

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

When calling please ask for:

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Date: 27 August 2021

### Membership of the Audit Committee

Cllr Peter Marriott (Chairman)  
Cllr Jerome Davidson (Vice Chairman)  
Cllr Jan Floyd-Douglass  
Cllr John Gray

Cllr Michaela Wicks  
Cllr Richard Seaborne  
Cllr George Wilson

Dear Councillors

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

DATE: MONDAY, 6 SEPTEMBER 2021

TIME: 7.00 PM

PLACE: Council Chamber

The Agenda for the meeting is set out below.

Please note that due to current Covid restrictions, seating in the public gallery is extremely limited. The meeting can be viewed remotely via [Waverley Borough Council's YouTube channel](#) or by visiting [www.waverley.gov.uk/webcast](http://www.waverley.gov.uk/webcast).

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. **MINUTES**

To confirm the Minutes of the Meeting held on 1 March 2021 and published on the Council's Website.

2. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

3. **DISCLOSURE OF INTERESTS**

To receive from Members, declarations of interests in relation to any items included on the Agenda for this meeting, in accordance with the Waverley Code of Local Government Conduct.

4. **QUESTIONS BY MEMBERS OF THE PUBLIC**

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

5. **QUESTIONS FROM MEMBERS**

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

6. **AUDIT COMMITTEE ANNUAL ACTIVITY REPORT (Pages 1 - 10)**

This report details the work undertaken by the Audit Committee over the municipal year 2020/21. The purpose of this annual appraisal of the work of the Committee is to help Members review the previous year's work and plan for the coming year.

Recommendation

**It is recommended that the work carried out by the Audit Committee in 2020/21 be noted.**

7. REVIEW OF THE AUDIT TERMS OF REFERENCE (Pages 11 - 14)

It is good practice for the Committee to keep its Terms of Reference under review, therefore the Committee are asked to consider the attached current Terms of Reference including the core functions and membership and to make comment.

Following the review last year an informal meeting was held on 29<sup>th</sup> October and a further meeting was held on 26<sup>th</sup> November. It was hoped that following this meeting the revised Terms of Reference could be presented to full Council early 2021, however due to pressures imposed by COVID-19, this has not yet happened. There were very little revisions proposed and the main focus was the linking up and overlaps with Value for Money O&S which would be picked up by the review of the constitution.

Recommendations

To consider the TOR as a whole and pass comments.

8. EXTERNAL AUDIT PLAN 2020/21 (Pages 15 - 38)

To note the attached External Audit Plan 2020/21 from Grant Thornton.

9. ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Pages 39 - 54)

To enable the Committee to consider the Draft Annual Governance Statement and raise any potential emerging governance issues that may need to be addressed.

**Recommendation**

**The Committee is invited to consider the Draft Annual Governance Statement and raise any potential emerging governance issues for consideration.**

10. ANNUAL INTERNAL AUDIT REPORT FOR 2020-21 (Pages 55 - 74)

The Audit Committee to consider and note the annual internal audit report and audit opinion for 2020-21.

11. REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Pages 75 - 146)

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be

implemented later than the target date.

### **Recommendation**

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

12. REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN (Pages 147 - 150)

The Committee's Terms of Reference include provision for the Committee to approve, monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the internal audit reviews is attached.

### **Recommendation**

**It is recommended that the Committee notes the contents of the Internal Audit Progress report as attached.**

13. FRAUD INVESTIGATION SUMMARY (Pages 151 - 158)

The report provides an update to the Committee on the work being completed in investigating fraud, primarily focusing on Housing Tenancy Fraud.

### **Recommendation**

**It is recommended that the Audit Committee notes the success of the fraud investigation activity.**

14. INTERNAL AUDIT CHARTER (Pages 159 - 172)

To endorse the Internal Audit Charter.

15. AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Pages 173 - 174)

The Committee's annual recurrent work programme is attached. The work programme details regular items, but other items can be submitted to each meeting on an ad hoc basis or at the request of the Committee.

### **Recommendation**

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

16. EXCLUSION OF PRESS AND PUBLIC

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

### Recommendation

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

17. ANY 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  
Kimberly Soane, Democratic Services Officer, on 01483 523258 or by  
email at [Kimberly.soane@waverley.gov.uk](mailto:Kimberly.soane@waverley.gov.uk)**

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## AUDIT COMMITTEE ANNUAL ACTIVITY REPORT 2020/21

This report details the work undertaken by the Audit Committee over the municipal year 2020/21. The purpose of this annual review of the work of the Committee is to help Members review the previous year’s work and plan for the coming year.

The Committee met five times in July, September, twice in November 2020 and March 2021. Additional informal briefing sessions were held throughout the year and are summarised at section 7 of this report. The membership of the Committee was as follows:

Cllr Peter Marriott (Chairman)	Cllr Jan Floyd-Douglass
Cllr Jerome Davidson (Vice-Chairman)	Cllr John Gray (from Sept 2020)
Cllr Richard Cole	Cllr Richard Seaborne
Cllr Simon Dear (to July 2020)	Cllr George Wilson
Cllr Michaela Gray/Wicks	

A summary of the work undertaken by the Committee in 2020/21 is outlined in the table below and further details are set out at Sections 1 – 6 of this report.

July 2020	September 2020	November 2020	March 2021
External Audit Scope 2019/20	Audit Committee Annual Activity Report 2019/20	09/11/2020  SIAP External Quality Assessment	Annual Audit Letter
Audit Committee Members Briefing – Risk Register	Review of the Audit Committee Terms of Reference	Annual Governance Statement – Interim Review	Annual Governance Statement – Consideration of Potential Governance Issues
Review of Progress in the implementation of Internal Audit Recommendations	Risk management Update	Sign off External Accounts	Accounting Policies
Progress of the Internal Audit Plan 2019/20 and 2020/21	Audit Findings Report 2019/20	Review of Informal Meeting on the Audit Terms of Reference	Proposed Internal Audit Plan for 2021-22
Internal Audit Charter	Statement of Accounts 2019/20	Review of the Progress in the Implementation of the Internal Audit Agreed Actions	Progress in the Implementation of the Internal Audit Agreed Actions

Annual Internal Audit Report 2019/20	Annual Governance Statement 2019/20	Review of the Progress in achieving the Audit Plan	Review of the Progress in achieving the Audit Plan
Fraud Investigation Summary	Consideration of Potential Governance Issues	Fraud Investigation Summary	Fraud Investigation Summary
	Review of Progress in the Implementation of Internal Audit Agreed Actions	30/11/2020  Updated Audit Findings Report	
	Review of the progress in achieving the Internal Audit Plan	2019/20 Accounts	

## 1. Standing Items

The Audit Committee has a recurrent work programme, with several items received at each meeting.

### 1.1 Progress on the implementation of Internal Audit Recommendations

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

At the July meeting it was highlighted there were three actions not implemented by the agreed date but would be completed by the end of the month. The Committee felt that planning enforcement was not always as vigorous as Members would like and suggested that the Environment O&S Committee might want to follow-up on the policy element of the work. Officers advised that a review of the Local Planning Enforcement Plan was underway, and this would be considered by the O&S committee in due course, which would give Members an opportunity to understand the role and scope of the Planning Enforcement Team.

At the September meeting the Committee were advised of several audit actions overdue or falling due by the end of September. These related to the Internal Audits on Planning Enforcement, Community Infrastructure Levy, Planning Fee Income, and Management of Major Construction Projects. They recognised the difficult conditions over recent months due to Covid-19 and asked that there be a full update and explanation of progress at the next meeting, and a request for a time extension if necessary.



At the November meeting the Committee were updated on the outstanding actions and agreed revised dates.

## 1.2 Progress in achieving the Internal Audit Plan

The Audit Committee's terms of reference allow the Committee to comment on the progress made against the Internal Audit Plan. At each meeting the Committee receives a report summarising the status of the reviews within the plan, including details of any reports where only a *limited* or *no* assurance opinion is given.

At the July meeting the Committee received a report setting out the closure of the plan for 2019/20 and the lessons learnt, as well as a report on the 2020/21 Audit Plan where most of the actions were in progress.

In September it was noted that working with the internal audit contractor remotely had sometimes been challenging, and documentation had not always been readily available in a format that could be sent to them. So, there had sometimes been delays, but nothing insurmountable with a little patience and co-operation on all sides.

At the 9 November meeting it was suggested that a review of COVID-19 and remote working be carried out to evaluate the effect on staff performance as well as their mental health. The committee were advised that, as part of the RCT programme, the Agile Working project and Staff & People project were monitoring these effects and the lessons learnt. The council were commended on their employee assistance programme. It was asked how much use it has had.

## 1.3 Annual Governance Statement – Consideration of Emerging Governance Issues

Every year, the Audit Committee is required to formally review the Council's governance arrangements and approve the Annual Governance Statement (AGS). However, the statement is monitored throughout the year, to identify potential governance issues as they arise.

At the meeting on the 9 November the Committee received an interim review:

Areas highlighted were:

- Redmond Report likely to come into legislation. Will need to move this along as it develops. WBC responded to the consultation.
- Call Ins – It was requested that the call-in procedure be discussed at next meeting.
- Terms of Reference Review – needs progressing and overlap with O&S to be considered.
- Overriding Constraints of Governance and legal compliance – it was suggested that the Council had no real system to ensure the veracity of information provided by the officers and this should be looked at.

- Suggestion that there should be a web base of questions raised by Councillors and the answers given so the answers are a matter of public record.

At the March meeting the Committee were asked to review last years' AGS and consider what changes are required for the Annual Governance Statement for 2020/21.

The committee requested narrative on:

- our response to COVID-19
- governance appetite
- Air Quality/Habitats Regulations in relation to planning reports as despite it being raised several 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.

#### 1.4 Updates on Counter Fraud Work

At each meeting, the Committee is updated on the progress made by officers on the work being completed in investigating all types of fraud, but primarily focusing on Housing Tenancy fraud.

At the July meeting the following areas were discussed:

- In the case of council housing fraud, court action was a last resort to secure the return of a property, but other solutions would be explored to avoid that.
- More resources were provided to support housing fraud investigation in 2016, which resulted in some historic cases being identified.
- It was not usual to get costs back as many tenants were on housing benefit or low income but if it could be proved that they had financially benefited then the council could apply to the court for the Proceeds of Crime.

In November it was reported that there had been very little financial change to the report since the last meeting due to COVID-19 but there had been changes in the number of cases. An updated report will be brought to the meeting in March where there would be more of an update that will include the activity up to quarter 3. It was asked if there had been any systematic changes during lockdown and was advised that the teams had been working with the appropriate government agencies in relation to the award of COVID-19 grants when any dubious or fraudulent claims had been identified, these had been shared with other local authorities.

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## 2. **Accounts and Annual Governance Statement**

It is within the Committee's Terms of Reference to approve the Statement of Accounts and Annual Governance Statement (AGS) each year.

The Committee considered the Statement of Accounts and Annual Governance Statement for 2019/20 at its meeting in September.

The Audit Committee members had had an off-line session on the Statement of Accounts a couple of weeks prior to the meeting to go through the detail of the document. Regarding the statement of going concern, compared to previous years this had needed strengthening to address the impact of Covid-19 on the council's finances and medium-term financial plan, and on the local economy. The Audit Committee resolved that delegated authority be given to the Strategic Director (s151 Officer) in consultation with the Chairman of the Audit Committee to consider any changes to the External Audit Findings Report and, if satisfied with the report to make any necessary amendments to the Accounts and/or Letter of Representation.

The Audit Committee resolved to approve the Annual Governance Statement 2019/2020, subject to the inclusion of the suggestions from the committee

An update was provided at the 9 November meeting advising that a revised Audit Findings letter from Grant Thornton, External Auditors, had still not been submitted. This was because they were struggling with getting information around the pensions (it was pointed out all Surrey partners were). The Financial Reporting Council had increased their expectations which meant the auditors had a lot more information to gather.

At the 30 November meeting it was advised a revised Audit Findings Letter had been received and the Committee noted the amendments to the 2019/20 Accounts as identified from the Audit Findings Report item

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### **3. Internal Audit Reports**

In addition to the standing items presented by the Internal Audit Service, the Committee received several additional reports during 2020/21.

#### **3.1 Annual Internal Audit Report**

The Annual Internal Audit Report is linked to the Internal Audit opinion set out in the Annual Governance Statement and details the audit recommendations made throughout the year, as well as highlighting those still to be actioned.

#### **3.2 Internal Audit Charter**

The Internal Audit Charter is reviewed by the Committee on an annual basis and was considered and approved at the July Meeting.

#### **3.3 Internal Audit Plan**

The Proposed Internal Audit plan for 2021-22 including those reviews that were deferred from 2020-21 were outlined at the March meeting.

Highlighted for note was:

- IT risk assessment was to complete 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.

### 3.4 SIAP External Quality Assessment

The Committee were advised of the process applied by the Institute of Internal Auditors and who the partners are in the partnership.

The committee **NOTED** the report and outcomes.

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## 4. **External Audit**

During 2020/21, the Committee received several reports from Grant Thornton, the council's external auditors.

### 4.1 External Audit Findings Report

Grant Thornton introduced the Audit Findings Report, which had been prepared in accordance with reporting responsibilities, at the September meeting. It was confirmed that there were no issues identified that would impact on the General Fund position, and he was proposing an unqualified conclusion on value for money, going concern, and around the annual governance statement.

A revised Audit Findings Report was presented to Committee on 30 November. They were advised that the key changes were around property valuations, indexation of council dwellings and leisure centre valuations due to COVID-19. Additional recommendations had been identified around audit adjustments and unadjusted misstatements.

### 4.2 Annual Audit Letter

At the March meeting the committee noted the Annual Audit Letter and were advised that this 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.

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## 5. **Corporate Governance Policies**

The Audit Committee has a key role in reviewing Council policies relating to governance and may make recommendations to officers or the Council as appropriate.

5.1 At the March meeting the Committee considered 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 several proposed changes last year on standards which were then delayed till April 2022 so there have not been many changes this year. It was highlighted there has been some changes to processes, but it was felt no changes to policies were required.

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## **6. Risk Management**

The Committee received a Risk Management Update at their September meeting. The Committee noted the update and agreed to meet informally to review the next iteration of the Risk Register.

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## **7. Briefing Sessions**

The Committee received several briefing sessions during 2020/21 and these are summarised below.

### **7.1 Risk Register**

The Committee received a briefing session on Risk Management and agreed that there should be a follow-up session to review the Strategic Risk Register and look at mitigations in place. It had been agreed at the briefing that the committee would break down the categorisation of risks to drill down in more detail and that they would like to look at what mitigation means.

### **7.2 Audit Terms of Reference**

The Committee met twice to discuss this issue and it was agreed the revised Terms of Reference could be presented to full Council early 2021.

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## **Annual Review Documents**

At the September meeting the Committee received an update on the audit activity in 2019/20 and reviewed the Audit Committee Terms of Reference, and perceived areas of overlap with the role of the Value for Money Overview & Scrutiny Committee. The report referred to the 2018 CIPFA Guidance for Local Authority Audit Committees and compared the Audit Committee's current Terms of Reference with the Model Terms of Reference proposed by CIPFA.

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**Contact Officer:**

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Services Officer

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**ATTENDANCE AT AUDIT COMMITTEE MEETINGS****2019/2020**

The Audit Committee met four times, on 22 July, 24 September, 26 November 2019, and 2 March 2020. The membership and attendance at meetings are detailed below:

	22 July	24 Sept	26 Nov	2 March
Cllr Peter Marriott (Chairman)	Present	Present	Present	Present
Cllr Jerome Davidson (Vice Chairman)	Present	Present	Present	Present
Cllr Richard Cole	Present	Present	Present	Present
Cllr Simon Dear	Present	Present	Present	Present
Cllr Jan Floyd-Douglass	Present	Present	Apologies	Present
Cllr Michaela Gray	Present	Apologies	Present	Apologies
Cllr Richard Seaborne	Present	Present	Present	Present
Cllr George Wilson	Present	Present	Present	Present

**2020/21**

The Audit Committee met five times, on 20 July, 14 September, 9 November and 30 November 2020, and 1 March 2021. The membership and attendance at meetings are detailed below:

	20 July	14 Sept	9 Nov	30 Nov	1 March
Cllr Peter Marriott (Chairman)	Present	Present	Present	Present	Present
Cllr Jerome Davidson (Vice Chairman)	Present	Present	Present	Present	Present
Cllr Richard Cole	Present	Present	Present	Present	Present
Cllr Simon Dear	Present				
Cllr Jan Floyd-Douglass	Present	Apologies	Present	Apologies	Present
Cllr John Gray		Present	Present	Present	Present
Cllr Michaela Gray/Wicks	Apologies	Apologies	Apologies	Apologies	Apologies
Cllr Richard Seaborne	Present	Present	Present	Present	Present
Cllr George Wilson	Present	Present	Present	Present	Present

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## **Article 8 – Regulatory and other Committees**

### **8.1 Regulatory Committees**

The Council will appoint the Committees set out in the left hand column of the table Responsibility for Council Functions in Part 3 of this Constitution to discharge the functions described in column 3 of that table. Currently the Regulatory Committees are:

- a) Joint Planning Committee
- b) Area Planning Committees (Central, Eastern, Southern and Western)
- c) Licensing and Regulatory Committee.

### **8.2 Audit Committee**

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

- a) Risk management framework
- b) Control environment and arrangements
- c) Financial performance
- d) Non-financial performance (processes and controls)
- e) Financial reporting.

### **8.3 Audit Committee Terms of Reference**

The Terms of Reference are as follows:

#### **(a) Corporate Governance**

- i. To review the Council's arrangements for corporate governance and recommend necessary actions to ensure compliance with best practice as set out in the current CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" and any revision thereof.
- ii. To review the Council's compliance with its own and other published regulations, standards and controls, covering both financial and general issues and, if appropriate, make recommendations to the Council.
- iii. To maintain an overview of the contract procedure rules and financial regulations and recommend their adoption to the Council.
- iv. To review Council policies in "Whistleblowing" and the anti-fraud and anti-corruption strategy and the Council's complaints-handling process and recommend any changes to the Council.
- v. To monitor the effective development and operation of internal control in the Council with particular reference to all aspects of risk management, including Waverley's Corporate Risk Registers.

- vi. To review any issue referred to it by the Head of Paid Service or a Director or any other Council Committee.
- vii. To approve the Council's Annual Governance Statement.

**(b) External Audit**

- i. To consider whether appropriate accounting policies have been followed in the preparation of the annual statement of accounts and to approve any changes to these policies.
- ii. To receive all reports from the external auditor to the Audit Committee.
- iii. To consider any concerns arising from the audit or the accounts and to agree appropriate action to be taken including bringing the matter to the attention of the Council.
- iv. To consider and approve the annual statement of accounts.
- v. 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.
- vi. To make recommendations to Council regarding the appointment of the External Auditor.

**(c) Internal audit**

- i. To approve the Internal Audit Charter.
- ii. To approve the Annual Internal Audit (Risk-Based) Plan.
- iii. To consider the Internal Audit Client Manager's Annual Report and Internal Audit Opinion.
- iv. 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.
- v. To consider internal audit reports detailing recommendations not implemented within the specified timescale and to agree appropriate action, including requesting a report from any Head of Service relating to an outstanding internal audit recommendation issue.
- vi. To commission work from the Internal Audit Service.
- vii. To monitor the progress of any specific internal audit projects not included in the Audit Plan.
- viii. To consider reports dealing with the appointment, management and performance of the providers of internal audit services.

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

#### **8.4 Composition of Audit Committee**

(a) Membership and Meetings

The Audit Committee will

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

(b) Quorum

The quorum for meetings will be three Councillors.

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# Waverley Borough Council audit plan

Year ending 31 March 2021

Waverley Borough council  
July 2021  
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# Contents



## Your key Grant Thornton team members are:

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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 planning 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 the Council or all 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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# Key matters

## Factors

### Finances

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. The ongoing Covid-19 pandemic has and continues to have a significant impact financially and operationally. Moreover, in the short-term, the future for local authority funding remains uncertain as new Local Government funding arrangements that were meant to be in place by April 2020 have been delayed until at least 2022.

The 2020/21 financial year has seen significant uncertainty and risk hit the agreed budget and the Council's Medium Term Financial Plan. In August the Council agreed a major revision to the approved 2020/21 general fund budget to react to a forecast £6.6m adverse variance resulting from the direct and indirect impact of Covid on planned income and expenditure. The Medium Term Financial Plan shows a cumulative projected budget shortfall of £5.4m over the 2020/21 to 2023/24 period.

### Accounting and auditing developments

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM) There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As part of this process auditors also need to obtain an understanding of the effectiveness of the role of those charged with governance relating to accounting estimates adopted by management, which is particularly important where the estimates have high estimation uncertainty or require significant judgement.

Although the implementation of IFRS 16 has been delayed, audited bodies still need to include disclosures in their 2020/21 statements to comply with the requirements of IAS 8. As a minimum, we would expect the Council to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the impact of IFRS 16 is not known or reasonably estimable, the accounts should state this.

In the prior year the Council's valuer reported a material uncertainty regarding the valuations of properties due to the COVID-19 pandemic. In addition, there was a material uncertainty in relation to the Council's share of Surrey Pension Fund's pooled property and private equity investments.. We will monitor the position for the 31 March 2021 valuations.

## Our response

We will consider your arrangements for managing and reporting your financial resources and assessing your financial resilience as part of our audit in completing our Value for Money work.

We will continue to provide you with sector updates via our Audit Committee updates.

We will liaise with the Council's valuer to clarify any potential material uncertainties in 2020-21.

# Key matters

## Factors

### Impact of COVID-19 pandemic

The outbreak of the COVID-19 coronavirus pandemic has had a significant impact on the Council's normal operations. Throughout the pandemic the Council has kept critical services going at the same time supporting the COVID-19 national effort. In response to the financial uncertainty created by the pandemic, the Council took a Contingency Revised budget for 2020/21 to Council in August 2020. This was to address some significant adverse variances to the original approved budget that had been caused by the coronavirus. The impact on the budget was identified by management as £6.6m.

This results from direct costs of the Council deploying staff to its own services and to implement government mandated schemes, and then direct income losses due to enforced closures of facilities, including leisure centres and museums and consequential losses such as car park income and slow recovery after reopening facilities. The Council has not used the furlough scheme but has incurred overtime costs. The Council stopped all recruitment and non-essential spending as an interim measure in April 2020 to combat these challenges.

We will continue to monitor how the Council puts in place suitable arrangements for financial resilience with there being significant challenges to be resolved. This represents a considerable challenge for the Council given the savings it has had to make in recent years.

## Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.

At this time we have not identified a specific COVID-19 significant audit risk (as we did for Local Government audits in 2019/20 which covered a number of risks including the availability of Council staff to produce accounts, year end stock take completion and valuation uncertainties in relation to land and buildings). We will revisit this assessment should the current pressures the sector faces continue and impacts year end accounting and auditing processes.



# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Waverley Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Waverley Borough Council. We draw your attention to both of these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

## Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of the Shottermill Recreation Ground Trust and the Bequest of Joseph Ewart.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Revenue cycle includes fraudulent transactions (risk rebutted)
- Valuation of land and buildings
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £1.6m (PY £1.911m) for the group and £1.596m (PY £1.905m) for the Council, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £80k (PY £96k).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness: We will continue to review and update our risk assessment over the course of the audit.

## Audit logistics

Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £64,494 (PY: £71,379) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

# Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Waverley Borough Council	Yes		See pages 7-9	Full scope audit performed by Grant Thornton UK LLP
Shottermill Recreation Ground Trust	No		- Property, Plant & Equipment revaluation measures not correct - Recorded cash at bank not valid	Specific (targeted) procedures to be performed by Grant Thornton UK LLP
The Bequest of Joseph Ewart	No		- Recorded cash at bank not valid	Specific (targeted) procedures to be performed by Grant Thornton UK LLP

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## Key changes within the group:

We have not been made aware of any new significant components, or significant changes to the activities of the existing components listed above.

## Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council and Group	<p>Under ISA ( 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and nature of the revenue streams at Waverley Borough Council and the group, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Waverley Borough Council, mean that all forms of fraud are seen as unacceptable</li> </ul>	We do not consider this to be a significant risk for Waverley Borough Council or the group.
Valuation of land and Buildings (including Investment Properties)	Council and Group	<p>You revalue your land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£520m in 2019/20) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for investment properties) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings and investment properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out;</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;</li> <li>• test revaluations made during the year to see if they had been input correctly into your asset register; and</li> <li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>
Valuation of the pension fund net liability	Council	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£66 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• obtain assurances from the auditor of Surrey Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

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Valuation of the pension fund net liability

# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. We did not identify any issues or recommendations in our 2019/20 audit in relation to the Council's estimation processes.

