

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 1 MARCH 2021

SUBMITTED TO THE COUNCIL MEETING – 20 APRIL 2021

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

**Present**

Cllr Peter Marriott (Chairman)	Cllr John Gray
Cllr Jerome Davidson (Vice Chairman)	Cllr Richard Seaborne
Cllr Richard Cole	Cllr George Wilson
Cllr Jan Floyd-Douglass	

**Apologies**

Cllr Michaela Wicks

**Also Present**

Cllr Jerry Hyman

AUD 51/20 MINUTES (Agenda item 1.)

The minutes of the meeting held on 30 November 2020 were agreed as a correct record.

AUD 52/20 APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence were submitted by Cllr Michaela Wicks.

AUD 53/20 DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no disclosures of interest submitted in relation to items on the agenda.

AUD 54/20 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 55/20 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

AUD 56/20 ANNUAL AUDIT LETTER (Agenda item 6.)

Jon Roberts, Grant Thornton, introduced Paul Cuttle to the Committee and advised he would be the new engagement lead for Waverley.

The committee were advised that the Annual Audit Letter attached to the agenda was the last one they would receive as there was no longer a requirement to produce one. It was outlined that the letter was a summary of the Audit Findings Document.

Jon Roberts highlighted that the fees position was confirmed at the end of the letter as it had changed due to Covid.

Issues raised by the members:

Q – Will fees reduce if Audit letter is no longer required to be produced?

A – No as it is being replaced by a different report.

Q – Can Grant Thornton indicate if Covid is going to have an impact on this years' Audit?

A – Yes it is likely to have an impact as staff will have to do remote working for a while yet. Covid has already been considered as part of the timetable for reporting. Graeme Clark advised that Waverley would endeavour to work as closely to the timetable as possible and were looking at end of June/beginning of July to finalise.

Q – Are there any additional requirements needed regarding Covid Grants etc?

A - There are no additional requirements for Grant Thornton but Waverley send regular reports back to government on what has been delivered. Paid out over £24m so far.

A – There is time available in Audit Plan to look at the grants.

Q – how is the certification of Housing Benefits going?

A – Well established, progressing and well resourced. Should be finished in next few weeks.

Q – Regarding the value for money conclusion to the letter how have Waverley justified not using Furlough for staff and the overtime payments outlined?

A – The government discouraged public sector from using furlough and very few of our services had a reduced demand. In fact demand increased in a number of services and in those areas with reduced demand staff were redeployed to process grants and ring vulnerable residents.

A- The overtime payments mainly related to Easter weekend working and were funded by Government through the grants schemes.

Q- The letter indicates a recruitment freeze but this is not the case as some recruitment was carried out. How was this justified?

A – It is true some posts were recruited to but there were strict constraints as to which posts were filled.

Q – The letter stated we had an exit strategy for each Commercial Property Investment. Is this the case?

A – We do actively manage our investment properties and they are reviewed constantly and there is an exit strategy in place for all new acquisitions.

Q – Would it be useful for the Committee to understand where other Councils have fallen down with regards to property investments?

**ACTION:** – **AGREED** that Grant Thornton would come back to a future meeting and run a session on Governance.

**The Committee NOTED the Annual Audit Letter for Year ended 31 March 2020.**

AUD 57/20 ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Agenda item 7.)

The Committee were asked to reviews last years' AGS and consider what changes are required for the Annual Governance Statement for 2020/21.

The committee would welcome narrative on:

- our response to Covid
- governance appetite
- Air Quality/Habitats Regulations in relation to planning reports as despite it being raised a number of times it is felt that we are not meeting our statutory obligations to include full environmental reports with the planning reports. An update is required from the Head of Planning on the adoption and processes in place to ensure that planning committees are provided with reports on biodiversity, habitat directives and environmental reports supporting the relevant planning applications.

**ACTION: Head of Planning to speak with Chairman about the legal requirements and the practice at Waverley.**

AUD 58/20 ACCOUNTING POLICIES (Agenda item 8.)

Peter Vickers, Head of Finance & Property, set out the current policies Waverley had that outline the principles to govern many areas of the business. It was felt it was important for the Committee to review these policies regularly.

