with an option to extend.

q) External inspectorates - The Council maintains an objective and professional relationship with external auditors and statutory inspectors to seek assurance that the Council is providing efficient, effective and economic services and are proactive in securing continuous improvement in the way its functions are exercised.

4. REVIEW OF EFFECTIVENESS

The Council has the responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control which is then summarised in the Annual Governance Statement. The review was undertaken by a group of service heads and assurance was gained as follows:

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Management Assurance -

- A review of the implementation of the Risk Management Strategy and review of risk registers by Corporate Management Team
- A review of Internal Audit Report findings and recommendation and the Audit Committee's consideration of these
- A review of audits completed during the year by Internal Audit including specific reviews on the authority's corporate governance arrangements, risk management, effectiveness of the Audit Committee and the corporate counter fraud arrangements, which provided an independent review of Waverley's governance arrangements
- CMT sign-off of committee reports to Members for decision
- Monthly budget management meetings with Heads of Service
- Audit reports, performance and risk information accessible on corporate 'Covalent' system

Statutory Officer Assurance -

- The Head of Paid Service reviews and signs the Annual Governance Statement
- The Section 151 Officer provides assurance to external auditors
- All internal audit reports are referred to the Head of Paid Service and the S151 Officer

Service Assurance -

- Heads of Service Team meetings review HR Policies and Risk Registers
- Heads of Service team review audit recommendations
- Governance covered on all induction courses which include all new staff

Performance Management -

- A review of performance management reports to CMT and Members including performance sub-committees
- A review of budget management reports to CMT and Members

External Review Assurance -

- An examination of external audit reports
- An annual review of complaints to the Local Government Ombudsman and reported to Corporate Overview and Scrutiny Committee

Other Sources -

- An examination of the work of the Audit Committee in the year
- An examination of Standards Panel and Overview & Scrutiny Committee minutes
- A review of the adequacy of the complaints procedure including monitoring and reporting outcomes
- A review of Corporate Management Team meetings and Heads of Service Team reports and minutes

5. PRODUCTION OF THE ANNUAL GOVERNANCE STATEMENT

The publication of the Annual Governance Statement represents the end result of the review of the effectiveness of the governance framework. Corporate involvement in the production of the Statement included:

- **Corporate Management Team** – Throughout the year, Corporate Management Team have scrutinised all key governance reviews prior to being reported to Members – including HR policies, fraud strategy, risk management policy and review of risk registers, review of Standards Committee and internal audit plans.
- **Statutory Officers** -The S151 Officer and Monitoring Officer have been involved in all key governance issues during the year and the S151 officer reports on arrangements to the external auditors to meet international audit requirements. The Monitoring Officer is a key member of the corporate governance officer group that prepares the AGS.
- **Audit Committee** - The Committee has considered key aspects of the Governance Framework during the year including revised policies Risk Management, Whistleblowing, Corporate prosecution, Anti-fraud, corruption and Bribery. Whilst supporting Waverley’s participation in the National Fraud Initiative and working collaboratively with other Surrey authorities as part of the Surrey Counter Fraud Partnership co-ordinated by Surrey County Council.
- **Heads of Service** – Have been involved in considering risks, HR policies and fraud reviews.
- **Leader of the Council & Executive Director** - The Annual Governance Statement 2014/15 will be signed by the Leader of the Council and the Executive Director.

6. UPDATE ON SIGNIFICANT GOVERNANCE ISSUES 2014/15

Whilst no significant governance issues were identified in the previous AGS, officers continue to identify scope for further improvement in future and the following key areas were identified for review during 2014/15 including progress to date:

Action	Responsible	Outcome
Corporate risk register	Head of Finance	Completed: Reviewed by Audit Committee.
Performance framework	Executive Director	completed
Transparency agenda	Head of Finance	Compliant: Ongoing agenda
Review Contract Procedure Rules	Head of Finance	Completed December 2014

and Finance Regulations		
Review fraud resilience and financial controls	Monitoring and Returning Officer	Completed December 2014

7. SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED IN 2015/16

Whilst no specific significant governance issues have been identified and key areas for review were completed in the previous year officers continue to identify scope for further improvement in future. The key areas under review are as follows:

Action	Responsible	Review Period
Corporate risk register	Head of Finance	March 2016
Performance framework	Executive Director	March 2016
Transparency agenda	Head of Finance	March 2016
Review Contract Procedure Rules and Finance Regulations	Head of Finance	December 2015
Review fraud resilience and financial controls	Monitoring and Returning Officer	December 2015
Complete a Fraud Risk Assessment	Monitoring and Returning Officer	September 2015

Level of assurance

This Annual Governance Statement demonstrates that the systems and processes that comprise Waverley's governance arrangements provide a comprehensive level of assurance to the Council.

Certification

This Governance Statement has been prepared by officers with knowledge of the key governance issues. They have compiled a list of items of evidence to support an assessment against the Council's Code of Corporate Governance and to support the action plan 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

Executive Director

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