## Introduction

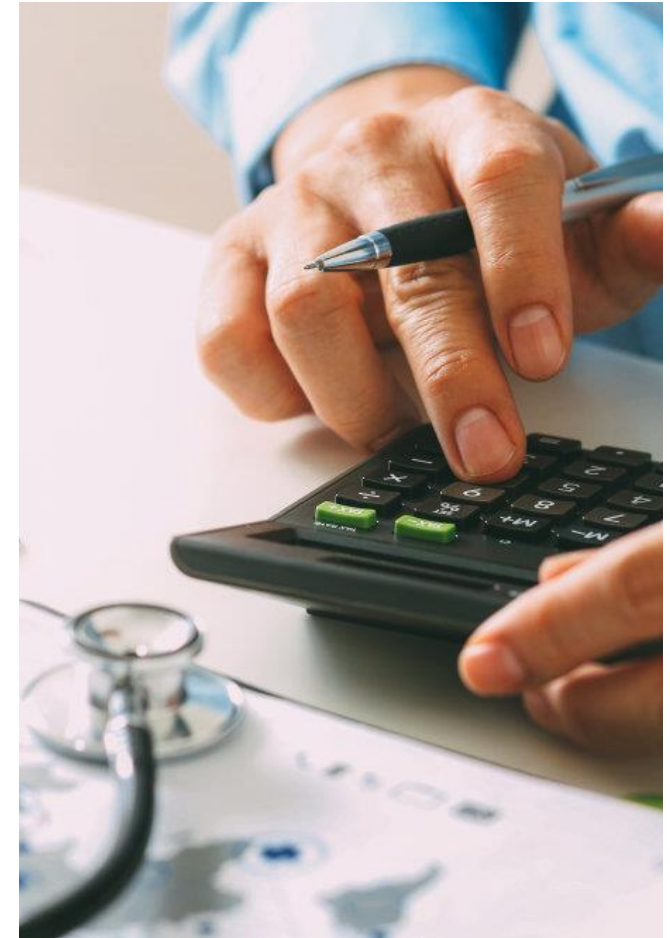
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit & Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

## Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.



# Accounting estimates and related disclosures



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Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

## Planning enquiries

As part of our planning risk assessment procedures, we have sent enquiries to management and to the Audit & Standards Committee. We note that we have received responses in relation to these already and appreciate the swift response.

## Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540-Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540-Revised-December-2018_final.pdf)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 15).

We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiaries. If such a situation arises, we will consider our audit response for the group.



# Materiality

## The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.6m (PY £1.911m) for the group and £1.596m (PY £1.905m) for the Council, which equates to 2% of your prior year gross expenditure for the year.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £80k (PY £96k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

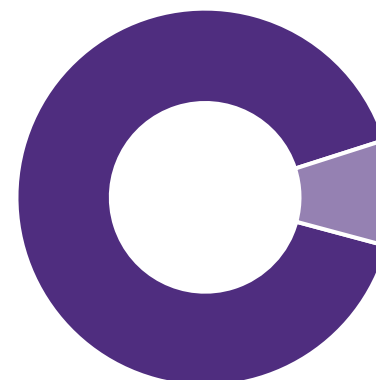
## Prior year gross operating costs

£82.3m group

(PY: £95.5m)

£82.1m Council

(PY: £95.24m)



■ Prior year gross operating costs

## Materiality

£1.6m

group financial statements materiality (PY: £1.911m)

£1.596

Council financial statements materiality (PY: £1.905m)

£80k

Misstatements reported to the Audit Committee (PY: £96k)

# Value for Money arrangements

## Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We have not identified any risks of significant VFM weaknesses although we set out the areas of focus we intend to review to enable us to produce commentary on arrangements across all of the key criteria. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out.

## Key areas of focus

The Local Government operating environment has been significantly impacted by the pandemic and the future funding regime remains uncertain and this lack of certainty will impact on the Council's ability for long term planning. Our Value for Money work will primarily focus on the aspects listed below, but may increase in scope as further work is performed

The Council's arrangements in response to the COVID-19 pandemic and capitalising on the benefits from the different models of service delivery and ways of working bought about by the pandemic;

The Council's arrangements for setting the Medium-Term Financial Plan and achieving financial sustainability specifically how the council plans to achieve a balanced budget in the medium-term financial plan;

- The Council's arrangements for working with its key partners to deliver services more efficiently;
- The council's governance arrangement in terms of managing risk, responding to COVID-19 and ensuring overall service delivery; and

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# Audit logistics and team



## Paul Cuttle, Engagement Lead

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders and final authorization of reports. Attendance of Audit Committee meetings supported by Manager as required.

## Waqas Hussain, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by audit In-charge and junior team members. Attendance Audit Committee meetings alongside Engagement Lead as required.

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees

In 2018, PSAA awarded a contract of audit for Waverley Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £41,494m. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 14, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1..

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21 is set out below and detailed overleaf. As part of its response to the Redmond Review in December 2020, MHCLG committed an extra £15m to support the delivery of local audit in 2020/21. We understand that the Council will receive a grant to support 2020/21 audit fees in the next few weeks.

	Actual Fee 2019/20	Proposed fee 2020/21
Council Audit	£41,494	£41,494
Fee variations approved by PSAA	£29,985	£23,000
Total audit fees (excluding VAT)	£71,379	£64,494

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

Scale fee published by PSAA	£41,494
<i>Ongoing increases to scale fee first identified in 2019/20</i>	£7,500
One off costs for 20219/20 relating to COVID-19 and other issues arising during the audit relating to PPE	£22,385
<b>Audit fee 2019/20</b>	<b>£71,379</b>
<i>Revised 2020/21 baseline (£71,379 less one off costs)</i>	<b>£48,994</b>
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs	£6,500
<i>Proposed increase to agreed 2019/20 fee</i>	£15,500
<b>Total audit fees (excluding VAT)</b>	<b>£64,494</b>



# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies. We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## Other services

The following other services provided by Grant Thornton were identified .

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.








None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Benefits Grant	21,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £21,500 in comparison to the total fee for the audit of £64,494 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
Certification of Housing Capital receipts grant	3,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,000 in comparison to the total fee for the audit of £64,494 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

# Appendix 1: Revised Auditor Standards and application guidance









## FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.




	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	



# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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## Annual Governance Statement 2020/21

### Document Information & Governance

#### Approval & Publication / Version Control Information:

Approving Body	Publication Type	Version	Version Status	Date	Version Author	Version Comment
Audit Committee	Internal	V0.1	Draft	12/07/21-19/08/21	Patrick Tuite	Update previous year's version and Incorporate audit committee comments from 24/03/21
Management Board	Internal	V0.2	Draft	25/08/21	Patrick Tuite	Updated following comments from Management Board on 24/08/21

### 1. Introduction

Waverley Borough Council (the Council) is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

The Council's Chief Executive and the Leader of the Council acknowledge responsibility for ensuring that there is a sound system of governance and internal control when managing and delivering the vision set out in the Corporate Strategy.

Each year the Council is required to produce an Annual Governance Statement (AGS) under the Accounts & Audit (England) Regulations 2015, to be published alongside the Statement of Accounts. The AGS is published in accordance with *Delivering Good Governance in Local Government: Framework (2016)* issued by CIPFA/SOLACE. In accordance with CIPFA guidance issued in Feb 2021 the AGS this year will address the impact of the Coronavirus disease (Covid-19) pandemic on the operation of the council's governance, measures taken include but are not limited to:

- Distribution of £35,552,691 in Covid-19 grants via 6,107 separate payments whilst ensuring due diligence was conducted on claimants (this was recently subject to internal audit which had significant assurance in the council's processes).
- Continuation of council business via video conferencing
- % of annual audit plan conducted as planned

The AGS describes how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also documents key changes and developments within the Council's governance framework during the financial year up to the date of approval of the Annual Financial Report.

The AGS assesses governance in place during 2020/2021 so the entire year was impacted by the Covid-19 pandemic. Further details describing the impact of the pandemic is detailed at section 5 onwards.

This AGS was considered by the Audit Committee at its meeting on 6 September 2021.

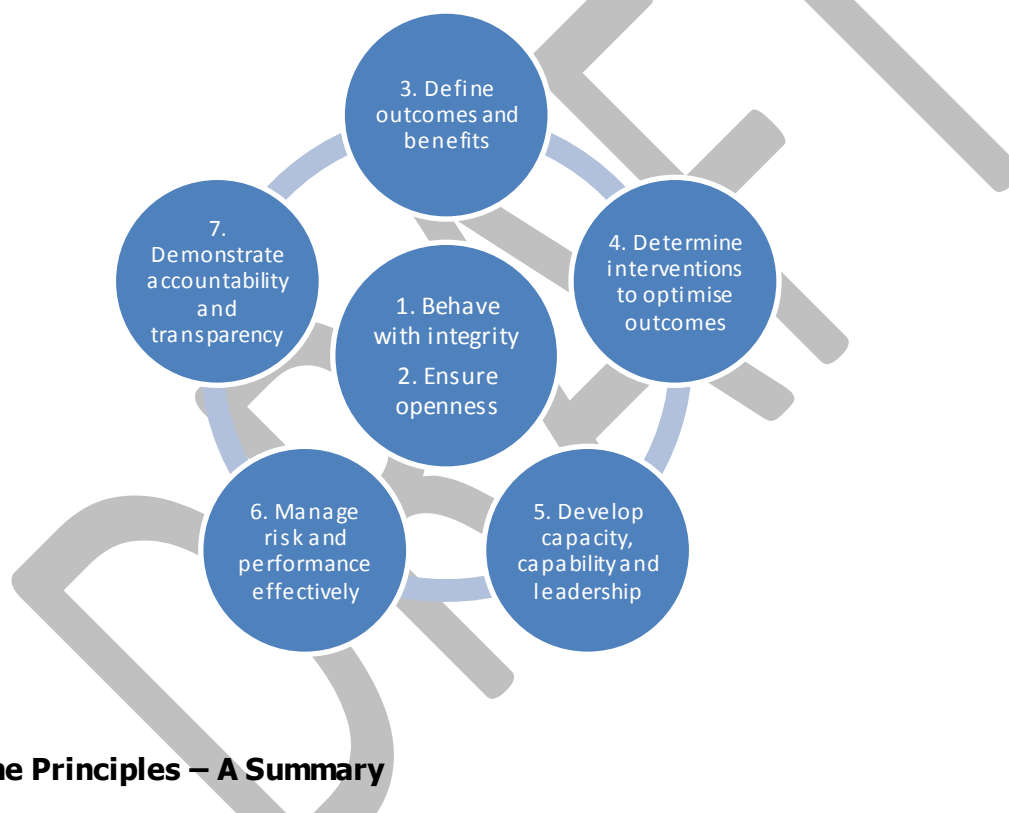
# Annual Governance Statement 2020/21

## 2. What is Corporate Governance?

Corporate governance generally refers to the systems and processes by which organisations are directed, controlled, led and held to account. The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and transparent manner;
- makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk; and
- secures continuous improvements in its governance.

The Council's framework brings together legislative requirements, good practice principles and management processes. It is consistent with the principles set out in the Delivering Good Governance Framework. The principles are summarised in the diagram below. Principles 1. and 2. have an overarching effect on the outcome of all other principles.



## 3. The Principles – A Summary

### The Council aims to achieve good standards of governance by:

Principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- Having codes of conduct which define standards of behaviour for Councillors and all staff, supported by more detailed policies for ethical values such as whistleblowing and conflicts of interest.
- Ensuring compliance with relevant laws and regulations, internal codes, policies and procedures.
- Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.

Principle 2 - Ensuring openness and comprehensive stakeholder engagement.

- Demonstrating, documenting and communicating the Council's commitment to openness and accountability in acting in the public interest.

## Annual Governance Statement 2020/21

- Establishing clear channels of communication with the community and other stakeholders, and encouraging open consultation.
- Ensuring an effective scrutiny function is in place.

### Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.

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

### Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Translating the vision into courses of action for the Council, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements and robustness of information.
- Quarterly performance monitoring of services and projects to ensure the Council achieves its agreed vision as planned.

### Principle 5 - Developing the Council's capacity, including the capability of its leadership and the individuals within it.

- Defining clearly the roles and responsibilities of Councillors and Officers, with protocols to ensure shared understanding of roles.
- Providing inductions, training and development to give all the appropriate skills, knowledge, and support to fulfil their roles and responsibilities.
- Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.

### Principle 6 - Managing risks and performance through robust internal control and strong public financial management.

- Risk Management is an integral part of all activity and is considered in decision making in accordance with the Council's Risk Appetite Statement.
- Service delivery is monitored through financial management review and quarterly reporting to ensure service plan delivery is on target.
- Internal controls are independently reviewed by Internal Audit when carrying out assessments of key activity areas.

### Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- Meetings and decisions are available on the Council's website along with other information such as quarterly performance reviews.
- Undertaking the core functions of an Audit Committee to provide good governance.
- The Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.



# Annual Governance Statement 2020/21

## 4. How do we know our arrangements are working?

Corporate Governance requires providing assurances on:

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

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## Annual Governance Statement 2020/21

The Council gains assurance through having:	How does this provide assurance
Constitution (including Scheme of Delegation to Officers)	This sets out how the council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.
Democratic arrangements – Council, Executive, Overview & Scrutiny, Audit and Standards Committees	Providing additional assurance through a process of independent and objective review.
Head of Paid Service, Monitoring Officer and Chief Finance Officer	Statutory roles, which collectively are responsible for: <ul style="list-style-type: none"> <li>- Determining and publicising a description of the overall departmental structure of the Council showing the management structure and deployment of officers.</li> <li>- Reporting to the council where it appears to them the authority has done, or is about to do, anything which would be considered maladministration or contravene the law.</li> <li>- The proper administration of the Council’s affairs appointed under section 151 of the Local Government Act 1972</li> </ul>
Management Board and Senior Management Team	Provides officer scrutiny and a clear trail of approvals
Corporate Strategy and service plans	Provides the framework for officers to work within and direction for the council.
Medium Term Financial Strategy	Provides the councils with a clear road map to ensure financial sustainability
Financial Regulations	Part of the governance framework which supports the council’s constitution, clearly laying out what officers must do when dealing with financial matters.
Contract Procurement Rules	Provide a governance framework for officers to ensure best value is achieved whilst complying with relevant legislation and good practices.
Capital Strategy	Determines the approach and priority of capital investments, ensuring they are conducted within the councils risks appetite
Performance management framework (regular reporting)	Provides officer scrutiny and monitoring
Project Governance Boards/ Project	Sets out a clear auditable process for officers to follow

## Annual Governance Statement 2020/21

management methodology	
Risk management framework	Defines the councils risk appetite as well as it's the strategy for eliminating or minimising the impact of identified risks
Customer Service Strategy	Ensures that a consistent approach and levels of customer services are delivered through all channels
Complaints system	Provides a clearly identifiable route of escalation for complaints
HR policies and procedures	Ensures staff are aware of their responsibilities and obligations when conducting their roles
Whistleblowing and other countering fraud arrangements	Provides a clear and secure route for reporting illegal, illicit, unsafe, fraudulent, or other practices, the disclose of which would be in the public interest
Member and Officer training and development	Ensures members are adequately informed of councils processes to enable them to properly challenge and scrutinise decisions
Internal and External audit scrutiny	Independent scrutiny of the council's processes and policies
Ongoing review of governance	Ensures the councils governance arrangements reflects best practice and that measures continue to be fit for purpose
External reviews and inspectorate reports	Provides additional challenge to the council's processes, allowing the council to improve upon them
Customer feedback	Recording customer feedback ensures complaints can be dealt with and escalated accordingly
Staff surveys	Provides a forum for any concerns to be raised
Community consultations	Ensures steps taken by the council have buy in and support of the wider community

# Annual Governance Statement 2020/21

## 5. The Council: How it works

All Councillors meet as the Full Council around six times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt session.

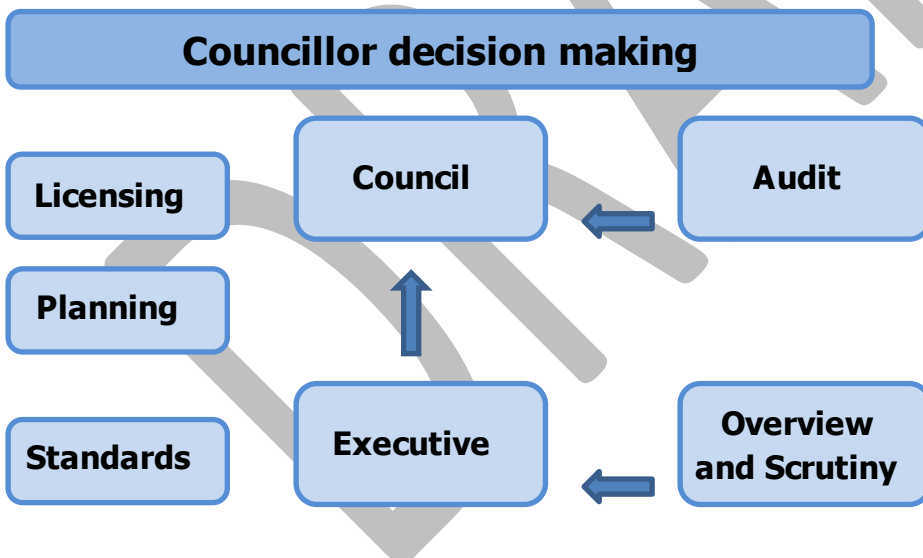
The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Audit, Overview & Scrutiny and Officer functions.

The 'Scheme of Delegation to Officers' sets out the basis on which Officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains codes of conduct for Councillors and Officers.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. The Chief Executive is assisted by the Management Board, which includes the two Strategic Directors, one of whom is the Section 151 Officer. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair.

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

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



- Licensing – considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.
- Planning – makes decisions on development control issues, including applications for planning permission.
- Standards – independent committee responsible for member conduct and the constitution.
- Audit – independent committee responsible for issues of audit, risk and governance.
- Overview and Scrutiny – intended to help develop and review policy and holding the Executive to account publicly by calling-in and scrutinising decisions made by the Executive.

# Annual Governance Statement 2020/21

- Executive - appointed by the Leader, responsible for proposing new policy, putting the budget to the Council and implementing and delivering the agreed policy framework and budget.
- Council - 57 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy and strategic framework and budget.

## 5.1 Changes in governance during the year

**Governance boards** - Governance boards have been established to scrutinise council projects, focusing on time / cost and quality. Providing a forum for issues to be recognised and escalated.

**Establishment of the Covid Response Group** – The council established the Covid Response Group (CRG) who initially met on a weekly basis. This provided a clear audit trail of decisions made in relations to the council's response to the pandemic. Subjects in scope of this group included location of testing sites, staff redeployment, developing temporary COVID-19 policies and the Health and Safety of officers, councillors and members of the public.

**Business Transformation** - A business transformation team has been established to facilitate council wide changes to generate revenue savings for the council.

**Shared Services** - Shared services in Revenues and Benefits have been established requiring additional measures and an inter authority agreement.

**Corporate Strategy** - The Council adopted a new Corporate Strategy for 2020-2025 in October 2020. The Corporate Strategy provides the Council with direction, priorities and key objectives. Objectives are being delivered through annual service reviews agreed with councillors and monitored and reported regularly.

**Covid-19** – In response to the global pandemic and the Council's Chief Executive, on 19 March 2020, and following consultation with all group leaders, formally directed all staff to arrange the Council's resources to support the immediate health, wellbeing and safety of local residents, particularly the vulnerable. As a result, all formal committee meetings were suspended for a short period of time.

## 5.2 Resolution of significant governance issues in 2020/2021

**Council meetings** – The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ('the Regulations') came into effect in April 2020. This provided the ability for remote meetings to be held remotely. The first remote meeting held by Zoom video conferencing was the Council's Standards Committee which made several recommendations to Full Council to respond to the pandemic situation. These included: a change to the structure of planning committees; temporary additional delegated authority to the Head of Planning and Economic Development and the introduction of Virtual Meeting Procedure Rules, council meetings continued to be webcast live on YouTube.

## 5.3 Significant operational event's in 2020/2021

**Financial challenges exacerbated** – The Council's finances were further strained by significant losses of revenue by way of reduced income from both car parking and the council's leisure centres, all of which were heavily impacted by the regulations imposed by central government in response to the pandemic. In the course of the year there were 3 revisions of the Medium-Term Financial Plan (MTFP) in addition to a contingency budget being compiled.

# Annual Governance Statement 2020/21

**Covid-19** – The councils continued to deliver its services throughout the pandemic, non-essential services such as green waste collections were however temporarily suspended to ensure that the staff could be redistributed to cover staff absences / support the councils Covid-19 response, which included amongst other things, taking over 5,50 phone calls via its community helpline, delivering 42,000 community meals, providing emergency accommodation to 41 homeless people and conducting over 400 welfare visits. The redistribution of staff was particularly prevalent for the first 4 months of the financial year.

**Planning applications** – The council experienced an increase of over 28% in the number of planning applications received compared to the previous financial year. As a result there was a delay in the processing of applications. This delay was exacerbated by the implementation of new planning software which took time to be embedded.

## **5.4 Other governance issues arising during 2020/2021 include:**

**Boundary review** - The Council is a key consultee of the Local Government Boundary Commission's review of Waverley Borough Council. Within 2020/21, the Council formed a cross-party boundary review working group, supported by officer. This made recommendations to Full Council on the question of the Council's size which were in turn put forward to the commission.

**Other issues** – At each Audit Committee the officers and the Audit Committee members have reviewed the governance arrangements and no further significant governance issues were identified.

**Financial Management Code** – The Financial Management Code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a framework of assurance of good financial management practice in local authorities. This Code applies from 2021/22 but councils are required to be aware of it and to prepare in 2020/21 for full compliance. Compliance with the Code itself is not a statutory requirement but it has been designed to enhance financial management which supports the statutory responsibility for sound financial administration. The Code applies a principles-based approach and is not prescriptive, the principles are translated into a set of standards and CIPFA recommend a flexible and proportionate approach to implementing it. At Waverley, officers and the Management Board considered the scope of the Code in 2020/21 and are currently working with the Audit Committee to agree a position statement and implementation plan. The Audit Committee will monitor progress periodically in future.

## Annual Governance Statement 2020/21

### 6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2020/2021, considering a wide range of governance issues. In 2020/21 several items were delayed but ultimately delivered against.

<b>Audit Committee Work Programme for 2021/2022</b>			
<b>July 2020</b>	<b>September 2020</b>	<b>November 2020</b>	<b>March 2021</b>
Review the progress of the Internal Audit Plans for 2019/2020 and 2020/21	Review the progress of the Internal Audit Plans for 2020/2021	Review the progress of the Internal Audit Plans for 2020/2021	Review the progress of the Internal Audit Plans for 2020/2021
Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations
Received an update on the work being done in investigating fraud	Audit Committee Annual Activity Report 2019/20	Received an update on the work being done in investigating fraud	Received an update on the work being done in investigating fraud
Updated External Audit Findings Scope	Received and commented on Annual Audit Findings Report for 2019/20 from Grant Thornton	Update on the Outcome of the SIAP External Quality Assessment	Receive the Annual Audit Letter for year ended 31 March 2020.
Audit Committee Members Briefing – Risk Register	Received a verbal update on risk management	Comment and instruct on an	Update on Waverley Accounting Policies in line with changed to the CIPFA Code of Practice
Consider and Note the Annual Internal Audit Report	Consider and approve the Statement of Accounts 2019/20	Updated on progress with signing off the External Accounts	Comment and approve the proposed Draft Internal Audit Plan for 2021/22
Consider and approve the Internal Audit Charter	Consider and approve the Annual Governance Statement for 2019/20	Review of the Informal Meeting on the Audit ToR	Considered any significant governance issues
	Review of the Audi Committee terms of Reference	Considered any significant governance issues	
	Considered any significant governance issues	Additional meeting to Receive the revised Audit Findings Report and note the amendments to the 2019/20 Accounts.	

## Annual Governance Statement 2020/21

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

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# Annual Governance Statement 2020/21

## 7. Managing key risks

All Councillors and Officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

The Senior Management Team regularly reviews and updates the Corporate Risk Register and is required to state positively the level of assurance they can place upon the controls that mitigate risks. If the residual risk exceeds the 'risk appetite', managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced. The Risk Register is reviewed by the Audit Committee and used to inform the Internal Audit Plan for annual audit planning.

The Audit Committee will continue to review the governance arrangements to ensure they are fit for purpose in managing key risks.

## 8. Managing the risk of fraud

To mitigate the risk of fraud the council has in place fraud and governance policies to which staff should adhere to this includes the Anti-fraud, Bribery and Corruption Policy, Prosecution Policy, Whistleblowing Policy and Anti-Money Laundering Policy, these policies are reviewed, updated and agreed by the Audit Committee. Any issues raised relating to these policies are dealt with by the appropriate responsible Officers in accordance with the requirements of each policy. Where appropriate the policies are available on the Council's website and intranet.

Within the Council, the Internal Audit Service fulfils a proactive and reactive role for issues relating to fraud, this includes a fraud investigation officer, (dedicated resource to investigate all types of housing tenancy fraud). This work results in ensuring that properties are used by tenants in accordance with the tenancy agreement, outcomes can include the return of properties to the housing stock to enable them to be utilised for those on the housing waiting list.

In the response to the distribution of the Covid-19 Grants to businesses, validation and certification control processes were implemented to proactively identify applications that did not fulfil the criteria of the grant requirement before being processed to limit the risk of fraudulent payments being made. The residual risks were reduced by participating in the national NFI data matching exercise with other local Authorities, for those grants paid, and the results of this exercise are being investigated. For those that are found to have been fraudulently obtained recovery action will be taken to recover these grant funds through the mechanisms available to the Council.

## 9. Anti-Fraud and Corruption Statement

The Council is committed to the highest possible standards of honesty, openness and accountability.



## Annual Governance Statement 2020/21

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

### 10. Responsible Chief Financial Officer

A Strategic Director is the Chief Financial Officer (CFO) (the 'Section 151 Officer'). The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit. The role conforms to the good practice requirements in the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government*.

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

### 11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and External Auditors (Grant Thornton LLP). Despite the difficulties that the pandemic placed upon these assurance providers re communication and logistics, these hurdles were overcome by the co-operation of those professionals involved, although timeframes to obtain information was sometimes delayed the work was completed to the professional standard required to provide an opinion.

### 12. Internal Audit

The Council considers its Internal Audit team to be a key component of its governance framework that:

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

Each year the Audit Committee reviews the Internal Audit Charter, which sets out the internal audit role and its responsibilities and clarifies its independence and aligns it to the *Public Sector Internal Audit Standards (PSIAS)*.