The Committee were advised that there were a number of proposed changes last year on standards which were then delayed till April 2022 so there have not been many changes this year.

Jon Roberts, Grant Thornton, advised that as indicated earlier in the meeting there has been some changes to processes but it was their opinion that no changes to policies were required.

**The Committee noted the current policies, their adequacy in underpinning the preparation of the Financial Statements and asked that their comments were considered.**

AUD 59/20 PROPOSED INTERNAL AUDIT PLAN FOR 2021-22 (Agenda item 9.)

Gail Beaton, Internal Audit Manager, outlined the Proposed Internal Audit plan for 2021-22 including those reviews that were deferred from 2020-21.

Highlighted for note was:

- IT risk assessment was to completed in 2021-22, outcomes would direct reviews in the year.
- The Horizon planning system would have a post implementation review.

- The Property Terrier would have a review of its completeness to ensure it is up to date.
- Fraud and Irregularities – NFI 2021-22 exercise includes COVID grants.

The committee questioned that there was nothing on wellbeing of staff in the Audit Plan. They were assured this was being monitored through the Covid Response Group on a weekly basis.

Gail Beaton advised that the plan was flexible in order to accommodate changes over the next year.

It was highlighted the Corporate Strategy wording needed updating as it had changed slightly.

Officers were asked when the CIL audit would be re-instated? Graeme Clark advised this was a timely question as the CIL Advisory Board had recently met and would be looking at the bids which came in up to the end of January and would be preparing a report for the Executive.

**The Committee APPROVED the Internal Audit Plan for 2021-22 and asked for their comments to be considered.**

AUD 60/20 PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT AGREED ACTIONS (Agenda item 10.)

Gail Beaton, Internal Audit Manager, outlined the progress on the implementation of the Internal Audit agreed actions. She highlighted that a few of the actions had now been implemented. The Head of Planning and Economic Development had requested an extension of some of his actions on the Horizon software.

The Committee asked if an extension of one meeting was enough as it was appreciated bespoke systems are brittle and sometimes need more work to implement.

It was noted that there were actions for the Head of Finance & Property which were past the deadline and he was asked if an extension was needed on these? He advised only of a week or so as they were close to completion.

**The Committee NOTED the information provided and AGREED to the extension for the Horizon Planning Systems action and a short extension to the Financial actions.**

AUD 61/20 REVIEW OF THE PROGRESS ON THE ACHIEVEMENT OF THE 2020-21 AUDIT PLAN (Agenda item 11.)

Gail Beaton, Internal Audit Manager, outlined the report on progress on the achievement of the 2020-21 Audit Plan. She advised that good progress had been made with the plan, with a number of processes nearing completion.

**The Audit Committee NOTED the contents of the Internal Audit Plan 2020-21 progress report as attached in Annexe 1 and ENDORSED the changes to be made in the audit internal audit plan for 2020-21 to meet current priorities.**

AUD 62/20 FRAUD INVESTIGATION SUMMARY (Agenda item 12.)

Gail Beaton, Internal Audit Manager, updated the committee on the current fraud investigation work. It had been a very busy year relating to right to buy properties.

She was asked if this work included Covid Support Grants and was advised it did not as this was reported separately.

**The Audit Committee NOTED the success of the fraud investigation activity.**

AUD 63/20 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Agenda item 13.)

The Committee were taken through the current annual work programme and advised of some potential timetable changes.

It was possible the Accounts and Annual Governance Statement will not be ready for the July meeting and may have to slip to the September meeting. The officers were awaiting confirmation from Government as to whether this would be a permanent change in future years or just a temporary one for this year.

The Committee also expressed an interest in looking at the Corporate Risk Register and Insurance Reserves at a future meeting possibly as an informal member meeting.

**The Audit Committee NOTED its recurrent annual work programme.**

AUD 64/20 EXCLUSION OF PRESS AND PUBLIC (Agenda item 14.)

There were no items to discuss in exempt session so the Chairman closed the meeting.

**The meeting commenced at 7.00 pm and concluded at 9.10 pm**

**Chairman**