The Internal Audit Manager reports to the Strategic Director (Section 151 Officer) but to maintain independence and objectivity of the Internal Audit service also has direct access to the Chief Executive, the Audit Committee and its Chairman.

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

## Annual Governance Statement 2020/21

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Internal Audit Manager on the Council's control environment based on the work that has been completed throughout the 2020/2021 year.

The opinion for the 12-month period ending March 2020 is shown below:

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

The Internal Audit Manager is not aware of any significant impact of Covid-19 on the internal control environment between April 2020 and the approval of this Statement. Covid-19 has however shown that although staff were working remotely controls were in place to provide continuity of services.

### 13. External Audit

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

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

### 14. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2020/2021. It should however be stated that whilst significant due diligence was conducted prior to paying out any of the Covid-19 Grants this was done at a pace significantly faster than the council would choose to operate, therefore checks will extend beyond the 2020/2021 period to ensure no monies were incorrectly claimed or paid out.

### 15. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which Officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

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

Councillor Paul Follows

Tom Horwood

# Annual Governance Statement 2020/21

Signed

Leader of the Council

Dated XXXX

Signed

Chief Executive

Dated XXXX

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## WAVERLEY BOROUGH COUNCIL

### AUDIT COMMITTEE

6<sup>TH</sup> SEPTEMBER 2021

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**Title:**

**ANNUAL INTERNAL AUDIT REPORT FOR 2020-21**

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**Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee**

**Strategic Director: Graeme Clark**

**Key decision: Yes**

**Access: Public**

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**1. Purpose and summary**

1.1 Purpose and summary of the report.

1.2 The Accounts and Audit Regulations 2015 (Part 2 s3) require local authorities to have a sound system of internal control and Internal Audit is part of this system of internal control. Part 2 (s5) of the Regulations state that an authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This report is a summary of the work carried out by Internal Audit during the financial year 2020-21 and also provides an audit opinion to support the Annual Governance Statement on the organisation's control environment.

**2. Recommendation**

It is recommended that the Audit Committee considers and notes the annual internal audit report and audit opinion for 2020-21.

**3. Reason for the recommendation**

To enable the Audit Committee to be informed of the work that has been completed to date to provide them with assurance that the control environment is working as intended.

**4. Background**

4.1 The 2020-21 Internal Audit Plan was approved at the March 2020 Audit Committee to be completed with a combination of the internal resource of the Internal Audit Manager (195 days) and the external contractor Southern Internal Audit

Partnership (SIAP) for 155 days to provide a total of 350 days. With the occurrence of Covid-19 the commencement of planned reviews were delayed or rescheduled until staff, were available as some were redeployed to deal with Covid Grants and community support activities, and also the technology being available to enable reviews to be completed remotely. In this unprecedented challenging time Internal audit commenced reviews later than intended around June 2020 this resulted in the delivery of 20 Internal Audit reviews. This delay has resulted in reviews overlapping into this financial year and where changes have been made to the plan 330 audit days have been provided.

4.2 There are some reviews still in progress that need to be concluded to final report stage. The contents of these reviews including an advisory review but indicate that there are no implications that will affect the annual opinion provided in this report.

4.3 Those reviews that were previously agreed at the March 2020 audit committee that have been replaced with other reviews were reassessed in the preparation of the 2021-22 Audit Plan and where applicable have been included in the 2021-22 Audit Plan.

## **5. Relationship to the Corporate Strategy and Service Plan**

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

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

### **6.2 Risk management**

The work completed by Internal Audit provides an independent assessment of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

### **6.3 Legal**

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

### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 **Climate emergency declaration**  
There are no direct implications in this report

7. **Consultation and engagement**

7.1 Heads of Service, Management Board and the Chairman and Vice-Chairman of the Audit Committee were engaged throughout the year on the internal audit activity.

8. **Other options considered**

8.1 N/A

9. **Governance journey**

9.1 The minutes of the meeting will be included on the next Council agenda.

**Annexes:**

Annexe 1 – Annual Internal Audit Report for 2020-21

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**Background Papers**

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

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**CONTACT OFFICER:**

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Agreed and signed off by:  
Legal Services: 05/07/2021  
Head of Finance: 02/07/2021  
Strategic Director: 12/07/2021  
Portfolio Holder: N/A

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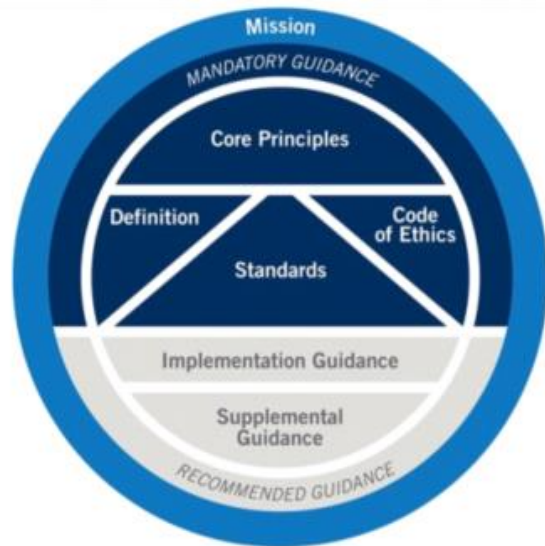
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## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

***‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.’***



The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

***‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes’.***

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations objectives.

## 2. Internal Audit Approach

To enable effective outcomes, internal audit provide a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Internal Audit Manager and will depend on the:

- level of assurance required;
- significance of the objectives under review to the organisations success;
- risks inherent in the achievement of objectives; and
- level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



### 3. Internal Audit Opinion

The Internal Audit Manager is responsible for the delivery of an annual audit opinion and report that can be utilised by the Council to inform its Annual Governance Statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given I have based my opinion on:

- written reports on all internal audit work completed during the course of the year;
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of Waverley's audit need that has been covered within the period

*Annual Internal Audit Opinion 2020-2021*

*“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Waverley Borough Council’s internal control environment.*

***In my opinion, Waverley Borough Council’s framework of governance, risk management, governance and internal control is ‘adequate’ and audit testing has demonstrated controls to be working in practice.***

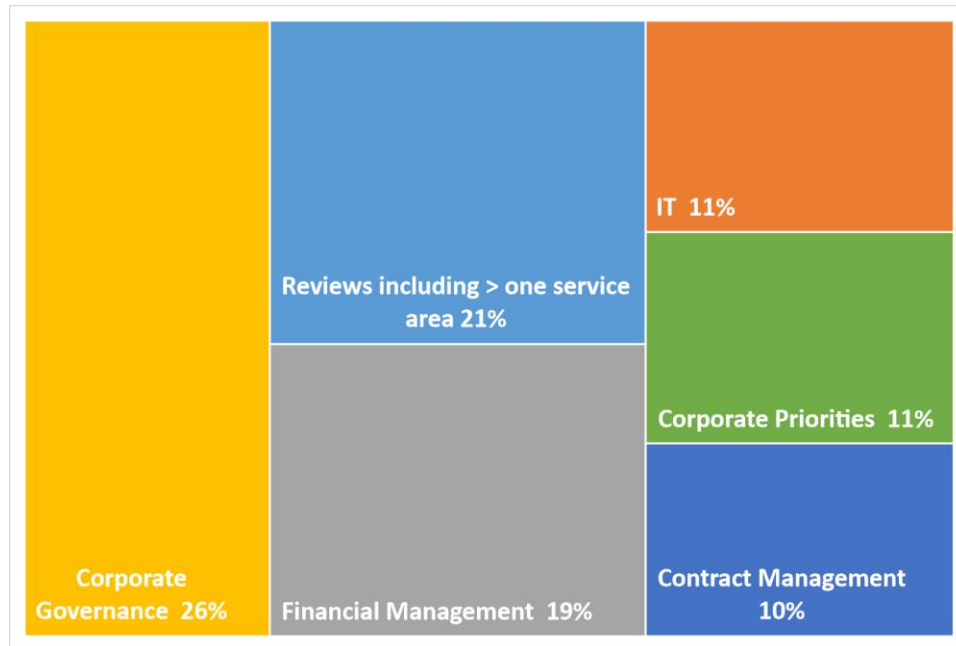
*Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.”*

It is acknowledged that Covid-19 presented new risks and challenges to maintain the normal operation of existing risk management, governance and control frameworks.

#### 4. Internal Audit Coverage and Output

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council’s activities and to support the preparation of the Annual Governance Statement.

##### Percentage of Types of Reviews



Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively.

The 2020-21 Internal Audit Plan approved by the Audit Committee in March 2020, was informed by internal audit’s assessment of risk and materiality. In addition to consultation with management to ensure it aligned to key risks facing the organisation.

The plan has remained fluid throughout the year to maintain an effective focus.

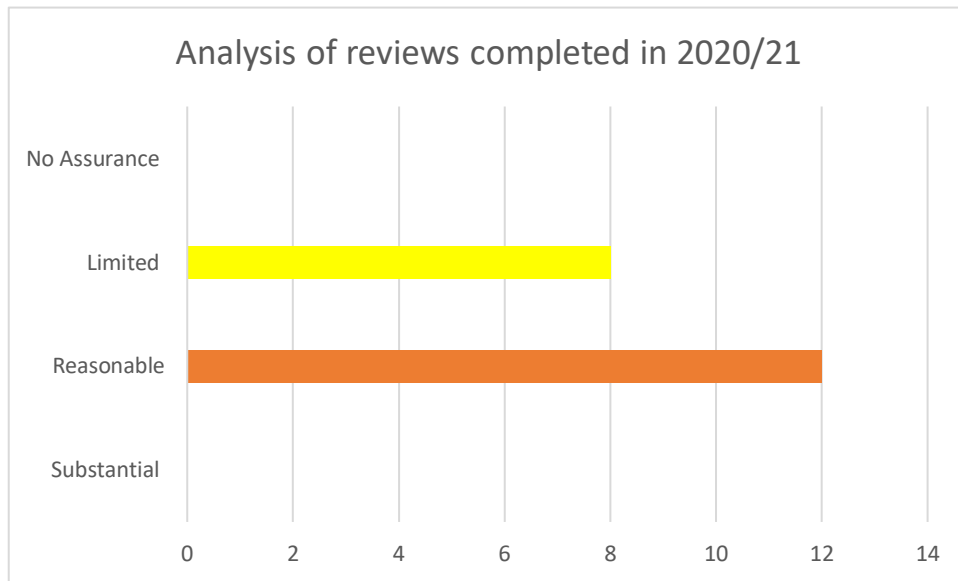
In delivering the internal audit opinion the Internal Audit Service have undertaken 20 reviews during the year.

The 2020-21 internal audit plan has been delivered with the following exceptions:

- Work is substantially complete and an opinion has been formed for 20 reviews. One advisory review was completed which did not culminate in an audit opinion as they relate to work conducted in respect of advisory reviews on the systems in operation and actions were raised where necessary. Another advisory review was started but has been delayed in being completed due to other priorities by the Internal Audit Manager.
- The reviews detailed in section 5 below are those reviews currently provided with 'limited' assurance (include 2 at Draft report stage).

I do not consider these exceptions to have an adverse impact on the delivery on the overall opinion for the period. The opinion assigned to each internal audit review on issue (including draft reports) is defined as follows:





**Substantial** - A sound system of governance, risk management and controls exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable** - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**Limited** - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

**No Assurance** - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## 5. Key Observations

There were no ‘No Assurance’ opinions issued during the year. In general, internal audit work found there to be a sound control environment in place across a majority of review areas that were working effectively to support the delivery of corporate objectives, however there were some areas identified that provide challenge to the organisations risk environment and were given a “limited’ assurance:

**Decant and demolition of council homes** – Improvements were identified relating to the reviewing and updating of policies, sign off of programme milestones, highlight reports progress reports, checks on home loss payments and the terms of reference for the Ockford Ridge Programme Group.

**Financial element of Exacom** – highlighted that the interface between the Exacom system and Agresso requires improvement relating to demand notices, notification of income received through Agresso to Exacom and reconciliation between both systems.

**Compliance monitoring for council owned buildings** – Areas identified where improvements are needed include; Statutory Risk Assessments; performance indicators or comparison reporting; centralisation of records, formal approval of policies and contractor confirmation re guidance updated re covid secure compliant.

**Procurement levels with suppliers** – contract register maintenance and compliance re contract, value exceeded, procuring of Agency staff, market testing, procurement strategy development, compilation of performance indicators, waiver register and cyclical reporting.

**Safeguarding** – Areas of improvement have been identified including monitoring mechanism of cases, reporting and changes to terms of reference. An action plan has been developed to address these areas.

**Service Charges for Leaseholder Properties** – This review highlighted the need for reliance on accurate information being recorded on the Orchard system to enable costs relating to leaseholder properties to be accessible and identified as relating to the relevant communal blocks. Recharging for costs to be completing in accordance with the lease agreement timeframes.

## 6. Anti-Fraud and Corruption

The Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services.

A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. Policies and strategies are in place setting out the Council's approach and commitment to the prevention and detection of fraud or corruption.

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (including Anti-Fraud & Corruption Strategy and Response Plan; Whistleblowing Policy and Anti Bribery Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.

**National Fraud Initiative (NFI)** - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to the National Fraud Initiative on a regular basis (every two years). Work has commenced on the matches we have received, and progress will be monitored.

As a member of the Surrey Counter Fraud Partnership, we work in collaboration as a partnership to share ideas and to implement strategies to raise awareness including a publicity campaign on tenancy fraud and provide opportunities for member of the public to raise concerns.

## 7. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within ‘the Standards’.

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a QAIP to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An ‘External Quality Assessment’ of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in 2020. Include new assessment re report provided.

In considering all sources of evidence the external assessment team concluded:

**“It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to all of the principles contained within the International Professional Practice Framework (IPPF); the Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).”**

**There are no instances across these standards where we determined a standard below “generally conforms”, and 4 instances where the standard is assessed as “not applicable” due to the nature of SIAP’s remit.”**

In accordance with PSIAS, annual self-assessments have been completed since the external inspection concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

## 8. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments] which requires ‘an external quality assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation’ I can confirm endorsement from the Institute of Internal Auditors that

‘the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics;  
and the Standards’

There are no disclosures of Non-Conformance to report.

## 9. Quality control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This was achieved in 2020-21 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation, including checking and signing off documents.
- Review and quality control of all internal audit work by professional qualified senior staff members; and
- A self-assessment against the Public Sector Internal Audit Standards.

## 10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service, the first 3 were previously agreed with the Audit Committee and formed part of the contract with the internal audit contractor who completed the majority of the work in 2020/21. The last 2 have been reintroduced as suggested at the last Audit Committee when this Annual Report was reported last year.

Annual performance indicators		
Aspect of service	2019-2020 Actual (%)	2020-2021 Actual (%)
Revised plan delivered (including 2019/20 c/f) (C) <b>(Target 100%)</b>	98	96
Positive customer responses to quality appraisal questionnaire ** <b>(Target 90%)</b>	99	96
Compliant with the Public Sector Internal Audit Standards	Yes	Yes
Average no. of days between Contractor exit meeting and the issue of Draft Report to WBC (Target 28 Days) (C)	New	41 Days
Average number of days between the contactor issuing Draft report for WBC management agreed actions and the uploading of Final Report to Pentana (Target 28 Days (WBC))	New	26 Days

\*\*Customer satisfaction has been assessed through response to questionnaire issued to a wide range of stakeholders including senior officers and audit committee members involved in the Internal Audit process throughout the year.

## 11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Waverley Borough Council with whom we have made contact in this difficult year. The relationship has been positive, and management were responsive to the comments made both informally and through our formal reporting.

Gail Beaton  
Internal Audit Manager  
September 2021

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## WAVERLEY BOROUGH COUNCIL

### AUDIT COMMITTEE

6<sup>TH</sup> SEPTEMBER 2021

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**Title:**  
**PROGRESS ON THE IMPLEMENTATION INTERNAL AUDIT AGREED ACTIONS**

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**Lead Councillor:** Councillor Peter Marriott, Chairman of the Audit Committee

**Head of Service:** Graeme Clark, Strategic Director

**Key decision:** Yes

**Access:** Public

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#### **1. Purpose and summary**

- 1.1 To inform the Audit Committee of Senior Management's progress in implementing the agreed actions 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 original agreed implementation date.

#### **2. Recommendation/s**

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

Considers the Head of Service(s) justification for a request for a change in the agreed target date for the Management Actions (s) listed in **Annexe 2** and agree an appropriate implementation date(s).

#### **3. Reason for the recommendation**

To enable the Audit Committee to be informed of the status of agreed actions accepted by Heads of Service but not yet implemented or progress made to implement by the agreed implementation date.

#### **4. Background**

4.1 This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit agreed actions.

#### **5. Relationship to the Corporate Strategy and Service Plan**

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

#### **6. Implications of decision**

##### **6.1 Resource (Finance, procurement, staffing, IT)**

Internal audit work helps management in achieving good value for money and, individual agreed actions may have value for money implications and protect the council from financial risks.

##### **6.2 Risk management**

There is a risk that where weakness or non-compliance identified as part of audit reviews, if not actioned to strengthen the controls will not assist to prevent the materialising of the risks identified.

##### **6.3 Legal**

There are no direct legal implications, although good governance and probity are strengthened by attending to the matters raised within the audit agreed actions.

##### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

##### **6.5 Climate emergency declaration**

There are no direct implications in this report

#### **7. Consultation and engagement**

7.1 Heads of Service

#### **8. Other options considered**

8.1 N/A

## **9. Governance journey**

9.1 The minutes of the meeting will be included on the Council agenda.

### **Annexes:**

Annexe 1 – provides the current position on agreed actions due for completion at the end of the month of the Audit Committee date.

Annexe 2 – provides the requests from Heads of Service for changes to the agreed action dates.

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### **Background Papers**

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

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### **CONTACT OFFICER:**

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Position: Internal Audit Manager  
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Email: [gail.beaton@waverley.gov.uk](mailto:gail.beaton@waverley.gov.uk)

Agreed and signed off by:  
Legal Services: 17/08/2021  
Head of Finance: 13/08/2021  
Strategic Director:  
Portfolio Holder: N/A

# Agreed Internal Audit Actions overdue or due by 30 September 2021





Generated on: 19 August 2021



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



## Head of Service Allum, David

IA21/01.001 Account Setup						
<b>Action Code &amp; Description</b>	Implement a criteria that the user is required to set up an account which includes the need to use an email address for each session of upload of comments made to the Waverley Borough Council's planning website. It is acknowledge that there are future plans for this to be implemented when Waverley moves to 365 when gaining access to all online Council services. Consideration should however be given to local groups who may have a coordinator/ or other individuals that upload comments, relating to Planning applications or other consultation exercises, on behalf of others due to them not having the technical capabilities or IT access to do this for themselves.				<b>Exit Meeting Date</b>	22-Jan-2021
					<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/01 Planning comments on portal Advisory Review					
<b>Agreed Action</b>	<i>The investment of £3,000 - £4,000 (as a one off cost) to implement this account setup will be funding by Planning Services. Where an email account will be mandatory and a pin will be sent to that email address for the account to be activated to confirm and submit comments to the planning CIVICA website. (ZE) (Support from IT)</i>					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	25%	<b>Head of Service</b>	<b>David Allum; Zac Ellwood</b>
<b>All Notes</b>	<b>Awaiting order from Planning Service deferred pending Horizon implementation. Therefore, this action will not be completed until the Horizon system is bedded in before changes such as this will be made.</b>					22-Jun-2021
	<b>It is therefore requested that an extension until December 2021, considering the low risk attributed to this action, is proposed to the Audit Committee.</b>					
	Investment in account set-up now agreed by relevant Head of Service.					11-Feb-2021



IA21/08.002.1 Digitalising information						
<b>Action Code &amp; Description</b>	We requested evidence of supporting information to confirm actions had been followed up for areas identified as non-compliant with safety standards. We were able to confirm that actions were being implemented.				<b>Exit Meeting Date</b>	07-Jun-2021
	In undertaking our testing there were instances where the manager responsible for the building referred us to the Property and Engineering Team, and vice versa on other occasions.				<b>Due Date</b>	31-Aug-2021
	The responsibility to ensure works are inspected and followed up lies with the premises manager but they are required to work in partnership with the Property & Engineering Team and the Premises Managers to ensure full compliance with the H&S requirements as summarised within the CIPFA guidance.					
	We found that we had to refer to all parties to obtain copies of documentation because there is currently not an efficient central repository for documentation supporting the completion of actions in response to assessments / inspections.					
To enable the timely arrangement of the next due date a monitoring spreadsheet is maintained to record the most recent test / inspection / assessment by category. However, we noted that currently the action owner is not recorded within the monitoring spreadsheet which could impair clear accountability, communication, and effective monitoring. We also noted that the key monitoring tool for safety checks is a spreadsheet. Spreadsheets have little or no data validation checks; it is therefore easy for records within spreadsheets to be corrupted/deleted. Currently this spreadsheet is not reconciled to any other record to ensure that it holds a complete record of all properties						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/08 Compliance monitoring for Council Owned Properties					
<b>Agreed Action</b>	2.1 Engineering section moving all the records and supporting information on to SharePoint, all the information and test certificates will be in one place. Expected to be completed by end of March.					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum;</b>
<b>All Notes</b>						



IA21/08.002.2 Terms of Reference						
<b>Action Code &amp; Description</b>	We requested evidence of supporting information to confirm actions had been followed up for areas identified as non-compliant with safety standards. We were able to confirm that actions were being implemented.				<b>Exit Meeting Date</b>	07-Jun-2021
	In undertaking our testing there were instances where the manager responsible for the building referred us to the Property and Engineering Team, and vice versa on other occasions.				<b>Due Date</b>	31-Aug-2021
	The responsibility to ensure works are inspected and followed up lies with the premises manager but they are required to work in partnership with the Property & Engineering Team and the Premises Managers to ensure full compliance with the H&S requirements as summarised within the CIPFA guidance.					
	We found that we had to refer to all parties to obtain copies of documentation because there is currently not an efficient central repository for documentation supporting the completion of actions in response to assessments / inspections.					



		<p>To enable the timely arrangement of the next due date a monitoring spreadsheet is maintained to record the most recent test / inspection / assessment by category. However, we noted that currently the action owner is not recorded within the monitoring spreadsheet which could impair clear accountability, communication, and effective monitoring.</p> <p>We also noted that the key monitoring tool for safety checks is a spreadsheet. Spreadsheets have little or no data validation checks; it is therefore easy for records within spreadsheets to be corrupted/deleted. Currently this spreadsheet is not reconciled to any other record to ensure that it holds a complete record of all properties.</p>				
<b>Risk Level</b>					<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>		IA21/08 Compliance monitoring for Council Owned Properties				
<b>Agreed Action</b>		2.2 TOR for Facilities and Property and Engineering team on assessment and inspections. Ensure responsibilities outlined in the 'Arrangements' section of H&S policy				
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>
<b>All Notes</b>						



<b>IA21/08.002.3 Action Owners</b>							
<b>Action Code &amp; Description</b>	<p>We requested evidence of supporting information to confirm actions had been followed up for areas identified as non-compliant with safety standards. We were able to confirm that actions were being implemented.</p> <p>In undertaking our testing there were instances where the manager responsible for the building referred us to the Property and Engineering Team, and vice versa on other occasions.</p> <p>The responsibility to ensure works are inspected and followed up lies with the premises manager but they are required to work in partnership with the Property &amp; Engineering Team and the Premises Managers to ensure full compliance with the H&amp;S requirements as summarised within the CIPFA guidance.</p> <p>We found that we had to refer to all parties to obtain copies of documentation because there is currently not an efficient central repository for documentation supporting the completion of actions in response to assessments / inspections.</p> <p>To enable the timely arrangement of the next due date a monitoring spreadsheet is maintained to record the most recent test / inspection / assessment by category. However, we noted that currently the action owner is not recorded within the monitoring spreadsheet which could impair clear accountability, communication, and effective monitoring.</p> <p>We also noted that the key monitoring tool for safety checks is a spreadsheet. Spreadsheets have little or no data validation checks; it is therefore easy for records within spreadsheets to be corrupted/deleted. Currently this spreadsheet is not reconciled to any other record to ensure that it holds a complete record of all properties.</p>				<b>Exit Meeting Date</b>	07-Jun-2021	
					<b>Due Date</b>	31-Aug-2021	
	<b>Risk Level</b>		<b>Medium Priority</b>			<b>Risk RAG</b>	
	<b>Audit Report Code and Description</b>		IA21/08 Compliance monitoring for Council Owned Properties				
<b>Agreed Action</b>		2.3 Actions owners must be recorded within a monitoring/record spreadsheet					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>	

<b>All Notes</b>	
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<b>Action Code &amp; Description</b>	<b>IA21/08.002.4 Monitoring Tool</b>					
	We requested evidence of supporting information to confirm actions had been followed up for areas identified as non-compliant with safety standards. We were able to confirm that actions were being implemented.				<b>Exit Meeting Date</b>	07-Jun-2021
	In undertaking our testing there were instances where the manager responsible for the building referred us to the Property and Engineering Team, and vice versa on other occasions.				<b>Due Date</b>	31-Aug-2021
	The responsibility to ensure works are inspected and followed up lies with the premises manager but they are required to work in partnership with the Property & Engineering Team and the Premises Managers to ensure full compliance with the H&S requirements as summarised within the CIPFA guidance.					
	We found that we had to refer to all parties to obtain copies of documentation because there is currently not an efficient central repository for documentation supporting the completion of actions in response to assessments / inspections.					
To enable the timely arrangement of the next due date a monitoring spreadsheet is maintained to record the most recent test / inspection / assessment by category. However, we noted that currently the action owner is not recorded within the monitoring spreadsheet which could impair clear accountability, communication, and effective monitoring.						
We also noted that the key monitoring tool for safety checks is a spreadsheet. Spreadsheets have little or no data validation checks; it is therefore easy for records within spreadsheets to be corrupted/deleted. Currently this spreadsheet is not reconciled to any other record to ensure that it holds a complete record of all properties.						
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/08 Compliance monitoring for Council Owned Properties					
<b>Agreed Action</b>	2.4 Copies of monitoring tool must be kept and checked/updated annually. Regular meetings of Engineering team to monitor compliance and ensure records are up to date and accurate					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>
<b>All Notes</b>						

<b>Action Code &amp; Description</b>	<b>IA21/18.002.1 Roles and Responsibilities</b>					
	There is no formal documentation available that describes to all stakeholders including IT and relevant managers of all Council departments, roles and responsibilities for the distribution, setup, maintenance, inventory and monitoring of thin clients, laptops, tablets and mobile phones.				<b>Exit Meeting Date</b>	29-Jul-2021
				<b>Due Date</b>	30-Sep-2021	
<b>Risk Level</b>	<b>Low Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/18 IT Inventory Control and Licensing					
<b>Agreed Action</b>	Document the roles and responsibilities in IT for the management of end user devices. (IT)					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>
<b>All Notes</b>						


IA21/18.003.1 Roles and Responsibilities re Citrix etc						
<b>Action Code &amp; Description</b>	We obtained from the Infrastructure Manager visual and documented evidence of licencing contract and licence product subscriptions for Citrix and VMware products. However, roles and responsibilities for the management of the Citrix and VMware licences are not formally documented.				<b>Exit Meeting Date</b>	29-Jul-2021
					<b>Due Date</b>	30-Sep-2021
<b>Risk Level</b>	<b>Low Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/18 IT Inventory Control and Licensing					
<b>Agreed Action</b>	Document the roles and responsibilities for management of Citrix, VMWare and Microsoft Licences.					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>
<b>All Notes</b>						



IA21/18.004.1 Supports Work Inventory						
<b>Action Code &amp; Description</b>	We received from the Infrastructure Manager screenshots of a spreadsheet populated by a report from Supportworks of all the Revenues & Benefits and Elections Services laptops. The contents of this report compared to the inventories provided showed that 6 laptops were not listed in IT's spreadsheet. After querying this finding with the Infrastructure Manager, they then produced Supportworks screenshots of all 6 laptop records, this time including 5 of the 6 laptops.  Therefore: . out of 33 laptops listed in Revenues & Benefits inventory, 32 were listed in the IT inventory however one (100861) was not found on Supportworks. . all four of the laptops listed in Elections Services inventory were also listed in the IT inventory.				<b>Exit Meeting Date</b>	29-Jul-2021
					<b>Due Date</b>	30-Sep-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/18 IT Inventory Control and Licensing					
<b>Agreed Action</b>	Confirm the accuracy of Supportworks inventory against actual kit.					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>David Allum</b>
<b>All Notes</b>						



### Head of Service Ellwood, Zac

IA20/08.001 Target Response Times						
<b>Action Code &amp; Description</b>	Monitoring of response targets against those highlighted in the Enforcement Plan for the 3 priorities are not currently measured or reported: Priority One – Major – First contact or site visit within 1 working day from receipt of complaint Priority Two – Medium – First contact or site visit within 5 working days from receipt of complaint Priority Three – Low – First contact or site visit within 10 working days from receipt of complaint				<b>Exit Meeting Date</b>	15-Jan-2020
					<b>Due Date</b>	31-Mar-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA20/08 Planning Enforcement					
<b>Agreed Action</b>	1.1 The measuring of response times to be incorporated into the incoming new Horizon programme that replaces ILAP. 1.2 The information for reporting will be available on request from the new Horizon programme that replaces ILAP.  Risk -Performance issues may not be identified. (ZE)					







<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	Completion of this action is dependent on the necessary functionality being available in the new Horizon system, which is not yet in place; <b>Therefore, an extension to 31 October 2021 from the Audit Committee is requested.</b>					01-Jul-2021
	Due changed re AC November agreement to 31/03/2021					04-Dec-2020

<b>Action Code &amp; Description</b>	<b>IA20/08.002 Out of Date Enforcement Plan</b>					<b>Exit Meeting Date</b>	15-Jan-2020
	There has been six years of operations since the Enforcement Plan was issued. Elements of the plan relating to key performance indicators and proactive working are out of date and no longer reflect operational activity.					<b>Due Date</b>	31-Mar-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>		
<b>Audit Report Code and Description</b>	IA20/08 Planning Enforcement						
<b>Agreed Action</b>	To update and agree the Local Planning Enforcement Plan Risk - Key policy document may be out of date and not reflect current operations. (ZE)						
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	50%	<b>Head of Service</b>	<b>Zac Ellwood; Zac Ellwood</b>	
<b>All Notes</b>	The Council is actively looking at how it will deliver enforcement and inspection functions more holistically at the corporate level and it was therefore agreed with the Environment Overview & Scrutiny Committee that scrutiny of the draft Local Enforcement Plan will now take place in September 2021 so that any implications for/from the corporate project can be taken into account. The Plan itself is almost complete in draft form. <b>Therefore, an extension to 31 October 2021 from the Audit Committee is requested after the scrutiny process has been completed.</b>					01-Jul-2021	
	Due date changed re AC November agreement to 31/03/2021					04-Dec-2020	
	Meeting with Development Manager & Enforcement Manager arranged for November and reporting timescales set in Forward Plan.					09-Nov-2020	



<b>Action Code &amp; Description</b>	<b>IA20/17.001.1 Reconciliation</b>					<b>Exit Meeting Date</b>	16-Jun-2020
	From our discussion with Planning and Accountancy teams, we noted that an overall reconciliation process does not take place between planning income received and that which is logged in the planning system, ILAP, and planning income recorded in the accounts. Such a process being in place would better enable the Council to demonstrate that income received is accurately reflected and would give additional reassurance to that effect.					<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>		
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income						
<b>Agreed Action</b>	Initiate reconciliation process using current systems.						
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Zac Ellwood; Peter Vickers</b>	
<b>All Notes</b>	Action awaiting successful Horizon roll out. <b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					30-Jun-2021	
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021	
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021.					11-Feb-2021	


	Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'	
	Due date changed re AC November agreement to 28/02/2021	04-Dec-2020
	Linked to Project Horizon - rollout Q4 2020;/21	09-Nov-2020


<b>IA20/17.001.2 Functionality of the new Planning Database</b>						
<b>Action Code &amp; Description</b>	From our discussion with Planning and Accountancy teams, we noted that an overall reconciliation process does not take place between planning income received and that which is logged in the planning system, ILAP, and planning income recorded in the accounts.				<b>Exit Meeting Date</b>	16-Jun-2020
	Such a process being in place would better enable the Council to demonstrate that income received is accurately reflected and would give additional reassurance to that effect.				<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Development of new Planning database to ensure an automatic process is available.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	Horizon snags delaying next steps. Developer meeting requested. <b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					30-Jun-2021
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'					11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021					04-Dec-2020



<b>IA20/17.002.2 Recording of pre application advice</b>						
<b>Action Code &amp; Description</b>	Budgets were set, within the last few years, based on a consistently increasing housing market and using the assumption that status quo would apply to planning activity regardless of outside events which had direct effects on consumer confidence in the past.				<b>Exit Meeting Date</b>	16-Jun-2020
	Analysis of the market behaviour might, in future, inform a different outcome in terms of budget setting, and in turn mitigate the risk of setting too ambitious or too small an income target.				<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Record pre-application advice on larger applications likely to be supportable.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	40%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	Due to Horizon delays, Pre-apps suspended to potentially through to 13th August. Allowing time to review the process in line with Horizon development. <b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					30-Jun-2021
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	Internal task and finish group now set up to look at this matter.					11-Feb-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and					11-Feb-2021


	comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'	
	Due date changed re AC November agreement to 28/02/2021	04-Dec-2020


IA20/17.003.1 Planning Reference Number						
<b>Action Code &amp; Description</b>	Testing for the approval of refunds, from the ILAP system/documentation held, through to the finance system, Agresso, was completed on a reduced scale due to the inability of the ILAP system to run a report specifically on refunds.				<b>Exit Meeting Date</b>	16-Jun-2020
	However, from filing completed earlier in the 2019/2020 financial year, we selected a sample of five refunds. For 2/5 we were unable to confirm that the request had approval for refund and we were also unable to confirm the date that the refund was requested in order to check it had been issued both appropriately and in a timely manner. Where refunds are issued it is important to retain an audit data trail and document authorisations, timings and reasons for refunds being made. For example, including an appropriate planning reference on Agresso payment records alongside.  Risk: Risk of loss of income				<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Discussions with Finance Service over joint procedures to ensure that all records necessary are held on the Planning database and the Finance records hold the Planning reference for refunds.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	50%	<b>Head of Service</b>	<b>Zac Ellwood;</b> Peter Vickers
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon devs to review.</b>					30-Jun-2021
	<b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'					11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021					04-Dec-2020

IA20/17.003.2 Planning Procedure Note						
<b>Action Code &amp; Description</b>	Testing for the approval of refunds, from the ILAP system/documentation held, through to the finance system, Agresso, was completed on a reduced scale due to the inability of the ILAP system to run a report specifically on refunds.				<b>Exit Meeting Date</b>	16-Jun-2020
	However, from filing completed earlier in the 2019/2020 financial year, we selected a sample of five refunds. For 2/5 we were unable to confirm that the request had approval for refund and we were also unable to confirm the date that the refund was requested in order to check it had been issued both appropriately and in a timely manner. Where refunds are issued it is important to retain an audit data trail and document authorisations, timings and reasons for refunds being made. For example, including an appropriate planning reference on Agresso payment records alongside confirmation of the date of any refund paid would enable such a data trail to be captured.				<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	


<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Update the Planning procedure note.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	33%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon devs to review.</b>					30-Jun-2021
	<b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'					11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021					04-Dec-2020
Procedure Notes to be updated as part of Project Horizon rollout					09-Nov-2020	

<b>Action Code &amp; Description</b>	<b>IA20/17.004.1 Automate payment extraction from portal</b>					
	The interface between the Agresso and ILAP system relies on manual input. It is inevitable that errors will occur from time to time where they might not with a computer system interface.				<b>Exit Meeting Date</b>	16-Jun-2020
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
	Our review of a sample of 50 found that in terms of the receipt of income: . Two records were unable to be located on ILAP. . Three amounts were recorded incorrectly on ILAP . In three further instances, a record of checks made on income which had been received had not been retained. Whilst the errors were minor in comparison to the amount of income tested, this demonstrates the possibility of errors in recording information, and highlights that staff must remain vigilant when recording income to ensure accuracy of income recording.					
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Ensure the new Planning Database extracts the payment details directly from the Portal payment to remove manual entry of data.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review.</b>					30-Jun-2021
	<b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'					11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021					04-Dec-2020
<b>Action Code &amp; Description</b>	<b>IA20/17.004.2 Spot Checks</b>				<b>Exit Meeting Date</b>	16-Jun-2020



<p>The interface between the Agresso and ILAP system relies on manual input. It is inevitable that errors will occur from time to time where they might not with a computer system interface.</p> <p>Our review of a sample of 50 found that in terms of the receipt of income:</p> <ul style="list-style-type: none"> <li>. Two records were unable to be located on ILAP.</li> <li>. Three amounts were recorded incorrectly on ILAP</li> <li>. In three further instances, a record of checks made on income which had been received had not been retained.</li> </ul> <p>Whilst the errors were minor in comparison to the amount of income tested, this demonstrates the possibility of errors in recording information, and highlights that staff must remain vigilant when recording income to ensure accuracy of income recording.</p>		<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>High Priority</b>	<b>Risk RAG</b>	<span style="color: red;">■</span>
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income		
<b>Agreed Action</b>	Ensure the new Planning Database extracts the payment details directly from the Portal payment to remove manual entry of data.		
<b>Status</b>	 <b>Overdue</b>	<b>Progress</b>	80%
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review.</b>		30-Jun-2021
	<b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>		
	Due date changed re AC November agreement to 31/05/ 2021		21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'		11-Feb-2021
Due date changed re AC November agreement to 28/02/2021		04-Dec-2020	

<b>IA20/17.004.3 Data on Systems</b>				
<b>Action Code &amp; Description</b>	<p>The interface between the Agresso and ILAP system relies on manual input. It is inevitable that errors will occur from time to time where they might not with a computer system interface.</p> <p>Our review of a sample of 50 found that in terms of the receipt of income:</p> <ul style="list-style-type: none"> <li>. Two records were unable to be located on ILAP.</li> <li>. Three amounts were recorded incorrectly on ILAP</li> <li>. In three further instances, a record of checks made on income which had been received had not been retained.</li> </ul> <p>Whilst the errors were minor in comparison to the amount of income tested, this demonstrates the possibility of errors in recording information, and highlights that staff must remain vigilant when recording income to ensure accuracy of income recording.</p>		<b>Exit Meeting Date</b>	09-Nov-2020
			<b>Due Date</b>	31-May-2021
<b>Risk Level</b>	<b>High Priority</b>	<b>Risk RAG</b>	<span style="color: red;">■</span>	
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income			
<b>Agreed Action</b>	Discuss with the Finance service ways to record more specific data regarding the applicant/site address/Planning reference for incoming payments and refunds on the Finance systems.			
<b>Status</b>	 <b>Overdue</b>	<b>Progress</b>	20%	
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review.</b>		30-Jun-2021	
	<b>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>			



	Due date changed re AC November agreement to 31/05/ 2021	21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'	11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021	04-Dec-2020

IA20/17.004.4 Procedure Notes						
<b>Action Code &amp; Description</b>	The interface between the Agresso and ILAP system relies on manual input. It is inevitable that errors will occur from time to time where they might not with a computer system interface.				<b>Exit Meeting Date</b>	16-Jun-2020
	Our review of a sample of 50 found that in terms of the receipt of income: . Two records were unable to be located on ILAP. . Three amounts were recorded incorrectly on ILAP . In three further instances, a record of checks made on income which had been received had not been retained.  Whilst the errors were minor in comparison to the amount of income tested, this demonstrates the possibility of errors in recording information, and highlights that staff must remain vigilant when recording income to ensure accuracy of income recording.				<b>Due Date</b>	31-May-2021
	<b>Risk Level</b>	<b>High Priority</b>			<b>Risk RAG</b>	<span style="color: red;">■</span>
<b>Audit Report Code and Description</b>	IA20/17 Planning Fee Income					
<b>Agreed Action</b>	Ensure all procedure notes across different teams with the Planning Service that deal with the receipt of money (and refunds of payments) have the exact same procedure for recording the information in the relevant data bases.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	33%	<b>Head of Service</b>	<b>Zac Ellwood</b>
<b>All Notes</b>	<b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review. Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</b>					30-Jun-2021
	Due date changed re AC November agreement to 31/05/ 2021					21-Jun-2021
	The Audit Committee's agreement to a further extension of the due date to 31 May 2021 is requested. This Action is dependent on the successful roll out of the new, bespoke Horizon system, which, due to technical issues and the need for further robust testing and comprehensive training, has been put back to a 'go live' date of Monday 22 March 2021. Preparations are in place to implement this action shortly following the Horizon go-live date, with an appropriate testing period of live system data to 'prove the process.'					11-Feb-2021
	Due date changed re AC November agreement to 28/02/2021					04-Dec-2020


IA21/01.002 Declarations				
<b>Action Code &amp; Description</b>	The declaration on the Waverley CIVICA Planning website should be expanded, clearly stating the possible implications of making a false declaration, before starting the online process of input to the website re confirmation that they are the individual making the comments as well as including their email address.		<b>Exit Meeting Date</b>	22-Jan-2021
	Other authorities websites include statements such as:-  "Login details are confidential and only used to prevent anonymous comments" or in the prevention or investigation of fraudulent activity as the law permits.  "Planning services will not share your data with third parties except where necessary to process your comments and preventing or detecting crime".		<b>Due Date</b>	31-May-2021

<b>Risk Level</b>	<b>Medium Priority</b>			<b>Risk RAG</b>		
<b>Audit Report Code and Description</b>	IA21/01 Planning comments on portal Advisory Review					
<b>Agreed Action</b>	<p>The declaration can be updated to enable positive confirmation that they are the person named making the comment with the use of a tick box.</p> <p>Inclusion of "preventing or detecting crime" might also make them think twice about using someone else's name.</p> <p>(ZE supported by Legal)</p>					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	10%	<b>Head of Service</b>	David Allum; Zac Ellwood
<b>All Notes</b>	<p><b>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review. When this has been resolved this can be implemented in conjunction with improvements to the setting up of an account to make comments on a planning applications re IA21/01.001, both these action will not be completed until the Horizon system is bedded in before initiatives such as these are progressed.</b></p> <p><b>It is therefore requested that an extension until December 2021 is proposed to the Audit Committee.</b></p>				30-Jun-2021	
	Dependent on software upgrade.				11-Feb-2021	


### Head of Service Kipping, Sally



<b>Action Code &amp; Description</b>	<b>IA21/17.004.2 Safeguarding Champion are on form</b>							
	<p>Although the role and responsibilities of Safeguarding Champions are outlined in the policy, from discussions with the Community Services Manager, it is understood that due to changes to the performance and management process for 2020-21, roles, responsibilities and targets for Safeguarding Champions are not included in performance agreements, meaning there are no ongoing discussions with managers about the role and any associated training requirements.</p>			<table border="1"> <tr> <td><b>Exit Meeting Date</b></td> <td>27-Jul-2021</td> </tr> <tr> <td><b>Due Date</b></td> <td>30-Sep-2021</td> </tr> </table>	<b>Exit Meeting Date</b>	27-Jul-2021	<b>Due Date</b>	30-Sep-2021
	<b>Exit Meeting Date</b>	27-Jul-2021						
<b>Due Date</b>	30-Sep-2021							
<b>Risk Level</b>	<b>High Priority</b>			<b>Risk RAG</b>				
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding							
<b>Agreed Action</b>	4.2 - 1 to1 form - draw up a section on the form that asks if someone is a Safeguarding Champion to specifically discuss role on a regular basis communicate to all managers							
<b>Status</b>		<b>In Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	Sally Kipping		
<b>All Notes</b>								


### Head of Service Smith, Andrew

<b>Action Code &amp; Description</b>	<b>IA20/10.002 Comparison to electoral roll</b>							
	<p>The Private sector housing team have not completed a comparison of the number of people in a household on the electoral roll to the register of properties (HMOs) already known.</p> <p>For example 8 Badgers Close Farncombe, has 4 adults able to vote and appears on electoral role all with different surnames would be worth investigating)</p> <p>Risk:- If HMO's are not identified and inspected could result in loss or harm to life.</p>			<table border="1"> <tr> <td><b>Exit Meeting Date</b></td> <td>06-May-2020</td> </tr> <tr> <td><b>Due Date</b></td> <td>01-Apr-2021</td> </tr> </table>	<b>Exit Meeting Date</b>	06-May-2020	<b>Due Date</b>	01-Apr-2021
	<b>Exit Meeting Date</b>	06-May-2020						
<b>Due Date</b>	01-Apr-2021							
<b>Risk Level</b>	<b>Low Priority</b>			<b>Risk RAG</b>				





<b>Audit Report Code and Description</b>	IA20/10 Private Sector Housing HMOs					
<b>Agreed Action</b>	Continue to update HMO list with data from tenancy deposit schemes. Carry out examination of electoral roll to identify potential HMOs and investigate.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	50%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>	<b>This is a major piece of work, which will take several months to complete in combination with other tasks. The Private Sector Housing Manager anticipates this work to be completed by 31 December 2021 if funds are made available to obtain the services of an agency resource.</b>					18-August-2021
	<b>Therefore, an extension is requested from the Audit Committee to 31 December 2021.</b>					
	This is a major piece of work, which will take several months to complete in combination with other tasks. The Private Sector Housing Managers anticipates the work to be completed by 31 March 2022.					08-Jul-2021
	Dependent on recruited officer starting employment in or before January 2021 - delay due to Covid-19.					08-Oct-2020

<b>Action Code &amp; Description</b>	<b>IA20/10.003 Customer Feedback</b>					
	A mechanism to enable customer feedback to be obtained could not be located on the website.				<b>Exit Meeting Date</b>	06-May-2020
	Risk:- That areas of improvement are not identified to assist with service improvement.				<b>Due Date</b>	01-Apr-2021
<b>Risk Level</b>	<b>Low Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA20/10 Private Sector Housing HMOs					
<b>Agreed Action</b>	Draw up customer service questionnaire and send out to landlords on completion of HMO licence process.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>	<b>The team has not been able to start on the HMO audit actions here as officers have had to prioritise other work activities since the Covid pandemic started. The pandemic also affected the ability to recruit to the team, which meant that the admin officer did not have any spare capacity.</b>					08-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</b>					
	Project dependent on newly recruited officer starting employment. Contract commencement delayed due to Covid-19. Request extension to completion date to 1 April 2021 - subject to officer in post in or before January 2021.					08-Oct-2020



<b>Action Code &amp; Description</b>	<b>IA21/17.001.5 Cascade to Staff Change</b>					
	ECINS records are not regularly reviewed to ensure compliance with policy and consistency of reporting although the Community Services Support Officer advised that she would be diarising a monthly check going forward.				<b>Exit Meeting Date</b>	27-Jul-2021
	The reporting function of ECINS is not currently used; any reports requested would be produced manually. No management reports were available for 2020/21. Oversight of safeguarding referrals, recording, and reporting of ECINS data are included as action points in the Waverley Safeguarding Board Forward Plan/Action Tracker however, due to the pandemic, there have been no meetings since the plan was agreed in July 2020.				<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	1.5 - Cascade change in process to all staff					







<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

<b>IA21/17.002.4 Report S11 findings</b>						
<b>Action Code &amp; Description</b>	<p>The Safeguarding Children and Adults at Risk Policy sets out the following responsibilities:</p> <ul style="list-style-type: none"> <li>. The Leader and Chief Executive are responsible for discharging the Councils Safeguarding responsibilities under the Care Act 2014, The Children Act 2004, and Working Together to Safeguard Children 2015.</li> <li>. Nominated Head of Service and Portfolio Holder responsible for coordinating, delivering and monitoring the Councils safeguarding responsibilities.</li> <li>. Internal Safeguarding Board - overseeing the Councils safeguarding responsibilities, including monitoring and evaluation of all safeguarding referrals.</li> </ul> <p>However, the Board's Terms of Reference do not clearly set out reporting arrangements.</p> <p>Although during 2020-21 there was evidence of ad hoc reporting to the Management Board, such as the section 11 self-assessment, there were no regular reports of safeguarding referrals and activities or other performance monitoring to give assurance to the Leader/Chief Executive that safeguarding duties were being discharged effectively.</p> <p>The previous Internal Audit of Safeguarding in 2018 did highlight the lack of a formal agreed reporting framework as an issue and management actions were agreed; however, we found no evidence, aside from the introduction of the Internal Safeguarding Board, that actions relating to improved reporting have been implemented.</p> <p>Without an established reporting framework there is no mechanism to ensure that safeguarding responsibilities are discharged.</p>				<b>Exit Meeting Date</b>	27-Jul-2021
	<b>Due Date</b>	31-Aug-2021				
	<b>Risk Level</b>	<b>Medium Priority</b>	<b>Risk RAG</b>			
	<b>Audit Report Code and Description</b>	IA21/17 Safeguarding				
<b>Agreed Action</b>	2.4 – Report to Management Board in relation to the findings of the Section 11 Self-Assessment and Internal Audit with action plan for delivery of recommendations					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						


<b>IA21/17.002.6 Reporting Online</b>						
<b>Action Code &amp; Description</b>	<p>The Safeguarding Children and Adults at Risk Policy sets out the following responsibilities:</p> <ul style="list-style-type: none"> <li>. The Leader and Chief Executive are responsible for discharging the Councils Safeguarding responsibilities under the Care Act 2014, The Children Act 2004, and Working Together to Safeguard Children 2015.</li> <li>. Nominated Head of Service and Portfolio Holder responsible for coordinating, delivering and monitoring the Councils safeguarding responsibilities.</li> <li>. Internal Safeguarding Board - overseeing the Councils safeguarding responsibilities, including monitoring and evaluation of all safeguarding referrals.</li> </ul> <p>However, the Board's Terms of Reference do not clearly set out reporting arrangements.</p> <p>Although during 2020-21 there was evidence of ad hoc reporting to the Management Board, such as the section 11 self-assessment, there were no regular reports of safeguarding referrals and activities or other performance</p>				<b>Exit Meeting Date</b>	27-Jul-2021
	<b>Due Date</b>	30-Sep-2021				

	<p>monitoring to give assurance to the Leader/Chief Executive that safeguarding duties were being discharged effectively.</p> <p>The previous Internal Audit of Safeguarding in 2018 did highlight the lack of a formal agreed reporting framework as an issue and management actions were agreed; however, we found no evidence, aside from the introduction of the Internal Safeguarding Board, that actions relating to improved reporting have been implemented.</p> <p>Without an established reporting framework there is no mechanism to ensure that safeguarding responsibilities are discharged.</p>					
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	2.6 - <b>As Action 1.3</b> – Develop and implement an online <b>report it</b> and a <b>recording and monitoring report with Liberty Create Forms</b> for the Internal safeguarding to review quarterly. High Cecilia Beck – IT Programmer, Katie Webb, Community Services Manager & Clare Arnold, Community Support Officer 30 Sept 21					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

	<b>IA21/17.003.2 Safeguarding Responsibility</b>					
<b>Action Code &amp; Description</b>	The Safeguarding Children and Adults at Risk Policy states that the Portfolio Holder for Health, Wellbeing and Culture has responsibility for safeguarding whereas the Safeguarding Board Terms of Reference states that the Portfolio Holder for Children and Young People has responsibility. Both documents name the responsible Councillor, but this information is out of date. Safeguarding is not included as a Portfolio Holder responsibility on the Council website. It was also noted that The Corporate Strategy 2019-2023 does not set out the Council's role in safeguarding.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	3.2 – PF Safeguarding responsibility on the Council website.					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



	<b>IA21/17.003.3 Alignment with Corporate Strategy</b>					
<b>Action Code &amp; Description</b>	The Safeguarding Children and Adults at Risk Policy states that the Portfolio Holder for Health, Wellbeing and Culture has responsibility for safeguarding whereas the Safeguarding Board Terms of Reference states that the Portfolio Holder for Children and Young People has responsibility. Both documents name the responsible Councillor, but this information is out of date. Safeguarding is not included as a Portfolio Holder responsibility on the Council website. It was also noted that The Corporate Strategy 2019-2023 does not set out the Council's role in safeguarding.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	3.3 -- Katie Webb to liaise with Louise Norie, Corporate Policy Manager in relation to the Corporate Strategy 2019 – 2023					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						


<b>All Notes</b>	
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<b>IA21/17.005.1 Location of Policies on the Intranet</b>						
<b>Action Code &amp; Description</b>	The Safeguarding Policy for Children and Adults at Risk states that Safeguarding is referenced in the general conditions of contract for suppliers, however from discussion with the Community Services Manager, this is not the case.				<b>Exit Meeting Date</b>	27-Jul-2021
	A review of the website found the following information for suppliers – <i>“Suppliers delivering goods, services or works for Waverley Borough Council will be expected to do so in accordance with our council policies. These policies should be read in conjunction with all other documents issued as part of a tender. Suppliers working with the council will need to agree to the councils Terms and Conditions of Purchase.”</i>				<b>Due Date</b>	31-Aug-2021
The Terms and Conditions of Purchase available on the website do not refer to safeguarding. There is also a link to council policies, however the safeguarding policy is not available on the website.						
Although we were not able to verify this, the Community Services Manager advised that specific safeguarding clauses are included in contracts where there will be a significant interaction with children/vulnerable adults e.g. Housing Repair Contract.						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	<span style="color: red;">■</span>
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	5.1 - compile all policies (including safeguarding children and adults at risk policy) in a single place on the public web site and add the link to our T&Cs and confirm acceptance of them also includes acceptance of council policies.					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



<b>IA21/17.005.2 Contract Managers Meetings include Safeguarding</b>						
<b>Action Code &amp; Description</b>	The Safeguarding Policy for Children and Adults at Risk states that Safeguarding is referenced in the general conditions of contract for suppliers, however from discussion with the Community Services Manager, this is not the case.				<b>Exit Meeting Date</b>	27-Jul-2021
	A review of the website found the following information for suppliers – <i>“Suppliers delivering goods, services or works for Waverley Borough Council will be expected to do so in accordance with our council policies. These policies should be read in conjunction with all other documents issued as part of a tender. Suppliers working with the council will need to agree to the councils Terms and Conditions of Purchase.”</i>				<b>Due Date</b>	30-Sep-2021
The Terms and Conditions of Purchase available on the website do not refer to safeguarding. There is also a link to council policies, however the safeguarding policy is not available on the website.						
Although we were not able to verify this, the Community Services Manager advised that specific safeguarding clauses are included in contracts where there will be a significant interaction with children/vulnerable adults e.g. Housing Repair Contract.						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	<span style="color: red;">■</span>
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	5.2 undertake an audit with the Councils contract managers to ensure where relevant that safeguarding is included as an agenda item at their monitoring meetings					



<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

<b>IA21/17.006.1 Safeguarding Board Sub Group</b>						
<b>Action Code &amp; Description</b>	The Community Services Manager confirmed that members do not have access to the safeguarding policy online. There are mechanisms in place such as weekly e-mails to members and news stories on the staff intranet homepage which could be used to promote the safeguarding policy but there have been no recent or regular communications.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	30-Sep-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	6.1 - Establish a Board sub-group to develop a safeguarding communication & implementation plan to elected Members, staff, and volunteers.					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



<b>IA21/17.006.2 Elected members receive, and confirm reading the corporate safeguarding policy</b>						
<b>Action Code &amp; Description</b>	The Community Services Manager confirmed that members do not have access to the safeguarding policy online. There are mechanisms in place such as weekly e-mails to members and news stories on the staff intranet homepage which could be used to promote the safeguarding policy but there have been no recent or regular communications.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	30-Sep-2021
<b>Risk Level</b>					<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	6.2 – Ensure that all Elected Members have received and signed that they have read the corporate Safeguarding Policy - include with completion of e-learning module					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

<b>IA21/17.006.3 New Starters and Volunteers</b>						
<b>Action Code &amp; Description</b>	The Community Services Manager confirmed that members do not have access to the safeguarding policy online. There are mechanisms in place such as weekly e-mails to members and news stories on the staff intranet homepage which could be used to promote the safeguarding policy but there have been no recent or regular communications.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>					<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	6.3 - Ensure that all new starters and volunteers have received and signed that they have read the corporate Safeguarding Policy as part of the E-Learning Package					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



<b>IA21/17.007.1 Induction E Learning module</b>						
<b>Action Code &amp; Description</b>	The Safeguarding Policy for Children and Adults at Risk states that all employees will be required to undertake safeguarding training and become familiar with the Safeguarding Policy as part of their induction.				<b>Exit Meeting Date</b>	27-Jul-2021
	We were advised by the Learning and Development Officer that all staff are required to complete a safeguarding module via e-learning within a month of appointment.				<b>Due Date</b>	30-Sep-2021
	From a sample of five new starters two had not completed safeguarding induction training within one month of starting; one of these did not fully complete the course.					
	E-learning including induction safeguarding training is recorded in the e-learning system Learning Pool. Outstanding training would usually be followed up monthly, but we were told by the Learning and Development Officer that this has not happened recently due to other operational priorities.					
We also found that there was no evidence to confirm that members had received safeguarding training. The Democratic Services Manager & Deputy Monitoring Officer advised that it was delivered in January 2020 but that there was no record of attendance.						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	7.1- Induction E-learning module – introduce a mechanism to ensure new starters complete safeguarding module within one month of starting					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



<b>IA21/17.007.4 Board sub Group</b>						
<b>Action Code &amp; Description</b>	The Safeguarding Policy for Children and Adults at Risk states that all employees will be required to undertake safeguarding training and become familiar with the Safeguarding Policy as part of their induction.				<b>Exit Meeting Date</b>	27-Jul-2021
	We were advised by the Learning and Development Officer that all staff are required to complete a safeguarding module via e-learning within a month of appointment.				<b>Due Date</b>	30-Sep-2021
	From a sample of five new starters two had not completed safeguarding induction training within one month of starting; one of these did not fully complete the course.					
	E-learning including induction safeguarding training is recorded in the e-learning system Learning Pool. Outstanding training would usually be followed up monthly, but we were told by the Learning and Development Officer that this has not happened recently due to other operational priorities.					
We also found that there was no evidence to confirm that members had received safeguarding training. The Democratic Services Manager & Deputy Monitoring Officer advised that it was delivered in January 2020 but that there was no record of attendance.						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	7.4 – Establish a Board sub-group to develop a corporate safeguarding training and implementation plan					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>


<b>All Notes</b>	
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<b>IA21/17.008.3 Change of Process</b>						
<b>Action Code &amp; Description</b>	<p>The Safeguarding Children and Adults at Risk Policy states that a written record should be made on the same day of what has been seen, been said and any other concerns and that all safeguarding concerns and referrals must be recorded on ECINS; a multi-agency cloud-based case management system.</p> <p>It was noted that a record is only made in ECINS if, after discussion with a safeguarding champion, it is decided that there is a safeguarding concern, which could mean that repeated reports relating to an individual, which collectively could be a concern, are missed.</p> <p>It is also not clear what happens to the initial written report if it is not recorded as a concern in ECINS.</p> <p>From discussion with the Community Services Support Officer concerns are only recorded in ECINS if partner agencies are not already aware; where partner agencies are already aware the concern is recorded within other systems e.g. Housing, Environmental Health, meaning that ECINS is not a complete record of all safeguarding issues.</p> <p>The policy states that a written record should be made on the same day but the procedure for uploading a concern in ECINS does not include a timeframe. It was noted that one concern, where the date of the action was recorded in the log details, was uploaded 6 weeks after the concern was raised. The two-stage process of creating a profile and then a case may contribute to a delay in entering the concern on ECINS.</p> <p>A review of safeguarding concerns in ECINS found that records were not completed consistently. From a list of 14 concerns raised between January 2020 and March 2021, only seven had additional notes/follow up. From a sample of three concerns reviewed:</p> <ul style="list-style-type: none"> <li>. one record was complete.</li> <li>. one record was incomplete with no log details provided.</li> <li>. one record had a completed log, but copies of the report were not attached.</li> </ul> <p>It is understood from the Community Services Manager that ECINS will not be used for recording of safeguarding concerns going forward; the Community Services Support Officer will collate and maintain a spreadsheet of all concerns whilst a long term solution for linking to the Customer Relationship Management (CRM) System is investigated. Consideration will need to be given to access and security of data being kept in this way.</p>				<b>Exit Meeting Date</b>	27-Jul-2021
	<b>Due Date</b>	31-Aug-2021				
	<b>Risk Level</b>	<b>High Priority</b>	<b>Risk RAG</b>			
	<b>Audit Report Code and Description</b>	IA21/17 Safeguarding				
	<b>Agreed Action</b>	8.3 – cascade change of process to champions, all staff and elected members				
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						


<b>IA21/17.008.4 Processes and procedures</b>						
<b>Action Code &amp; Description</b>	<p>The Safeguarding Children and Adults at Risk Policy states that a written record should be made on the same day of what has been seen, been said and any other concerns and that all safeguarding concerns and referrals must be recorded on ECINS; a multi-agency cloud-based case management system.</p> <p>It was noted that a record is only made in ECINS if, after discussion with a safeguarding champion, it is decided that there is a safeguarding concern, which could mean that repeated reports relating to an individual, which collectively could be a concern, are missed.</p>				<b>Exit Meeting Date</b>	27-Jul-2021
	<b>Due Date</b>	31-Aug-2021				



<p>It is also not clear what happens to the initial written report if it is not recorded as a concern in ECINS.</p> <p>From discussion with the Community Services Support Officer concerns are only recorded in ECINS if partner agencies are not already aware; where partner agencies are already aware the concern is recorded within other systems e.g. Housing, Environmental Health, meaning that ECINS is not a complete record of all safeguarding issues.</p> <p>The policy states that a written record should be made on the same day but the procedure for uploading a concern in ECINS does not include a timeframe. It was noted that one concern, where the date of the action was recorded in the log details, was uploaded 6 weeks after the concern was raised. The two-stage process of creating a profile and then a case may contribute to a delay in entering the concern on ECINS.</p> <p>A review of safeguarding concerns in ECINS found that records were not completed consistently. From a list of 14 concerns raised between January 2020 and March 2021, only seven had additional notes/follow up. From a sample of three concerns reviewed:</p> <ul style="list-style-type: none"> <li>. one record was complete.</li> <li>. one record was incomplete with no log details provided.</li> <li>. one record had a completed log, but copies of the report were not attached.</li> </ul> <p>It is understood from the Community Services Manager that ECINS will not be used for recording of safeguarding concerns going forward; the Community Services Support Officer will collate and maintain a spreadsheet of all concerns whilst a long term solution for linking to the Customer Relationship Management (CRM) System is investigated. Consideration will need to be given to access and security of data being kept in this way.</p>						
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	8.4 – Review processes, procedures, and officers to ensure all confidential information is protected against unauthorised access, loss & corruption of data in its current format.					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

<b>IA21/17.009.1 Risk Assessment Version</b>						
<b>Action Code &amp; Description</b>	Although our testing showed that a Disclosure & Barring Service (DBS) Risk Assessment had been completed for posts recruited to. For a sample of new starters during 2020-21, one of five risk assessments was completed on an out-of-date version of the risk assessment.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	9.1 - Ensure that all HR Officers are aware of which the risk assessment form that is required for completion					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



<b>IA21/17.009.2 Up to Date Form</b>						
<b>Action Code &amp; Description</b>	Although our testing showed that a Disclosure & Barring Service (DBS) Risk Assessment had been completed for posts recruited to. For a sample of new starters during 2020-21, one of five risk assessments was completed on an out-of-date version of the risk assessment.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	31-Aug-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	



<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	9.2 - the form is kept up to date and use of any new form communicated to all HR officers					
<b>Status</b>		<b>Check Progress</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						

<b>IA21/17.010.1 Updated Terms of Reference</b>						
<b>Action Code &amp; Description</b>	The Internal Safeguarding Board Terms of Reference (ToR) clearly set out responsibilities, however they are currently 'draft'. The ToR state that they will be reviewed on a regular basis, at least annually; they are dated January 2019 and no annual review has taken place.				<b>Exit Meeting Date</b>	27-Jul-2021
					<b>Due Date</b>	23-Jun-2021
<b>Risk Level</b>	<b>High Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/17 Safeguarding					
<b>Agreed Action</b>	10.1 -Update ToR and remove watermark 'draft' and discuss and agree amendments at Internal Board Meeting 23 June 21					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Andrew Smith</b>
<b>All Notes</b>						



### Head of Service Taylor, Robin



<b>IA21/18.001.1 Inventory Management</b>						
<b>Action Code &amp; Description</b>	We obtained evidence that the allocation of laptops to employees is justified by their job description. However, who is responsible for their allocation and management within Election Services is not documented.				<b>Exit Meeting Date</b>	29-Jul-2021
					<b>Due Date</b>	30-Sep-2021
<b>Risk Level</b>	<b>Low Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/18 IT Inventory Control and Licensing					
<b>Agreed Action</b>	Document who is responsible for the allocation and inventory management of Electoral Services laptops. (RT)					
<b>Status</b>		<b>Neglected</b>	<b>Progress</b>	0%	<b>Head of Service</b>	<b>Robin Taylor</b>
<b>All Notes</b>						

### Head of Service Vickers, Peter



<b>IA21/05.001.1 Management Board Report</b>						
<b>Action Code &amp; Description</b>	From an analysis of aggregated expenditure, we examined the top 30 areas of Council expenditure and we identified:  . Three instances where contracts were not in place for aggregated spend greater than £100K. These related to the engagement of agency staff (total value £0.6m) and we were advised that there are no contracts for these services. The Council's Contract Procurement Rules (within the glossary of terms under "Professional Services") states:				<b>Exit Meeting Date</b>	11-Mar-2021
					<b>Due Date</b>	30-Jun-2021




<p>'Appointment of a person through an employment agency or an appropriate professional body to fulfil duties that otherwise would be performed by a member of staff will not be subject to CPRs.'</p> <p>Our experience across other local authorities confirms organisations routinely treat employment agencies as suppliers which remain subject to standard tender requirements.</p> <p>The absence of a procured framework for the supply of temporary staff increases the risks of unsuitable agencies being used, non-compliance with EU Regulations and that value for money is being achieved.</p> <p>. Three contracts were not recorded on the Contract Register. Two related to framework contracts not procured through Intend and were not on the register (Parking Payments and Franking) and one was a legacy IT contract with Bytes.</p> <p>. One instance where the contract value on the register was exceeded. This related to Civica and was recorded on the register with a value of £80K, however actual expenditure with Civica over the last 17 months totals £0.3m.</p> <p>We were advised that the Procurement Manager undertakes 'ad hoc' compliance reviews and has similarly identified and flagged areas of high level spend where contracts are not in place and where waivers or compliance is required going forward. However, a formalised process of reviewing and reporting upon compliance to Contract Procedure Rules is not currently in place.</p>			
<b>Risk Level</b>	<b>Medium Priority</b>	<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/05 Procurement levels with suppliers		
<b>Agreed Action</b>	1.1 To take to Management Board (MB) a report on noncompliance and upcoming expiring contracts, to be taken on a quarterly basis but sooner if made aware of any significant breaches.		
<b>Status</b>		<b>Overdue</b>	<b>Progress</b> 75% <b>Head of Service</b> Peter Vickers
<b>All Notes</b>	Data has been collected and report to be written and taken to MB before end July.		02-Jul-2021


<b>IA21/05.002.1 Request for quotes</b>			
<b>Action Code &amp; Description</b>	CPR's currently require supplies and services with a value below £100k to be supported by evidence of Request for Quotes (RFQ's). From our sample testing of five transactions, we identified one example where market testing was not undertaken (agency staff - £16.5K) and one further example (under £5K) where market testing was undertaken but the evidence of the unsuccessful quotes was not retained (Landscaping - £2.8K). (CPR's only require one quote to be obtained for purchases below £5K but do recommend as best practice that multiple quotes are obtained to better demonstrate value for money)	<b>Exit Meeting Date</b>	11-Mar-2021
		<b>Due Date</b>	30-Apr-2021
<b>Risk Level</b>	<b>Medium Priority</b>	<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/05 Procurement levels with suppliers		
<b>Agreed Action</b>	Undertake a review of agency spend and report back to MB on findings.		
<b>Status</b>		<b>Overdue</b>	<b>Progress</b> 75% <b>Head of Service</b> Peter Vickers
<b>All Notes</b>	<p><b>Report is being written in conjunction with HR. Delay due to further analysis required, due to the complexities of the HR process for managing agency staff. Report will be complete by the end of August 2021.</b></p> <p><b>Therefore, an extension is requested from the Audit Committee to 31 August 2021.</b></p>		20-Jul-2021


<b>IA21/05.004.1 Key Performance Indicators</b>
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<b>Action Code &amp; Description</b>	There are currently no performance indicators for the Procurement Function.				<b>Exit Meeting Date</b>	11-Mar-2021
	Indicators could include: . Number of Contract values awarded to within 10% of Pre contract estimated value. . Number of contracts awarded to local small medium enterprises (SME). . Percentage of 100 top spend analysis currently compliant with CPR. . Number/Value of current CPR waivers in force. . Cost savings identified through lean procurement initiatives (e.g. partnership / collaboration). . Percentage of procurement transactions greater than £5k captured on e-proc system.				<b>Due Date</b>	30-Jun-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/05 Procurement levels with suppliers					
<b>Agreed Action</b>	KPIs to be agreed in conjunction with MB.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	75%	<b>Head of Service</b>	<b>Peter Vickers</b>
<b>All Notes</b>	KPI researched and gathered. Report to be finalised and taken to MB by end July.					02-Jul-2021


<b>Action Code &amp; Description</b>	<b>IA21/05.006.1 Annual Report</b>					
	There is currently no annual or cyclical report to senior officers to provide assurance that there is compliance to Contract Procedure Rules and delivery of strategic objectives.				<b>Exit Meeting Date</b>	11-Mar-2021
<b>Action Code &amp; Description</b>					<b>Due Date</b>	30-Jun-2021
	<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>
<b>Audit Report Code and Description</b>	IA21/05 Procurement levels with suppliers					
<b>Agreed Action</b>	To take to Management Board (MB) a report on noncompliance and upcoming expiring contracts, to be taken on a quarterly basis but sooner if made aware of any significant breaches.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	75%	<b>Head of Service</b>	<b>Peter Vickers</b>
<b>All Notes</b>	Data has been collected and report to be written and taken to MB before end July.					02-Jul-2021


### Head of Service Wagstaff, Hugh




<b>Action Code &amp; Description</b>	<b>IA21/04.003 Gas Safety Certificates</b>					
	The sample of 40 Gas Safety certificates tested, identified that only 25% of tenants signed the Gas Safety certificate to confirm that the inspection works had been completed in the pre Covid-19 period for 20 cases, and only 5% in the Covid-19 period for 20 cases.				<b>Exit Meeting Date</b>	19-Jan-2021
<b>Action Code &amp; Description</b>	It has not been established by the Auditor whether the Gas Safety Engineer uses an electronic device to complete these inspection tasks and therefore acknowledges that in the current Covid-19 pandemic that socially distancing and maintain a germ free device needs to be adopted to safeguard their Operative and the tenant and may therefore preclude them to request that the tenant signs to confirm completion of work.				<b>Due Date</b>	30-Sep-2021
	Nevertheless the pre Covid result of 25% is not justifiable and when normality resumes the contractor should be requested to ensure that the tenants confirm the completion of work on behalf of the council in the area available on the Gas Safety Certificate.					
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/04 Gas Safety Certificates - Boiler Maintenance					


<b>Agreed Action</b>	This matter can only be properly resolved after the Covid 19 pandemic as at present the contractors have been asked to not have the certificates signed by residents to avoid the potential of the spread of infection. I will ask that the engineer's signature is made more clear and consistent for the part they do sign					
<b>Status</b>		<b>In Progress</b>	<b>Progress</b>	10%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	Situation under review, no current tenant signatures as would need to share stylus - looking at options and alternatives.					01-Jul-2021


<b>IA21/07.001 Handover procedure</b>						
<b>Action Code &amp; Description</b>	The aim of the Handover Procedure was to set out the processes to be undertaken by WBC Housing Service staff, to ensure they hand-over and allocate new build properties correctly.				<b>Exit Meeting Date</b>	17-Feb-2021
	We were advised by the Housing Development Manager that the Handover Policy was never implemented and has not been available to stakeholder teams in WBC. Furthermore, we were told that it has been assigned to the Service Improvement Team to complete the update.				<b>Due Date</b>	30-Apr-2021
An updated Handover procedure document has now been drafted but requires discussion and agreement with key stakeholder teams. We were advised that no timetable is in place for the Policy's implementation, as the next set of handovers are not scheduled for approximately two years' time. However, the Housing Development Manager has said that she will aim to complete the team sign offs by April 2021.						
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/07 Decant of Tenants & their property & Demolition of Council Homes					
<b>Agreed Action</b>	Produce a final Handover Procedure - with defined management and operational responsibilities - which ensures new build homes are handed-over and allocated correctly.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	<b>Unable to formally agree procedure due to conflicting priorities and practicalities for group meeting. Meetings arranged July 2021.</b>					16-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</b>					
	Handover procedure revised with team to agree and adopt June 2021					28-May-2021
commenced review of draft guidance					19-Apr-2021	



<b>IA21/07.002 Decant and Demolition Procedure</b>						
<b>Action Code &amp; Description</b>	The Housing Development Officer (HDO) maintains his own spreadsheet in Sharepoint to help him discharge his duties by identifying the tasks completed on site and the progress to date of each property.				<b>Exit Meeting Date</b>	17-Feb-2021
	The spreadsheet is not a formal requirement of the programme control system, consequently, it is not shared with other stakeholders and there is no evidence of any formal schedule of phases/milestone checklist to confirm completion of key events enabling sign off by the Housing Development Officer.				<b>Due Date</b>	30-Apr-2021
It was not possible during the audit to obtain supporting evidence to demonstrate that key stages of the project had been successfully completed (e.g. Section 81 Planning Permissions, Demolition Certificates). If put in place, this will enable the identification of potential delays and informed decision-making. It could also link to the relevant evidence to demonstrate completion of key stages.						
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	

<b>Audit Report Code and Description</b>	IA21/07 Decant of Tenants & their property & Demolition of Council Homes					
<b>Agreed Action</b>	Produce a final decant and demolition procedure with defined management and operational responsibilities to ensure key stages of the project are successfully completed and recorded as completed.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	50%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	<b>Unable to formally agree procedure due to conflicting priorities and practicalities for group meeting. Meetings arranged July 2021.</b>					16-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</b>					
	Redevelopment Moves procedure developed with teams to agree and adopt in June. Reviewing demolition project plan					28-May-2021
	commenced review of draft guide					19-Apr-2021

<b>IA21/07.004 Repairs and Maintenance Compensation &amp; Reimbursement Policy</b>						
<b>Action Code &amp; Description</b>	We were advised that routine checks of tenant accounts occur prior to payment of the Home Loss Payments (e.g. checks on any outstanding debts, the length of tenancy meets requirements and to ensure the correct tenant is being paid).				<b>Exit Meeting Date</b>	17-Feb-2021
	However, despite being told that these checks are held in the Orchard system, we have received no evidence of such checks. We also found no evidence to confirm that tenants had signed the bank details form to agree the submitted amount. This was also the case regarding disturbance claims.				<b>Due Date</b>	30-Apr-2021
	From our discussions with staff regarding the checks undertaken to ensure that these payments are appropriately paid, there appears to be uncertainty over the responsibility for tasks to ensure correct amounts are paid (e.g. requesting a check for tenant arrears or an examination of disturbance claim receipts).					
We were also unable to obtain evidence to confirm whether Home Loss payments (which can be as much as £6,400 per household), have been appropriately approved.				<b>Risk RAG</b>		
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/07 Decant of Tenants & their property & Demolition of Council Homes					
<b>Agreed Action</b>	Review and update the Repairs and Maintenance and Compensation and Reimburse Policy taking into account the auditor's observations. New procedure required to support policy.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	<b>Unable to formally agree application and payment due to conflicting priorities and practicalities for group meeting. Meetings arranged July 2021. .</b>					16-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</b>					
	Process updated with latest financial information and adopted by teams. Reviewing application and payment process					28-May-2021
	Commenced review of current guidance					19-Apr-2021

<b>IA21/07.006 Notification points to tenants</b>						
<b>Action Code &amp; Description</b>	We found that the Handover procedure does not detail all specific notification points (e.g. decision letters to tenants to advise of their successful application for a new property) or state how progress against the plan will be monitored and reported.				<b>Exit Meeting Date</b>	17-Feb-2021
					<b>Due Date</b>	30-Apr-2021
<b>Risk Level</b>	<b>Medium Priority</b>				<b>Risk RAG</b>	

<b>Audit Report Code and Description</b>	IA21/07 Decant of Tenants & their property & Demolition of Council Homes					
<b>Agreed Action</b>	The auditor's observations will be incorporated in to the new Decant and Demolition Procedure.					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	80%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	<b>Unable to formally agree application and payment due to conflicting priorities and practicalities for group meeting. Meetings arranged July 2021. .</b>					16-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</b>					
	Redevelopment Moves procedure updates to ensure clear action for HO to advice tenants of outcome of allocation panel (in writing) and ongoing updates on progress with moving - all recorded on Civica					28-May-2021

<b>Action Code &amp; Description</b>	<b>IA21/11.003 Post Inspections</b>					
	We obtained an extract from the Orchard system and identified all paid jobs between 01/04/20 and 19/12/20. (4065 Response and 178 Void repairs)				<b>Exit Meeting Date</b>	14-Apr-2021
	There are 131 Void jobs listed with no inspection date recorded - 100% of void handovers are inspected and Officers have indicated that this anomaly within data capture by the Orchard system requires review. Similarly, our review identified 158 response jobs over £300 (which would trigger an inspection) with no inspection date recorded on Orchard. Again, officers have indicated that this anomaly within data capture by the Orchard system requires review.				<b>Due Date</b>	31-May-2021
	It is currently unclear why inspect date prompts and review records are not being captured within Orchard systems and officers have requested an IT update and correction on this.					
In addition, there are currently no client systems for aggregating inspection data and outcomes to provide analysis which would inform contract management going forward.						
<b>Risk Level</b>	<b>Low Priority</b>				<b>Risk RAG</b>	
<b>Audit Report Code and Description</b>	IA21/11 Housing Contractors Payment Process					
<b>Agreed Action</b>	3.1 To review Orchard Post Inspection parameters with Deb Holland to understand why jobs over £300 are not being flagged for Post Inspection. To review void Post inspection parameters Orchard administrator to ensure thresholds for inspection are correctly set. ALL voids are post inspected irrespective to whether orchard flags it or not (these Post Inspections are held in sharepoint).					
<b>Status</b>		<b>Overdue</b>	<b>Progress</b>	75%	<b>Head of Service</b>	<b>Hugh Wagstaff</b>
<b>All Notes</b>	<b>Manual process ongoing whilst review discrepancy in process. Awaiting confirmation of Orchard consultant support to remedy for inspection parameter error.</b>					15-Jul-2021
	<b>Therefore, an extension is requested from the Audit Committee to 31 August 2021</b>					
	Currently undertaking manual process whilst review Orchard					20-Apr-2021



## ANNEXE 2

Requests for extension/s to previously agreed implementation date/s

Recommendation Ref No/s	IA20/08.001 - IA20/08.002, IA20/17.001-4.4 and IA21/01.002
<b>Justification for an extension</b>	<p>Completion of this action is dependent on the necessary functionality being available in the new Horizon system, which is not yet in place; <b>(IA20/08.001)</b></p> <p>The Council is actively looking at how it will deliver enforcement and inspection functions more holistically at the corporate level and it was therefore agreed with the Environment Overview &amp; Scrutiny Committee that scrutiny of the draft Local Enforcement Plan will now take place in September 2021 so that any implications for/from the corporate project can be taken into account. The Plan itself is almost complete in draft form. <b>(IA20/08.002)</b></p> <p>Therefore, an extension to 31 October 2021 from the Audit Committee is requested.</p> <p>Action awaiting successful Horizon role out. <b>(IA20/17.001-4.4)</b></p> <p>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</p> <p>Snags identified with the roll out of Horizon have dictated the stall in progress in this regard. SMT have requested a meeting with Horizon development to review. <b>(IA21/01.002)</b></p> <p>Therefore, an extension to 1st October 2021 from the Audit Committee is requested.</p>
<b>Head of Service</b>	<b>Zac Ellwood, Head of Planning and Economic Development</b>

Recommendation Ref No/s	IA21/01.001
<b>Justification for an extension</b>	<p>Awaiting order from Planning Service deferred pending Horizon implementation. Therefore, this action will not be completed until the Horizon system is bedded in before changes such as this will be made.</p> <p>It is therefore requested that an extension until December 2022, considering the low risk attributed to this action, is proposed to the Audit Committee.</p>
<b>Head of Service</b>	<b>David Allum, Head of Business Transformation</b>

<b>Recommendation Ref No/s</b>	<b>IA21/05.002.1</b>
<b>Justification for an extension</b>	<p>Report is being written in conjunction with HR. Delay due to further analysis required, due to the complexities of the HR process for managing agency staff. Report will be complete by the end of August 2021.</p> <p>Therefore, an extension is requested from the Audit Committee to 31 August 2021.</p>
<b>Head of Service</b>	<b>Peter Vickers, Head of Finance and Property</b>

<b>Recommendation Ref No /s</b>	<b>IA21/007.001/2/4/6</b>
<b>Justification for an extension</b>	<p>Unable to formally agree procedure due to conflicting priorities and practicalities for group meeting. Meetings arranged July 2021. <b>(IA21.007)</b></p> <p>Therefore, an extension is requested from the Audit Committee to 30 September 2021.</p>
<b>Head of Service</b>	<b>Hugh Wagstaff, Head of Housing Operations</b>

<b>Recommendation Ref No/s</b>	<b>IA20/10.002 &amp; IA20/10.003</b>
<b>Justification for an extension</b>	<p>The team has not been able to start on the HMO audit actions here as officers have had to prioritise other work activities since the Covid pandemic started. The pandemic also affected the ability to recruit to the team, which meant that the admin officer did not have any spare capacity.</p> <p>This is a major piece of work, which will take several months to complete in combination with other tasks. The Private Sector Housing Manager anticipates this work to be completed by 31 December 2021 if funds are made available to obtain the services of an agency resource.</p> <p>Therefore, an extension is requested from the Audit Committee to 31 December 2021.</p>
<b>Head of Service</b>	<b>Andrew Smith, Head of Housing Strategy and Communities</b>





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## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

## 2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Audit Executive (Internal Audit Manager at WBC) is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Internal Audit Manager's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The contractor has adopted the new CIPFA recommended standard terminology and definitions to be used in internal audit engagements across the whole Public sector and for a standard set of opinions and supporting definitions for internal audit service provider to use. This has resulted in minor amendments to those previously used by Southern internal Audit Partnership and adopted by the internal inhouse provision in accordance with best practice.

### The recommended CIPFA classifications: -

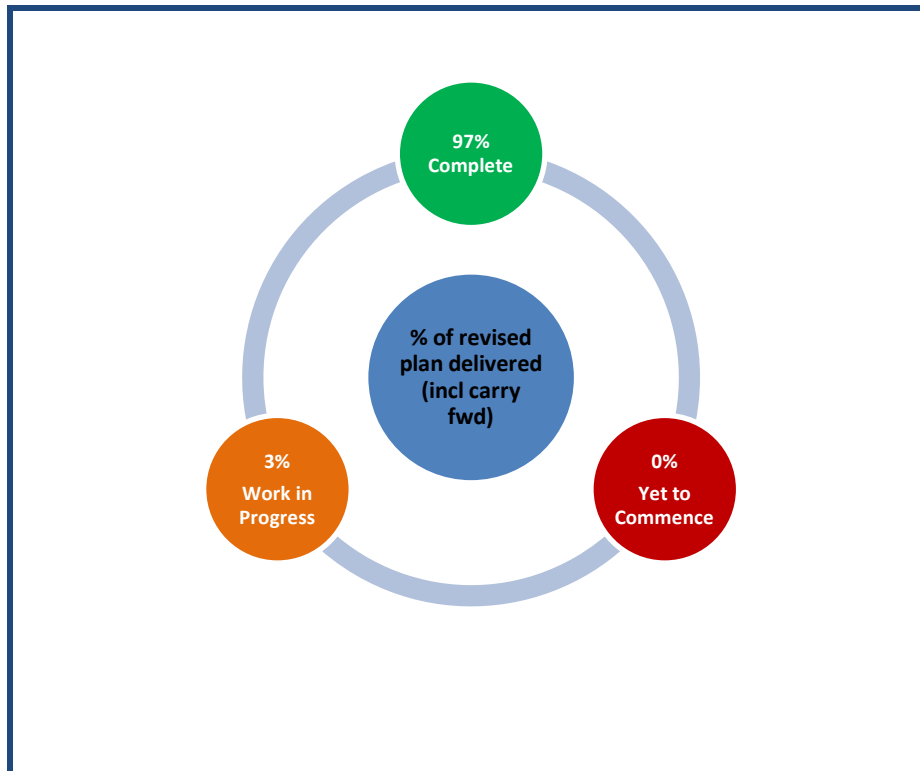
**Substantial** A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited

**Limited** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited

**No** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### 3. Performance dashboard



**Compliance with Public Sector Internal Audit Standards**



An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

## 4. Analysis of 'Completed' audit plan reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
BACS Process	21/10/2020	HOF & P & HOHO	Reasonable	8	0	0	8			
Rent Collection	28/10/2020	HOHO	Reasonable	5		0	5			
Planning portal public comments on applications	22/01/2021	HOP&ED	Advisory	3			1		2	
Gas Servicing of boilers in council homes	19/01/2021	HOHO	Reasonable	3		1	2			
Payroll	02/03/2021	HOPC	Reasonable	2			2			
Main Accounting	18/03/2021	HOF&P	Reasonable	6			6			
Decant and Demolition of council homes process	26/02/2021	HOHO	Limited	6			2		4	

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
Procurement levels with Suppliers	31/06/2021	HOF&P	Limited	8	0	1	6		1	
Payments process for new housing repairs contractor	14/04/2021	HOHO	Reasonable	3	0		3			
Disabled Facilities Grants	21/05/2021	HOHD & C	Reasonable	3	0		2		1	
CIL and S106 system income	27/04/2021	HOP&ED	Limited	8			8			
Car Parking Income and PCN	23/06/2021	HOES	Reasonable	6			6			
Housing Options Deposits & Rents in Advance	26/05/2021	HOHD & C	Reasonable	1			1			
Compliance Monitoring for Council Owned Properties	22/06/2021	HOES, HOF&P & HOBT	Limited	13		4	9			



Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
Service Charges for leaseholder properties	26/07/2021	HOHO	Limited	7		7				
Safeguarding	08/08/2021	HOSH & CS	Limited	33		26	7			
IT Inventory and Licensing Control	08/08/2021	HOBT	Reasonable	4		4				
Ethics, including declaration of Interests, gifts and hospitality.		HOP & G	Reasonable	4		8	1			

<b>HOF&amp;P</b>	<i>Head of Finance and Property - Peter Vickers</i>	<b>HOBT</b>	<i>Head of Business Transformation - David Allum</i>
<b>HOP&amp;G</b>	<i>Head of Policy and Governance - Robin Taylor</i>	<b>HOHO</b>	<i>Head of Housing Operations - Hugh Wagstaff</i>
<b>HOCS&amp;SP</b>	<i>Head of Commercial Services - Kelvin Mills</i>	<b>HOHD&amp;C</b>	<i>Head of Housing Delivery &amp; Communities - Andrew Smith</i>
<b>HOES</b>	<i>Head of Environmental Services - Richard Homewood</i>	<b>HOP&amp;ED</b>	<i>Head of Planning and Economic Development – Zac Ellwood</i>
<b>CEO</b>	<i>Chief Executive - Tom Horwood</i>	<b>SD Director/s</b>	<i>Strategic Directors - Graeme Clark/Annie Righton</i>

5. Executive summaries ‘Limited’ and ‘No’ assurance opinions

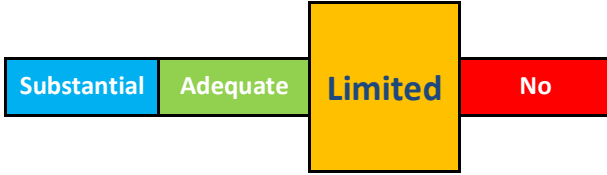
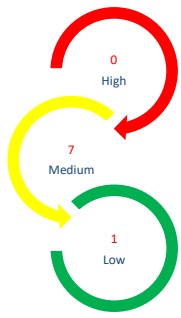
Decant and Demolition of council homes process (IA21-07)		
<p><b>Directorate Sponsor:</b></p> <p>Anne Righton</p> <p><b>Final Report Issued: 26/02/2021</b></p> <p><b>(Note:-2 of the 6 actions have been implemented)</b></p>	<p><b>Assurance opinion:</b></p> <div style="text-align: center;"> </div>	<p><b>Management Actions:</b></p> <div style="text-align: center;"> </div>
<p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• An organisational structure is in place to provide day to day management oversight and strategic decision-making for the Ockford Ridge development programme (including the decanting and demolition phases).</li> <li>• We found that a Communications Plan, dated January 2020, is in place for the Ockford Ridge development. It contains the purpose of the communications, key stakeholders, potential media and a list of key activities and events.</li> <li>• A Housing Development Officer working group meets to discuss issues arising on sites and to share knowledge/ best practice. From this, a lessons log is maintained by the Housing Development Team.</li> <li>• To mitigate the threat of risks in the decanting and demolition processes, a risk register is in place, containing risk rating, owner and mitigation actions.</li> <li>• The entitlement and eligibility criteria for home loss payments (and the process for claiming disturbance payments), is documented in a leaflet provided to affected tenants.</li> <li>• Two systems are used by WBC to effectively manage its property stock, i.e. (i) Orchard Property Database and (ii) Keystone Asset Management Database. To ensure that the two systems align at the end of every quarter, a formal reconciliation is carried out. At the time of our audit fieldwork testing confirmed that the latest reconciliation had been successfully undertaken.</li> <li>• Information is shared at a project level (using highlight reports), enabling decision making at both operational and strategic level.</li> </ul>		

*Summaries key issues*

- A 'New build property handover' policy was drafted in January 2019. It has since been updated by the Service Improvement Team but has yet to be implemented. Furthermore, it does not detail all specific notification points (e.g. decision letters to tenants to advise of their successful application for a new property) or state how such progress will be monitored and reported.
- The Housing Development Officer maintains his own record of site progress. However, there was no formal sign-off of programme phases/ milestones.
- Although highlight reports are produced and presented to the Ockford Ridge Programme Group, our review found that they did not show progress against the schedule of phases/ milestones for each site (with a commentary for any deviation), nor the impact of any changes in the assessed risks to the achievement of the strategic objectives.
- We were unable to obtain evidence to demonstrate that WBC has undertaken the full range of checks, in accordance with the guidance, to ensure that only appropriate amounts are paid to tenants in respect of home loss payments. Furthermore, there was no evidence to confirm that tenants had signed the bank details form to agree the submitted amount. This was also the case regarding disturbance claims. We were also unable to obtain evidence to confirm whether Home Loss payments have been appropriately approved.
- Terms of Reference are not in place for the Ockford Ridge Programme Group.

**Management Response / Update:**

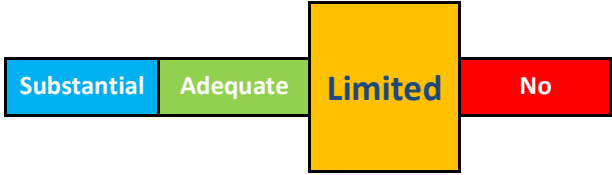
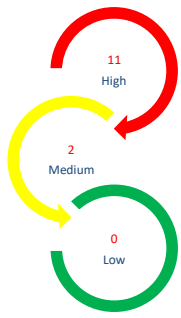
Action has already been taken on 2 of the recommendations, the remaining actions will be discussed and resolve a way forward at the meeting arranged in July with all the teams involved or with an interest in this area. An extension date has been requested to accommodate this meeting outcomes.

Procurement levels with Suppliers (IA21-05)		
<p><b>Directorate Sponsor:</b></p> <p>Graeme Clark</p> <p><b>Final Report Issued: 11/03/21</b></p> <p><b>(Note: 6 out of the 8 actions have been implemented and the due date for another has not been reached. The remaining action is in hand)</b></p>	<p><b>Assurance opinion:</b></p> 	<p><b>Management Actions:</b></p> 
<p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• The Constitution of the Council contains the organisation’s Financial Regulations and Contract Procedure Rules (CPR’s). The most recent revision and update to CPR’s was agreed by Council in February 2020. These satisfactorily prescribe controls that seek to: <ul style="list-style-type: none"> <li>○ obtain best value in the way WBC spends money;</li> <li>○ comply with UK and EU laws, and</li> <li>○ protect individuals from undue criticism or allegation of wrongdoing by ensuring that all Officers act with independence and integrity.</li> </ul> </li> <li>• A dedicated e-procurement system is in place. We confirmed that the inTend software is a cloud-based procurement system designed to provide compliance for relevant procurement legislation and local Contract Procedure Rules. The e-Tendering module forms the basis of the system and provides a complete electronic trail of the contract invitation, tender opening and award process. Key documents are linked into and archived within the system.</li> </ul> <p><i>Summaries key issues</i></p> <ul style="list-style-type: none"> <li>• From an analysis of aggregated expenditure, we examined the top 30 areas of Council expenditure and identified areas where contracts are not in place, were not recorded on the Contract Register or where the contract value on the register was exceeded.</li> </ul>		

- Expenditure on Agency staff is not currently subject to CPR's. The absence of a procured framework for the supply of temporary staff increases the risks of unsuitable agencies being used, non-compliance with EU Regulations and value for money not being achieved.
- From our sample testing of five purchases, we identified one example where market testing was not undertaken (agency staff - £16.5K as discussed above) and one further example (under £5K) where market testing was undertaken but the evidence of the unsuccessful quotes was not retained (Landscaping - £2.8K) – (CPR's only require one quote to be obtained for purchases below £5K but do recommend as 'best practice' that multiple quotes are obtained to better demonstrate value for money)
- There is currently no Procurement Strategy document, although we note that a number of strategic aspirations are considered within the Contract Procedure Rules and are commented upon to a lesser extent in other existing strategies such as those covering Economic Development and Electric vehicles. The absence of an overarching corporate procurement strategy weakens assurances that the objectives and key required outcomes for the service have been defined together with a governance framework.
- There are currently no performance indicators for the Procurement Function to enable monitoring to provide assurance that key outcomes are being delivered.
- A waiver register, in respect of those areas of procurement not required to comply with CPR's, is not in place to provide a central point of reference and consistent review of the waiver process.
- There is currently no annual or cyclical report to members to provide assurance that there is compliance to contract procedure rules.
- There are a number of minor areas where CPR's could be enhanced to clarify the controls prescribed.

**Management Response / Update:**

Six out of the eight actions have already been implemented of the remaining actions, one is dependent on the outcome of the report going to an August meeting after collaborating with HR re the Agency action and the other has not reached its agreed due date.

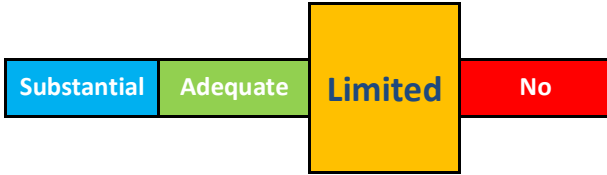
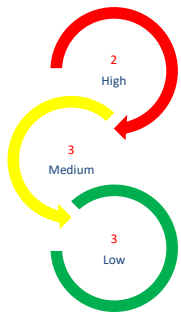
Building Compliance Monitoring (IA21-08)		
<p><b>Directorate Sponsor:</b></p> <p>Graeme Clark</p> <p><b>Final Report Issued: 31/06/21</b></p> <p><b>(Note 9 of the 13 actions have been implemented the remaining 4 have not reached their due date)</b></p>	<p><b>Assurance opinion:</b></p> 	<p><b>Management Actions:</b></p> 
<p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• The Council has updated its policies and procedures in line with the most recent Government guidance and has effectively communicated the updated guidance to ensure relevant officer’s understanding and compliance. Updated policies have been approved by the Executive Management Board.</li> <li>• A duty holder has been identified who has clear responsibility for ensuring the maintenance or repair of each premises.</li> <li>• When notified or identified, remedial or unplanned works are assessed for level of priority response and resources allocated to ensure buildings comply with the relevant health and safety legislation.</li> <li>• Assessments that identify high priority remedial works have the required works completed or are scheduled for completion on a risk-based priority basis.</li> <li>• Assessments / inspections have been undertaken by appropriately qualified contractors.</li> <li>• “Access” audits have been completed as required, and an action plan is in place to manage issues noted, such as physical constraints, or alternative reasonable adjustments for providing the service.</li> <li>• Reports are issued to Councillors to update them of health and safety issues and includes details of the works and actions taken to ensure health and safety compliance for the buildings the council is responsible for.</li> </ul> <p><i>Summaries key issues</i></p>		

- Testing of statutory risk assessments and inspections in relation to legionella, passenger lifts, emergency lighting and air conditioning were found to be incomplete or overdue. However, it is acknowledged that the impact of COVID 19 will have been a contributory factor.
- There is a Health and Safety Working Group, with representatives from service sectors. There is no formal report presented to the Group regarding works in response to inspections or assessments and the issues arising and is currently limited to a verbal update. There are no agreed performance indicators and comparison reporting to enable monitoring of actual performance vs planned performance.
- Buildings managers and the Property and Engineering Team work together to ensure inspections / assessments are completed. Currently, records are maintained separately and therefore, there is not a complete central source of documentation to facilitate efficient access to completed assessments / inspections.
- Identified remedial actions have been noted and prioritised for action to ensure compliance, although at the time of our testing emergency lighting had some actions outstanding, and water system risk assessments were recorded as having exceeded the bi-annual review date.
- At the time of our review, the updated Health and Safety Policy had not been approved by the Executive Management Board.
- The current frequency of the identification of fire risks, though compliant with minimum legal requirements, does not prompt the timely review of fire safety arrangements.
- A requirement is placed upon contractors to ensure a COVID secure workplace. Currently contractors undertaking repairs or maintenance are not asked for confirmation that they have updated their guidance or to supply a copy of their risk assessment to be COVID secure compliant prior to works starting and maintain COVID secure standards for Council premises.

**Management Response / Update:**

Action has been taken to address the issues identified and the teams involved are working together to complete the 4 remaining actions to meet the agreed due date of 31 August 2021.



Financial Element of Exacom re CIL and Agresso (IA21-13)		
<p><b>Directorate Sponsor:</b></p> <p>Graeme Clark</p> <p><b>Final Report Issued: 28/05/21</b></p> <p><b>Please note all 8 actions have been implemented.</b></p>	<p><b>Assurance opinion:</b></p> 	<p><b>Management Actions:</b></p> 
<p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• Demand notices for CIL are issued when the Council are made aware that the development has commenced, in line with CIL regulations. Testing of a sample of 10 applications confirmed that a demand notice had been issued.</li> <li>• Demand notices for S106 income are issued when the Council are made aware that trigger points for the contributions have been reached. Testing of a sample of 10 applications confirmed that a demand notice had been issued.</li> <li>• Demand notices for CIL and S106 contributions contain a unique reference that the developer is required to quote when making payment and testing of 20 demand notices confirmed each had a unique reference number.</li> </ul> <p><i>Summaries of key issues</i></p> <ul style="list-style-type: none"> <li>• The interface between Exacom and Agresso does not always work effectively, leading to incorrect amounts being recorded as due in Agresso and in three cases the demand notice was not uploaded to Agresso from Exacom.</li> <li>• The interface also does not always export the receipts from Agresso to Exacom in a timely manner, which can lead to Developers</li> </ul>		

being reminded to pay an amount that has already been received.

- Quarterly reconciliations between Exacom and Agresso are carried out, however, discrepancies identified are not always corrected in a timely manner.

**Management Response / Update:**

Incorporate management comment / update on mitigation of issues raised

Both Planning and Finance have worked together to provide solution to the areas identified that require improvement. All actions have been implemented.

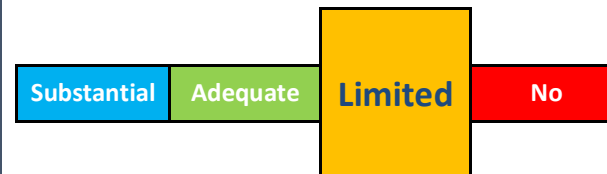
**Service charges for Leasehold Properties (IA21-15)**

**Directorate Sponsor:**

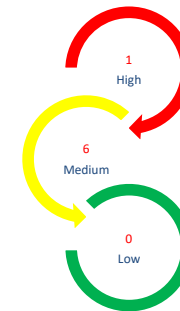
Anne Righton

Final Report Issued: 05/08/2021

**Assurance opinion:**



**Management Actions:**



**Summary of key observations:**

- The Council’s website contains appropriate guidance and contact details to signpost leaseholders, or potential leaseholders, to an appropriate contact should they either have a query or need further advice on lease holding and charges which may fall due.
- Leaseholder service charge rates for 2020/21 were appropriately approved by Full Council in February 2020 as part of updates to the Housing Revenue Account Business Plan 2020/21 to 2023/24.

- The Council have an appropriate Debt Recovery and Write Off policy in place which was finalised and published during 2020.
- The obligations of leaseholders to pay service charges are documented within schedule four of the lease agreement and titled “Tenants Covenants”. In support of this, clear guidance is provided to leaseholders at the start of every year to explain service charges payable. The guidance is sent alongside invoices which are issued during April each year for ground rent, building insurance fees and a charge for services admin fee. All invoices tested matched the approved fee table applicable from 2020/21.
- While invoices for standard leaseholder charges are issued early in each financial year, invoices for repair and maintenance charges are issued later in the year and are sent along with an itemised schedule of work carried out at each premises. Our review compared a sample of invoices with jobs noted as complete in the Housing system, Orchard, and found that they accurately accounted for charges to current leaseholder, new leaseholders, and those who had left that accommodation.
- Budget monitoring is carried out monthly by budget holders across the Housing Service and reported to the Head of Service. Members also receive budgetary information through the regular reporting to Overview and Scrutiny Committee - Housing.

#### *Summary of Key issues*

- There is no policy in place relating to leaseholder service charges. Review of the procedures also found these to be out of date as they do not reflect the current service charge process.
- Details of the Section 20 process (Recharging for Repairs and Maintenance in excess of £250) are outlined on the council website, this accurately describes the circumstances in which leaseholders are entitled to adequate notification; or charges will be capped at £250. We identified that eight invoices for section 20 work, due to be sent during 2021, have been capped at £250. This has resulted in a total loss to the Council of £5,970. We were advised that this was due to a new Contractor undertaking this work, whose services were procured at short notice and on a temporary basis, due to the previous long-term Contractor giving the Authority notice of termination. We also note that the Council has not retained copies of section 20 notification letters sent by their previous long-term contracted Repairs and Maintenance service provider.
- Utilities charges should be passed onto leaseholders in line with the charges incurred by the Council. As detailed in the leaseholder agreement, this should be based on actual usage, however, we were advised that charges invoiced to leaseholders in 2020/21 for gas and electricity were based on prior year charges. This course of action prompted query from at least one tenant. When we discussed this further, those raising the invoices were unable to locate confirmation of the approval to base utilities charges on the prior year’s actual charge. They were also unable to advise how the customer’s query was resolved. We note that the Council have been installing smart meters on their properties to ensure accuracy of invoicing in the future. However, this task is not yet complete.

- In discussion with the Home Ownership Officer we were advised that spot checking takes place to ensure accuracy of billing, prior to the issue of invoices. However, due to the lack of recording of these checks, the Council were unable to demonstrate this had been carried out before invoices were sent to leaseholders.
- Aged debt within leaseholder charges is monitored through the use of aged debt reports which are available from the Housing Finance Manager. However, debt has not been consistently pursued and we found debt dating back to 2018/2019 remains outstanding. This is primarily due to a long-term vacancy in the section, and while that vacancy has been covered by temporary agency staffing, the first COVID-19 lockdown from March 2020 hampered efforts to gain meaningful momentum on obtaining payments due.
- We were unable to verify the accuracy of cleaning and fire equipment maintenance charges within our sample as no supporting information could be supplied. Going forward, the newly employed Housing Income Officer has put in place a methodology for accurately apportioning these charges.

**Management Response / Update:**

The areas raised will be included in the service areas improvement planned as the cooperation of all areas of the service will be required including the customer services team.

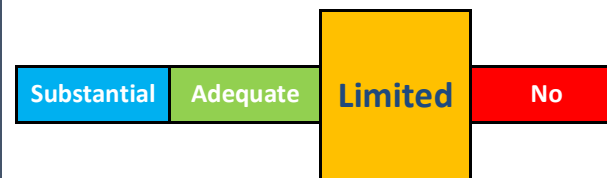
**Safeguarding (IA21-17)**

**Directorate Sponsor:**

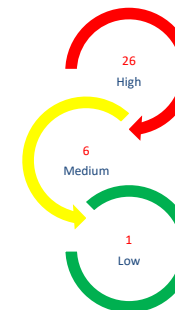
Anne Righton

Final Report Issued: 05/08/2021

**Assurance opinion:**



**Management Actions:**



**Summary of key observations:**

- There is a safeguarding policy setting out how the Council will meet its obligations to safeguard children and adults at risk; the policy is dated January 2020 and has a review date of January 2022.
- Safeguarding information, including access to the policy and processes, is available to staff from a link on the homepage of the intranet; members of the public can access safeguarding information via the website.
- The safeguarding policy includes a clear framework for dealing with safeguarding concerns.
- Access to the Empowering Communities Inclusion and Neighbourhood Management System (ECINS) is restricted to relevant staff and reviewed monthly.
- The Internal Safeguarding Board reports to the Chief Executive through the Management Team.
- Waverley Borough Council is represented at key safeguarding meetings and forums including Surrey Safeguarding Leads Meeting (Children and Adults at Risk), Surrey Safeguarding Children's Partnership Executive and Surrey Safeguarding Children Executive Group.
- Waverley Borough Council are a signatory to the Surrey Crime and Disorder (C&D) Information Sharing Protocol (ISP) which is a context specific, tier two protocol that is compliant with the overarching Surrey Multi Agency Information Sharing Protocol (MAISP). Organisations that are signatories to the C&D ISP are bound by the principles of the MAISP and are automatically a signatory to the overarching protocol.
- Our testing showed that checks on DBS certificates are recorded prior to issue of licences. We were advised by the Licensing Administrator that a new policy was due to be implemented in April 2021 requiring drivers to sign up for the DBS update service to facilitate regular checks.
- Measures are in place to evaluate the effectiveness of safeguarding training; we found that a course evaluation form was sent to attendees for safeguarding training carried out via zoom in October 2020

***Summary of Key issues***

- There is no regular monitoring of concerns recorded in ECINS for compliance with the safeguarding policy.
- Although the Internal Safeguarding Board was introduced following the last audit to provide leadership and co-ordination of the Council's approach to safeguarding there is no established reporting framework to ensure that safeguarding responsibilities are discharged.
- Portfolio Holder information in the Safeguarding Children and Adults at Risk Policy and Corporate Safeguarding Board Terms of Reference are out of date; The Corporate Strategy does not set out the Council's role in safeguarding, and it is not included as a

Portfolio Holder responsibility on the Council website.

- Roles, responsibilities and targets for Safeguarding Champions are not included in performance agreements.
- The Safeguarding Policy for Children and Adults at Risk states that Safeguarding is referenced in the general conditions of contract for suppliers, however from discussion with the Community Services Manager, this is not the case.
- Members do not have access to the safeguarding policy online. There have been no recent or regular communications to staff or members to promote the policy.
- From a sample of five new starters, two had not completed safeguarding induction training within one month of appointment. Outstanding training has not been followed up recently due to other operational priorities. We were also advised that safeguarding training was provided to members in January 2020 but there is no record of attendance.
- 14 safeguarding concerns were recorded in ECINS between January 2020 and March 2021; concerns are only recorded in ECINS if the partner agency is not already aware meaning that ECINS is not a complete record of all safeguarding concerns raised. The policy does not include a timeframe for uploading concerns to ECINS and our testing showed for one of three records reviewed the concern was uploaded six weeks after the action. Our testing also showed a lack of consistency in recording of concerns with no log details provided for one and for another a report referred to was not attached.
- Although our testing showed that a Disclosure & Barring Service (DBS) Risk Assessment had been completed for posts recruited to, for a sample of new starters during 2020-21, one of five risk assessments was an out-of-date version.
- Although the Internal Safeguarding Board Terms of Reference (ToR) clearly set out responsibilities it was noted that they are 'draft' and dated January 2019. An annual review has not taken place.

**Management Response / Update:**

Action Plan has been prepared as a result of this review and will be discussed with all stakeholders to improve the processes in place and regularly monitoring by the Safeguarding Board.

## 6. Planning & Resourcing

The internal audit plan for 2020-21 was approved by the Audit Committee in March 2020.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 7 details the reviews that have been added/removed/deferred to the original plan approved by the Audit Committee March 2020. Progress

against the plan is detailed below in Section 6. This plan will be delivered within the budget allocated as detailed in Section 8 of this report.

## 7. Rolling Work Programme

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
<b>INFORMATION TECHNOLOGY</b>											
IT Inventory Control and Licensing for Software (C)	HOBT	H	5	Q4	✓	✓	✓	✓	✓	Reasonable	
<b>APPLICATIONS SYSTEMS IN SERVICE AREAS</b>											
BACS Process(C)	HOF & P AND OTHER HOS	H	5	Q1/2	✓	✓	✓	✓	✓	Reasonable	
Systems Administrator Activities (C)	ALL HOS	H	12	Q4	✓	✓	✓	✓			
<b>KEY FINANCIAL SYSTEM</b>											
Payroll (Deferred from 2019/20) (C)	HOP & G	H	10	Q2/4	✓	✓	✓	✓	✓	Reasonable	
Main Accounting (Deferred from 2019/20) (C)	HOF&P	H	10	Q4	✓	✓	✓	✓	✓	Reasonable	

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
<b>Car Parking Income and PCN Write Offs (C)</b>	<b>HOE&amp; RS</b>	<b>H</b>	<b>10</b>	<b>Q2/4</b>	✓	✓	✓	✓	✓	Reasonable	
<b>Rent Collection (C)</b>	<b>HOHO</b>	<b>H</b>	<b>7</b>	<b>Q1/2</b>	✓	✓	✓	✓	✓	Reasonable	
<b>SERVICE AREAS</b>											
<b>Service Charges - Leasehold Flats(C)</b>	<b>HOS</b>	<b>H</b>	<b>10</b>	<b>Q4</b>	✓	✓	✓	✓	✓	Limited	
<b>Disability Facilities Grants Private Sector Housing (IA)</b>	<b>HOHD&amp;C</b>	<b>H</b>	<b>10</b>	<b>Q3/4</b>	✓	✓	✓	✓	✓	Reasonable	
<b>Planning portal public comments on applications (IA)</b>	<b>HOP&amp;ED</b>	<b>M</b>	<b>20</b>	<b>Q2/3</b>	✓	✓	✓	✓	✓	Advisory	
<b>Gas Servicing of boilers in council homes (IA)</b>	<b>HOHO</b>	<b>M</b>	<b>5</b>	<b>Q2</b>	✓	✓	✓	✓	✓	Reasonable	
<b>Decant and Demolition of council homes process (C)</b>	<b>HOHO</b>	<b>M</b>	<b>10</b>	<b>Q1/2</b>	✓	✓	✓	✓	✓	Limited	
<b>Loans paid for Rent Deposits in Advance to prevent homelessness (C)</b>	<b>SD</b>	<b>H</b>	<b>7</b>	<b>Q3/4</b>	✓	✓	✓	✓	✓	Reasonable	



IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
<b>CORPORATE/CROSS CUTTING</b>											
Compliance monitoring for council owned buildings re CIPFA guidance. (C)	HOF&P	M	7	Q1/2	✓	✓	✓	✓	✓	Limited	
Procurement levels with Suppliers (C)	HOF&P	H	10	Q1/2	✓	✓	✓	✓	✓	Limited	
Payments process for new housing repairs contractor (C)	HOHO	H	10	Q2/3	✓	✓	✓	✓	✓	Reasonable	
Safeguarding (C)	HOHD&C	H	7	Q3/4	✓	✓	✓	✓	✓	Limited	
Ethics including Declaration of Interests, gifts and Hospitality (C)	HOG&P	H	10	Q4	✓	✓	✓	✓		Reasonable	
Positions with sole responsibility for a service function including data returns to third parties risk mitigation strategies re – (IA)	Audit Committee	M	20	Q3/4	✓	✓	✓			Advisory	Delayed due to other work.

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Exacom – CIL & S106 income via Agresso (C)	S151 Officer	H	7	Q3	✓	✓	✓	✓	✓	Limited	
<b>No of Audit Plan days allocated</b>			<b>192</b>								
<b>Days currently allocated to Southern Internal Audit Partnership</b>			<b>135</b>								
<b>AP Days currently allocated to Internal Audit Manager</b>			<b>55</b>								

### 8. Adjustments to the Internal Audit Plan

Audit reviews deferred or removed from the 2020-21 Audit plan	
Planning Housing Delivery Monitoring Process (Defer until 2021-22 Plan) (IA)	15 Days
Repair Recharges for Void properties to vacating tenants process (Defer until 2021-22 Plan re post not in place) (C)	10 Days
Post payment Business Grant compliance (To be included in 2021-22 Plan) (C)	10 Days
Health & Safety (until 2021-22 Plan Re outcomes of CIPFA Compliance review already completed in 2020-21) (C)	7 Days

<b>Film and Events (Defer until activity increases) (C)</b>	<b>10 Days</b>	<b><u>Total 52 Days</u></b>
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<b>Audit reviews added to the 2020-21 Audit plan</b>		
<b>Positions with sole responsibility for a service functions including data returns provided to Third Parties, what risk mitigation strategies (AC)</b>	<b>20 Days</b>	
<b>Planning Portal re Public Comments on Applications (IA)</b>	<b>20 Days</b>	
<b>Exacom CIL income collection via Agresso (SD) (C)</b>	<b>7 Days</b>	
<b>Loans for rent deposits in advance re prevention of homelessness (C)</b>	<b>7 Days</b>	
<b>System Administrator Activities (Extra days re expanding of brief to 3 service areas and delays in responding to requests re providing information to complete the review)</b>	<b>2 Days</b>	<b><u>Total 56 Days</u></b>

## 9. Other activities to be resourced from the Audit Service

National Fraud Initiative (NFI) - Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise have been uploaded to the Cabinet Office. The data matching reports were released on 28th January 2021. The timetable can be found using the following link [www.gov.uk NFI timetables](http://www.gov.uk/NFI/timetables). Examples of data sets include insurance, payroll, creditors, Licencing, and Housing. Not all matches will be investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area. An additional NFI exercise relating to Covid-19 grants was carried out and the results are being investigated through services procured by the Finance.

The service also continues to investigate any allegations of Fraud and internal investigations as required, including Social Housing Fraud.

**10. Budget Expenditure to date**

<b>Cost Centre R0202 Internal Audit</b>	<b>Current Approved Budget</b>	<b>Committed/Salaries and NI and service costs.</b>	<b>Remaining Balance at 31/03/2021</b>	<b>Number of Audit Days Planned to be delivered (Incl IAM)</b>
<b>Total Internal Audit Budget</b>	<b>£152,000</b>	<b>£152,000</b>	<b>0</b>	<b>330 Days</b>



**Contents:**

<b>1.</b>	<b>Role of Internal Audit</b>	<b>3</b>
<b>2.</b>	<b>Purpose of report</b>	<b>4</b>
<b>3.</b>	<b>Performance Dashboard</b>	<b>5</b>
<b>4.</b>	<b>Analysis of ‘Completed’ audit reviews</b>	<b>7</b>
<b>5.</b>	<b>Planning and resourcing</b>	<b>8</b>
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<b>7.</b>	<b>Adjustments to the Plan</b>	<b>11</b>
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## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

## 2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Audit Executive is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Internal Audit Manager’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The contractor has adopted the new CIPFA recommended standard terminology and definitions to be used in internal audit engagements across the whole Public sector and for a standard set of opinions and supporting definitions for internal audit service provider to use. This has resulted in minor amendments to those previously used by Southern internal Audit Partnership and adopted by the internal inhouse provision in accordance with best practice.

### The recommended CIPFA classifications:-

**Substantial** A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

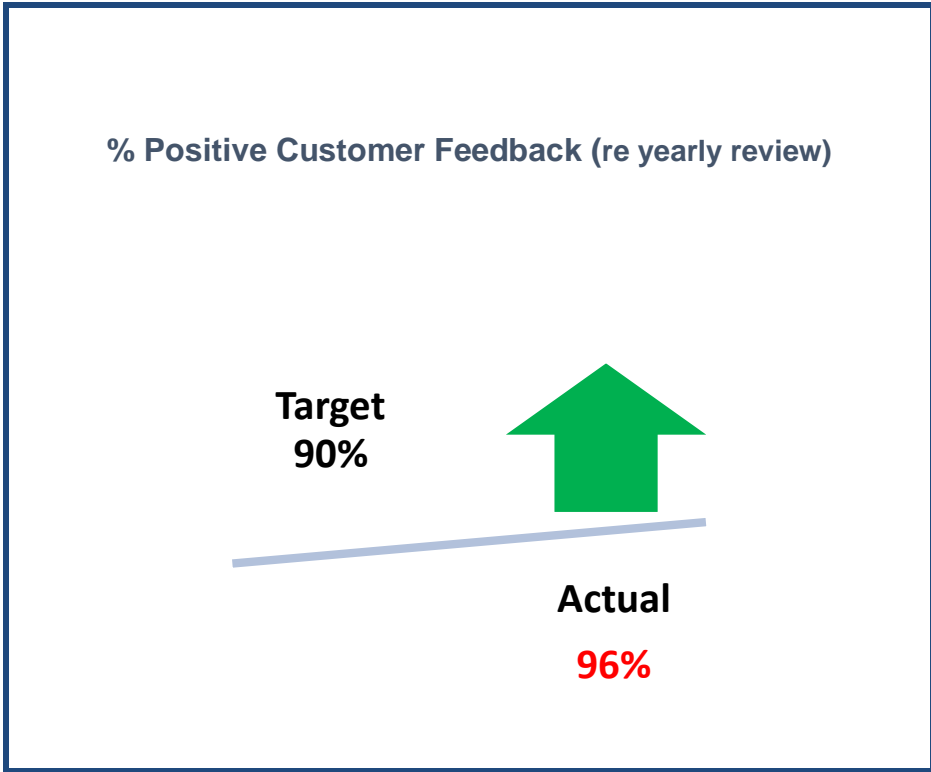
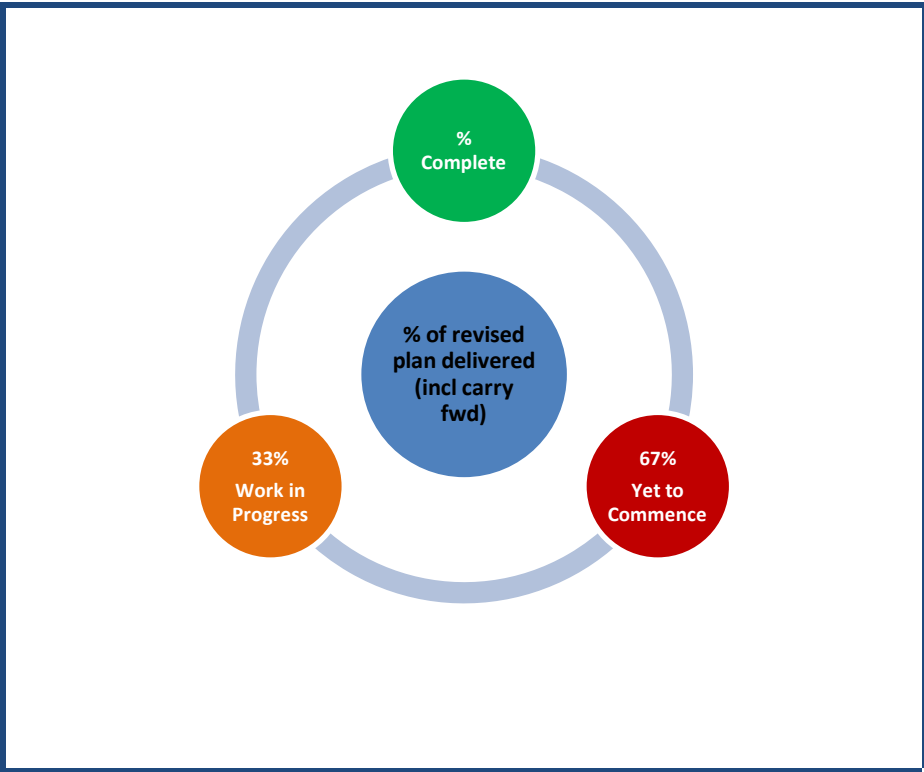
**Reasonable** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited

**Limited** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited



**No** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**3. Performance dashboard**



**Compliance with Public Sector Internal Audit Standards**



An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

4. Analysis of ‘Completed’ audit plan reviews

Audit Review	Final Report Issued Date	Audit Sponsor	Assurance Opinion	Management Actions							
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions			
								Priority			
								L	M	H	

<b>HOF&amp;P</b>	<i>Head of Finance and Property - Peter Vickers</i>	<b>HOBT</b>	<i>Head of Business Transformation - David Allum</i>
<b>HOP&amp;G</b>	<i>Head of Policy and Governance - Robin Taylor</i>	<b>HOHO</b>	<i>Head of Housing Operations - Hugh Wagstaff</i>
<b>HOCS&amp;SP</b>	<i>Head of Commercial Services - Kelvin Mills</i>	<b>HOHD&amp;C</b>	<i>Head of Housing Delivery &amp; Communities - Andrew Smith</i>
<b>HOES</b>	<i>Head of Environmental Services - Richard Homewood</i>	<b>HOP&amp;ED</b>	<i>Head of Planning and Economic Development – Zac Ellwood</i>
<b>CEO</b>	<i>Chief Executive - Tom Horwood</i>	<b>SD Director/s</b>	<i>Strategic Directors - Graeme Clark/Annie Righton</i>

## 5. Planning & Resourcing

The internal audit plan for 2021-22 was approved by the Audit Committee on 1st March 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 7 details the reviews that have been added/removed/deferred to the original plan approved by the Audit Committee March 2021. Progress against the plan is detailed below in Section 6. This plan will be delivered within the budget allocated as detailed in Section 8 of this report.

## 6. Rolling Work Programme

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
<b>INFORMATION TECHNOLOGY</b>											
IT Risk Assessment of our current environment (remote working and server capacity etc.) (C)	HOBT	H	3	Q1	✓	✓	✓	✓		Advisory	
<b>APPLICATIONS SYSTEMS IN SERVICE AREAS</b>											
Horizon Planning System (C)	HOP&ED	H	10	Q3-4							
Further reviews to be decided based on the results of the Audit	ALL HOS	H	10	Q2-4							

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
<b>Needs Analysis above (C)</b>											
<b>KEY FINANCIAL SYSTEM</b>											
Post Payment Business Grant Compliance (C/F 2020-21) (C)	HOF&P	H	15	Q1	✓	✓	✓	✓			
Treasury Management (C)	HOF&P	H	7	Q1	✓	✓	✓	✓			
Council Tax Reduction Scheme (IA)	HOF&P	H	10	Q3-4							
Debt Management (C)	HOF&P	H	7	Q2	✓	✓	✓				
Collection of Fees and Charges (C)	ALL HOS	H	7	Q1-4							
Housing Rent Recovery (C)	HOHO	H	7	Q1-2	✓	✓	✓				
<b>SERVICE AREAS</b>											
Property Terrier (IA)	HOF & P	H	12	Q1-4							
Gas Servicing of boilers in council homes (IA)	HOHO	M	5	Q2							

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Repairs Recharges for Void properties to vacating Tenants (C/F 2020-21) (C)	HOHO	M	10	Q3/4							
Responsive Repairs (C)	HOHO	M	10	Q1	✓	✓	✓	✓			
Planning Housing Delivery Monitoring Process (CF 2020-21) (C)	HOP&ED	M	12	Q2-3							
Waste Management (Bin stocks and Stores controls and Missed Bin contractual terms) (C)	HOE&RS	M	10	Q2							
<b>CORPORATE/CROSS CUTTING</b>											
Health & Safety (C)	HOS ALL	M	7	Q4							
Corporate Criminal Offence (C)	HOS ALL	H	7	Q1-4							

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Lone Working Policy (C)	HOS ALL	H	7	Q1	✓	✓	✓	✓			
Climate Change (Strategic plan, Policy etc.) (C)	HOS ALL	H	5	Q3/4	✓	✓					
No of Audit Plan days allocated			161								
Days currently allocated to Southern Internal Audit Partnership			144								
Audit Plan Days currently allocated to Internal Audit Manager			17								

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7. Adjustments to the Internal Audit Plan

Audit reviews deferred or removed from the 2021-22 Audit plan	
	0 Days
	Total 0 Days

**Audit reviews planned to be added to the 2021-22 Audit plan****Risk Management****10 days****Total 10 Days****8. Other activities to be resourced from the Audit Service**

National Fraud Initiative (NFI) - Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise were uploaded to the Cabinet Office. The data matching reports were obtained in January 2021. These are currently being investigated as time permits in conjunction with the assistance of third parties to whom the match relates to assist in resolving anomalies and errors to identify fraudulent activity. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

**9. Budget Expenditure to date**

<b>Cost Centre R0202 Internal Audit</b>	<b>Current Approved Budget</b>	<b>Committed/Salaries and NI and service costs.</b>	<b>Remaining Balance at 15/07/2021</b>	<b>Estimated Number of Audit Days Planned to be delivered (Incl IAM)</b>
<b>Total Internal Audit Budget</b>	<b>£154,000</b>	<b>£</b>	<b>£</b>	<b>350 Days</b>



## WAVERLEY BOROUGH COUNCIL

### AUDIT COMMITTEE

6<sup>TH</sup> SEPTEMBER 2021

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**Title:**

**PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2020-21 and 2021-22**

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**Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee**

**Strategic Director: Graeme Clark**

**Key decision: Yes**

**Access: Public**

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**1. Purpose and summary**

1.1 Purpose and summary of the report.

1.2 The Committee's Terms of Reference include provision for the Committee to approve, monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the Internal Audit Plans for 2020-21 and 2021-22 is presented for the Audit Committee to note status of these plans.

**2. Recommendation**

It is recommended that the Audit Committee notes the contents of the Internal Audit Plan 2020-21 progress report as attached in Annexe 1.

and

the progress made on the 2021-22 Audit Plan as attached in Annexe 2.

**3. Reason for the recommendation**

To enable the Audit Committee to be informed of the work that has been completed to provide them with assurance that the control environment is working as intended.

#### **4. Background**

4.1 The progress report for 2020-21 is detailed in Annexe 1.

4.2 The progress report for 2021-22 is detailed in to support financial sustainability.

#### **5. Relationship to the Corporate Strategy and Service Plan**

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

#### **6. Implications of decision**

##### **6.1 Resource (Finance, procurement, staffing, IT)**

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

##### **6.2 Risk management**

The reviews included in this Plan have been risk assessed are being necessary to provide management with assurance that the controls in place are sufficient to safeguard the authority's assets.

##### **6.3 Legal**

The Council must have an operational Audit Plan that covers 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 2015.

##### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

##### **6.5 Climate emergency declaration**

There are no direct implications in this report

#### **7. Consultation and engagement**

7.1 Heads of Service, Management Board and the Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the proposed draft Audit Plans.

**8. Other options considered**

8.1 N/A

**9. Governance journey**

9.1 The minutes of the meeting will be included on the next Council agenda.

**Annexes:**

Annexe 1 – Progress on the Internal Audit Plan for 2020-21

Annexe 2 – Progress on the Internal Audit Plan for 2021-22.

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**Background Papers**

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

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**CONTACT OFFICER:**

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Position: Internal Audit Manager  
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Email: [gail.beaton@waverley.gov.uk](mailto:gail.beaton@waverley.gov.uk)

Agreed and signed off by:  
Legal Services: 05/07/2021  
Head of Finance: 05/07/2021  
Strategic Director: 12/07/2021  
Portfolio Holder: N/A

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## WAVERLEY BOROUGH COUNCIL

### AUDIT COMMITTEE

6<sup>TH</sup> SEPTEMBER 2021

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**Title:**

**FRAUD INVESTIGATION SUMMARIES FOR 2020-21 AND Q1 OF 2021-2022**

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**Lead Councillor: Councillor Peter Marriott, Chairman of Audit Committee**

**Strategic Director: Graeme Clark**

**Key decision: Yes**

**Access: Public**

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**1. Purpose and summary**

The report provides an update to the Committee on the work being completed in investigating fraud, primarily focusing on Housing Tenancy fraud.

**2. Recommendation**

It is recommended that the Audit Committee notes the results of the fraud investigation activity, attached in:-

Annexe 1 for the whole year for 2020-21

Annexe 2 1<sup>st</sup> Quarter of 2021-22, 01 April 2021 to 30 June 2021.

**3. Reason for the recommendation**

To inform the Audit Committee of the work that has been completed to date in relation to fraud investigation matters.

**4. Background**

- 4.1 This report provides the Audit Committee with an update on the activity relating to fraud investigations. The success of the work completed has been supported by the Prevention of Social Housing Fraud Act 2013 where the maximum penalty for the offence of acting dishonestly in the subletting/parting with possession of a property is up to 2 years' imprisonment or a fine (or both).

- 4.2 In the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022 results include 6 properties where the tenancies have been recovered including 2 where the right to buy was stopped and the tenancy relinquished as it was not the sole and principal home of the tenant.
- 4.3 1<sup>st</sup> April 2021 to 30<sup>th</sup> June 2021, results include 1 property where the tenancy has been recovered and another where the applicant was not fulfil the criteria to be included on the housing waiting lists. Where the tenancy has been recovered this was due to our property not being the sole and principal home of the tenant.
- 4.4 In the current situation with covid restrictions, care has been taken to protect members of the public and staff where reduced contact has been necessary. Although this has placed limitations on the normal activities taken to investigate cases, work has continued to investigate allegations of misuse of council properties in breach of tenancy agreements terms and conditions.

## **5. Relationship to the Corporate Strategy and Service Plan**

- 5.1 A financially-sound Waverley, with infrastructure and services fit for the future supporting financial sustainability.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

The notional value of financial savings detailed in Annexe 1 for the cumulative year for 2020-2021 relates to the recovery of 6 relinquished tenancies and the retention of 5 other properties, 4 of which relates to Right to buy applications and the other a succession that was denied due to the inaccuracy of the information supplied. This provided a total value of £1,083,000 indicative savings to the council for 2020-21, based on Cabinet Office figures relating directly to housing fraud casework.

The notional value of financial savings detailed in Annexe 2 for the cumulative year for 2021-2022 relates to the recovery of 1 relinquished tenancies and the cessation of an application for one of our tenancies. This provides a total value of £96,240 indicative savings to the council for Quarter 1 of 202021-22, based on Cabinet Office figures relating directly to housing fraud casework.

These however are indicative values do not include the real value to Waverley Borough Council, as it costs on average £200,000 to build a new house. Outcomes from this work not only highlight the fundamental financial value of continuing to support the work being carried out but the ethical and social responsibility importance to ensure that only those that qualify for social housing are successful. By securing the return of 7 properties back into housing stock helps Waverley to meet the needs of legitimate housing applicants.

## 6.2 Risk management

If the authority did not carry out this investigation work it would enable fraudsters to perpetrate fraud against the council and obtain services or financial benefit including housing that they are not entitled to and this work helps to protect council assets.

## 6.3 Legal

It is the Council's duty to safeguard public funds; the work being completed may incur legal costs where matters escalate to prosecution. However, these costs are assessed on a case-by-case basis and are outweighed by the Council's stance that fraud perpetrated against the council and its taxpayers will not be tolerated, and the benefits (financial and otherwise) in pursuing these cases. There are tangible and intangible benefits to the recovery of HRA properties by stopping perpetrators from receiving services that they are not entitled to.

The Prevention of Social Housing Fraud Act 2013 contains two offences regarding the sub-letting or parting with possession of properties held under secure tenancies. The first is committed where the tenant no longer occupies the property as their only or principal home and sublets or parts possession of all or part of it in the knowledge that this is in breach of tenancy. A person convicted of this offence is liable on summary conviction to a fine of up to £5,000.

A more serious offence is committed if the tenant acts dishonestly in the subletting/parting with possession. A person convicted of this offence is liable to imprisonment for a term not exceeding 2 years or a fine (or both).

## 6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

## 6.5 Climate emergency declaration

There are no direct implications in this report.

## 7. Consultation and engagement

7.1 Head of Housing Operations and the Fraud Investigation Officer

## 8. Other options considered

8.1 N/A

## 9. Governance journey

9.1 The minutes of the Audit Committee will be presented to Council.

**Annexe:**

Annexe 1 – Provides the analysis of the caseload and cumulative outputs from the Fraud Investigation activity for the period 01/04/2020 to 30/03/2021 for the whole financial year.

Annexe 2 – Provides the analysis of the caseload and cumulative outputs from the Fraud Investigation activity for the period 01/04/2021 to 30/06/2021 for Quarter 1.

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**Background Papers**

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

---

**CONTACT OFFICER:**

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Position: Internal Audit Manager  
Telephone: 01483 523260  
Email: [gail.beaton@waverley.gov.uk](mailto:gail.beaton@waverley.gov.uk)

Agreed and signed off by:  
Legal Services: 05/07/2021  
Head of Finance: 05/07/2021  
Strategic Director: 12/07/2021



Name of Partner	Waverley
QUARTER	4

Record of cases investigated in the period covering 01 April 2020 to 31 March 2021
--

	Cases currently being investigated from previous years	Referrals received since 1 April 2020	Cases Started	Cases closed	Still under investigation	Positive outcomes includes previous years cases	Properties retained by the Council	Properties Handed Back /Recovered	Housing / Homeless/RTB / Succession/Mutual Exchange/Shared ownership application withdrawn	Financial Value	Prosecutions	Other Sanctions
<b>Housing</b>												
Social housing Fraud	5	10	15	5	10	4		4	Tenancy/ies Relinquished	372,000		
Housing Register Fraud	0	1	1	0	1				Housing Applications Rejected	0		
Homelessness Applications												
Right To Buy/Right To Acquire	4	36	40	40	0	8	6	2	Right to Buy stopped and/or Tenancy Relinquished	618,000		
Mutual Exchange	0								Mutual Exchange denied/rejected	0		
Successions	0	11	11	11		1	1		No of Succession/s denied	93,000		
Recovered properties for others	0									0		
Council Tax Discount												
SPD & LCTRS (As result from Caseload above)												
Student Exemptions												
Disability												
Council Tax Support (benefit)												
<b>Business rates</b>												
NNDR	0									0		
Other (DFG)	0											
NFI exercise **												
<b>2020/21 Year Total</b>	9	58	67	56	11	13	7	6		1,083,000		
<b>2019/20 Year Total</b>	18	65	83	73	9	13	0	6		879,976		
<b>2018/19 Year Total</b>	18	54	72	55	17	8	3	4		189,710	0	0
<b>2017/18 Year Total</b>	21*	113	134	117	17	30	13	10		733,930		
<b>2016/17 Year Total</b>	11	127	138	118	20*	32	13	12		688,866		

<b>Value of financial savings Re Cabinet Office savings figures now adopted by the partnership on 01 April 2019</b>
---

Tenancy Recovered - £93,000  
Housing/Homeless Applicant withdrawn - £3,240  
Right To Buy/Right To Acquire withdrawn/terminated - £72,000 per application withdrawn  
Council Tax Discount - Annual value of discount cancelled multiplied by two years  
Council Tax Support - weekly reduction multiplied by 21 weeks.  
Business Rates - actual figure per case

* 2017/18 difference of 1 related to Housing Association property where assistance was provided to recover a property as part of one of our investigations.
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** To provide a total of the fraud investigation work that is completed the SCFP are now including the NFI outputs, the majority of these identified above relate to the removal from the housing register.
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Name of Partner	Waverley
QUARTER	1

**Record of cases investigated in the period covering 01 April 2021 to 30 June 2021**

	Cases currently being investigated from previous years	Referrals received since 1 April 2021	Cases Started	Cases closed	Still under investigation	Positive outcomes includes previous years cases	Properties retained by the Council	Properties Handed Back /Recovered	Housing / Homeless/RTB / Succession/Mutual Exchange/Shared ownership application withdrawn	Financial Value	Prosecutions	Other Sanctions
<b>Housing</b>												
Social housing Fraud	10	1	11	5	5	1		1	Tenancy/ies Relinquished	93,000		
Housing Register Fraud	1	1	2	0	1	1		1	Housing Applications Rejected	3,240		
Homelessness Applications												
Right To Buy/Right To Acquire	0	5	5	5					Right to Buy stopped and/or Tenancy Relinquished	0		
Mutual Exchange	0								Mutual Exchange denied/rejected	0		
Successions	0	3	3	3					No of Succession/s denied	0		
Recovered properties for others	0									0		
Council Tax Discount												
<b>SPD &amp; LCTRS (As result from Caseload above)</b>												
Student Exemptions												
Disability												
<b>Council Tax Support (benefit)</b>												
Business rates												
NNDR	0									0		
Other (DFG)	0											
NFI exercise **												
<b>2021/22 Q 1 01/04/2021 to 30/06/2021</b>	11	10	21	13	6	2	0	2		96,240		
<b>2020/21 Year Total</b>	11	58	67	56	11	13	7	6		1,083,000		
<b>2019/20 Year Total</b>	18	65	83	73	9	2	0	6		879,976		
<b>2018/19 Year Total</b>	18	54	72	55	17	8	3	4		189,710	0	0
<b>2017/18 Year Total</b>	21*	113	134	117	17	30	13	10		733,930		
<b>2016/17 Year Total</b>	11	127	138	118	20*	32	13	12		688,866		

**Value of financial savings Re NFI Cabinet Office savings 01 April 2021**

Tenancy Recovered - £93,000  
 Housing/Homeless Application withdrawn - £3,240  
 Right To Buy/Right To Acquire withdrawn/terminated - £84,200 per application withdrawn  
 Council Tax Discount - Annual value of discount cancelled multiplied by two years  
 Council Tax Support - weekly reduction multiplied by 21 weeks.  
 Business Rates - actual figure per case

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

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## WAVERLEY BOROUGH COUNCIL

### AUDIT COMMITTEE

6<sup>TH</sup> SEPTEMBER 2021

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**Title:**

**INTERNAL AUDIT CHARTER**

---

**Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee**

**Strategic Director: Graeme Clark**

**Key decision: Yes**

**Access: Public**

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#### **1. Purpose and summary**

- 1.1 This report provides the Audit Committee with an overview of Waverley's Internal Audit Charter that has been developed in accordance with the requirements of the Public Sector Internal Auditing Standards.
- 1.2 These standards apply to all internal audit service providers, whether in-house, shared services or outsourced. The Public Sector Internal Audit Standards (PSIAS) (Attribute Standard 1000) requires organisations to have an Internal Audit Charter that formally defines the purpose, authority and responsibility of the internal audit activity, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

#### **2. Recommendation**

- 2.1 It is recommended that the Audit Committee approves the Internal Audit Charter as attached in Annexe 1.

#### **3. Reason for the recommendation**

- 3.1 To enable the Audit Committee to have an overview and approve the Internal Audit Charter.

#### **4. Background**

- 4.1 All internal audit services across the public sector are governed by the PSIAS. CIPFA has also produced an Application Note as the sector-specific requirements for local government organisations. The PSIAS and the Local Government

Application Note together supersede the 2006 CIPFA Code of Practice for Internal Audit in Local Government in the UK.

4.2 The objectives of PSIAS are to:

- Define the nature of internal auditing within the UK Public Sector
- Set basic principles for carrying out internal audit in the UK public sector
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations;
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.3 The foundations of PSIAS are not fundamentally different to those adhered to under the CIPFA Code of practice and require an internal audit charter that defines the purpose, authority and responsibility of the internal audit activity, with clear definitions of those fulfilling responsibilities of the 'board' (The Audit Committee) and 'senior management' (Management Board). The proposed Internal Audit Charter, which meets the requirements set out in PSIAS, is attached at Annexe 1 for consideration.

4.4 The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the 'Chief Audit Executive' (Internal Audit Manager) and presented to the Audit Committee.

4.5 In line with the PSIA Standards, external assessment will also be conducted at least once every five years by an external, qualified, independent assessor or assessment team.

## **5. Relationship to the Corporate Strategy and Service Plan**

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

There are no specific current financial implications from this report, however, any changes in the Public Sector Internal Auditing Standards could result in the revision of the charter and the revision of the service delivery provision.

### **6.2 Risk management**

Defining the purpose, authority and responsibility of the internal activity with clear definitions minimises the risk of misunderstandings as to the role of internal audit.

### 6.3 **Legal**

The Council must have arrangements in place to adhere to the public sector internal auditing standards and any guidance provided by CIPFA (Chartered Institute Public Sector Financial Accountants).

### 6.4 **Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

### 6.5 **Climate emergency declaration**

There are no direct implications in this report

## 7. **Consultation and engagement**

7.1 Strategic Director (S151 Officer) and Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the Internal Audit Charter.

## 8. **Other options considered**

8.1 N/A

## 9. **Governance journey**

9.1 The minutes of the meeting will be included on the next Council agenda.

### **Annexe(s):**

Annexe 1 – Internal Audit Charter

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### **Background Papers**

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

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Agreed and signed off by:  
Legal Services: 05/07/2021  
Head of Finance: 05/07/2021  
Strategic Director: 12/07/2021  
Portfolio Holder: N/A

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# **INTERNAL AUDIT CHARTER**

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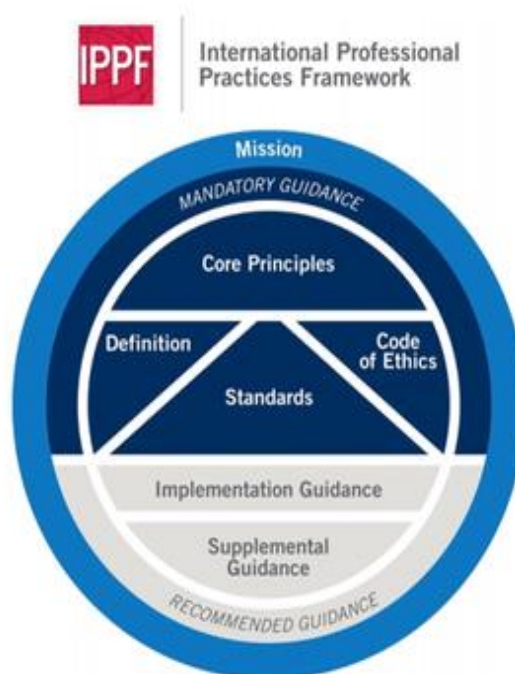
<b>Version</b>	<b>Approved by</b>	<b>Date</b>
<b>V1</b>	<b>Audit Committee</b>	<b>17/09/2013</b>
<b>V2</b>	<b>Audit Committee</b>	<b>21/06/2016</b>
<b>V3</b>	<b>Audit Committee</b>	<b>26/09/2017</b>
<b>V4</b>	<b>Audit Committee</b>	<b>25/09/2018</b>
<b>V5</b>	<b>Audit Committee</b>	<b>24/09/2019</b>
<b>V6</b>	<b>Audit Committee</b>	<b>20/07/2020</b>
<b>V6.1</b>	<b>Revision to AC</b>	<b>06/09/2021</b>

## 1. Introduction

The purpose of the Internal Audit Charter is to define the Internal Audit's purpose, authority, and responsibility in accordance with the UK Public Sector Internal Audit Standards (PSIAS). It establishes Internal Audit's position within the council and reporting lines; authorises access to records, personnel, and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

The standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes the mission; core principles; definition of internal audit and Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'.



## 2. Definitions

For the purposes of this charter the following definitions shall apply:

### 2.1 The definition of Internal Audit as set out in the PSIAS:

*'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*

*Mission of Internal Audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'*

## **2.2 The 'Board'**

The board is defined as:

'the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting'.

Within this Council the role of the 'Board' will be fulfilled by the Audit Committee.

## **2.3 Senior Management**

***Senior Management is defined as:***

'those charged with responsibility for the leadership and direction of the Council'

Within this council the role of 'Senior Management will be fulfilled by the Management Board made up of the Chief Executive and two Strategic Directors.

## **2.4 Chief Audit Executive**

The Chief Audit Executive is described as:

*'a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Definition of Internal Auditing, the Code of Ethics and the Standards. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications'*

Within this Council the role of the Chief Audit Executive will be fulfilled by the Internal Audit Manager.

## **3. Purpose of Internal Audit**

The Accounts and Audit Regulations 2015 (Regulation 5 (1)) require that local authorities to which this regulation applies must ensure that it has a sound system of internal control which: -

- a. Facilitates the effective exercise of its functions and the achievement of its aims and objectives
- b. Ensures that the financial and operational management of the authority is effective and
- c. Includes effective arrangements for the management of risk.

As an independent appraisal function, the primary objective of Internal Audit is to review, appraise and report in a timely manner upon the adequacy of internal controls across the entire control environment of the council.

#### **4. Professionalism**

The internal audit activity will govern itself by adherence to the Public sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The service, and individual staff will be governed by the Code of Ethics of the relevant professional bodies of which they are a member, and all codes and policies operated by the Council.

#### **5. Authority of Internal Audit**

The powers and duties authority of Internal Audit is set out in the Council's Financial Regulations, paragraph 14.3 details the authority Internal Audit has to perform their duty. The Strategic Director (Section 151 Officer) has nominated these rights to the Internal Audit Manager who has direct access to the Chief Executive (Head of Paid Service), and the Audit Committee.

Internal audit staff have access to all Council property and assets, at any reasonable time, and have the authority to apply any test or checks they deem necessary to the accounts, including cash securities, properties or records which relate in any way to the operations of the Council. The auditor can require and receive such explanations from any Officers or Member as deemed appropriate. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

#### **6. Organisation**

The Internal Audit function sits within the Internal Audit Service that forms part of the Strategic Director's responsibilities, who fulfils the role of the Council's Section 151 Officer. This role is responsible for maintaining an adequate and effective internal audit function and the nomination of an officer to act as the (Chief Audit Executive, IIA) Internal Audit Manager. The Internal Audit Manager is responsible for the day-to-day management and the long-term planning for the service. Therefore, the Internal Audit Manager has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer, and the Chair of the Audit Committee. The Internal Audit Manager will communicate and interact directly with the Audit Committee, including in and between Audit Committee meetings as appropriate.

#### **7. Responsibility of the Internal Audit Service**

The key responsibilities of the Internal Audit Service are as laid out in the Council's Financial Regulations:

- The Strategic Director (Section 151 Officer) is responsible for maintaining an adequate and effective internal audit function.
- The internal audit function will operate in accordance with the Public Sector Internal Audit Standards
- The internal audit function is responsible for providing assurance on the Council's system of internal control. It examines, evaluates, and reports on the adequacy of internal control as a contribution to the proper, economic, efficient, and effective use of resources.
- In fulfilling their responsibilities Internal audit staff will undertake effective reviews of systems and procedures on a regular basis.

## **8. Scope of Internal Audit**

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance.
- Effectiveness and efficiency of operations and employment of resources.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information in a timely manner.
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of the entity including governance processes and risk management processes. It also assists the Audit Committee in evaluating the quality of performance of external auditors and maintains proper degree of coordination with internal audit.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Audit Committee or Management Board as appropriate.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee or Management Board, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee.

## **9. Independence and Objectivity**

The internal audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit the maintenance of an independent and objective attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Internal Audit Manager will confirm to the Audit Committee (Board), at least annually, the organisational independence of the internal audit activity.

The Chief Executive reviewing and countersigning the performance reviews of the Internal Audit Manager.

## **10. Internal Audit Plan**

At least annually, the Internal Audit Manager will submit to the Audit Committee an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next fiscal year. The Internal Audit Manager will communicate the impact of resource limitations and significant interim changes to Management Board, Senior Management, and the Audit Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of Service Managers, Management Board, and the Audit Committee. Prior to submission to the Audit Committee for approval, the plan will be discussed with Senior Managers and Management Board. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process to Audit Committee.

## **11. Internal Audit Resources**

The Internal Audit Manager will hold an appropriate professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

The Strategic Director (Section 151 Officer) is responsible for providing the Internal Audit Manager with the appropriate resources to maintain an adequate and effective internal audit service.

The Internal Audit Manager will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications, and experience required to deliver the audit plan.

## **12. Reporting and Monitoring**

A written report will be prepared and issued by the Internal Audit Manager after receipt from the contractor following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee throughout the year.

The final version of the internal audit report will include management's response and corrective action taken regarding the specific findings and observations. Management's response includes a timetable for anticipated completion of the action to be taken and an explanation for any corrective action that will not be implemented. Where an agreed timeframe has not been met these will be reported to the Audit Committee. This allows a decision to be made on whether a change in the agreed timeframe is necessary or whether the action is still applicable if control enhancements have been implemented elsewhere that negates the need for the action.

The internal audit activity will be responsible for appropriate follow-up on agreed actions with the responsible Head of Service. All agreed action will remain on the monitoring system (Pentana) until implemented or approved to be removed by the Audit Committee if a justifiable reason is provided to support the request.

The Internal Audit Manager presents the Annual Internal audit opinion as part of the Annual Internal Audit report to the Management Board which is then included in the Annual Governance Statement that supports the Annual Accounts. The Internal Audit Annual Audit Opinion includes an assessment of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

## **13. Role of Internal Audit in Fraud Related Work**

The role of Internal Audit in fraud related work is set out in the following Council documents:

- Financial Regulations
- Anti – Fraud, Corruption, and Bribery Strategy
- Whistleblowing Policy
- Prosecution Policy
- Fraud Response Plan
- Housing Tenancy Fraud Policy

The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with management. Completion of planned audit work assists this process by highlighting areas where controls maybe inadequate or are not operating as management intended.



The Internal Audit Manager also facilitates the authority's participation in the National Fraud Initiative (NFI) in which specified data is matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.

#### **14. Performance of Non-Audit Activities**

The Internal Audit Manager has line management responsibility for the Council's Fraud Investigation Officer, which forms part of the Internal Audit Service. To maintain independence and avoid conflict of interest any internal audits of these functions will be undertaken by an externally procured resource.

Where individual internal auditors undertake non-audit activities, for example in participating in corporate projects in a non-audit role, the auditor involved will not participate in future audits of the service/project area until at least one year has elapsed from completion of the activity.

#### **15. Periodic Assessment**

The Internal Audit Manager is responsible for periodically providing a self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its plan.

In addition, the Internal Audit Manager will communicate to the Management Board and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years. However, as most of the Audit Plan work is completed by an External Contractor, Public Sector Internal Auditing Standards requires them to have an external quality assessment completed at least every 5 years and this is confirmed and included in the Annual Internal Audit Report each year. The evidence of these assessments is checked by the External Auditors as part of their assessment of the internal control and governance framework in place within Waverley Borough Council as part of the work completed for the External Audit findings report.

#### **16. Review of the Internal Audit Charter**

This charter will be reviewed annually by the Internal Audit Manager and where changes are required will be presented at least every 2<sup>nd</sup> year to the Audit Committee for approval.

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# Agenda Item 15.

## AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME

Meeting	Item	Action	Responsibility
<b>September 2021</b>	Risk Management (if required)	Approve	Head of Finance and Property, Peter Vickers
	Review Audit Committee's Terms of Reference	Rec to Council, if necessary	Committee Services
	Audit Committee Annual Report	Note	Committee Services
	External Audit Annual Audit Letter	Note	External Audit
<b>November 2021</b>	Risk Management	Approve	Head of Finance and Property, Peter Vickers
	Annual Governance Statement – Interim Review	Comment and instruct	Head of Finance and Property, Peter Vickers
<b>March 2022</b>	Internal Audit Plan	Approve	Internal Audit Manager, Gail Beaton
	Risk Management (if required)	Approve	Head of Finance, Peter Vickers
<b>July 2022</b>	External Audit Findings Report	Note	External audit
	Annual Governance Report	Endorse	External Audit
	External Audit Plan	Note	External Audit
	Certification Report	Note	External Audit
	Statement of Accounts	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement	Approve	Head of Finance and Property, Peter Vickers and Head of Policy and Governance, Robin Taylor
	Annual Internal Audit Report (Activity of previous financial year)	Comment and Note	Internal Audit Manager, Gail Beaton
	Internal Audit Charter	Endorse	Internal Audit Manager, Gail Beaton

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

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

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

Fraud Investigation Summary [To note].

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

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