

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

When calling please ask for:

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Policy and Governance

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Date: 18 March 2022

Membership of the Audit Committee

Cllr Peter Marriott (Chairman)

Cllr Jerome Davidson (Vice Chairman)

Cllr Sally Dickson

Cllr Jan Floyd-Douglass

Cllr John Gray

Cllr Richard Seaborne

Cllr George Wilson

Dear Councillors

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

DATE: MONDAY, 28 MARCH 2022

TIME: 7.00 PM

PLACE:

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. This meeting will be webcast and can be viewed on [Waverley Borough Council's YouTube channel](#) or by visiting 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 in 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 29 November 2021 and published on the Councils 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.

PART I - RECOMMENDATIONS TO THE COUNCIL

There were no matters falling within this category.

6. **ANTI MONEY LAUNDERING POLICY** (Pages 1 - 24)

The Council will do all it can to prevent the Council and its staff being exposed to money laundering through criminal activity, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on the 26 June 2017. There has subsequently been two amendments, neither of which impact on this policy, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 and Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020. Although Local Authorities are not obliged to comply with the requirements of this legislation the Chartered Institute of Public Finance and Accounting (CIPFA) advises that an organisation should consider a policy framework which supports the implementation of the counter fraud strategy and includes an anti-money laundering policy to prevent the use of their services for money laundering.

Recommendation

The Audit Committee are asked to note the Draft Policy and make comments for the Executive to consider prior to final approval.

7. FINANCE REGULATIONS (Pages 25 - 66)

The Audit Committee is asked to consider the update to the Financial Regulations and recommend them to the Council, in compliance with the Audit Committee Terms of Reference under Article 8 of the Constitution. Specifically, the Audit Committee is required to maintain an overview of the Council's Constitution in respect of financial regulations.

Recommendation

It is recommended that the Committee recommends the update to the Financial Regulations to the Council for adoption.

PART II - MATTERS OF REPORT

8. REVIEW OF THE STRATEGIC RISK REGISTER (Pages 67 - 78)

The Strategic Risk Register is a key governance document underpinning the delivery of the Corporate Strategy 2020 - 2025. The register focuses on the risks that are inherent in delivering the strategic objectives selected and designed to deliver the strategic priorities.

The Audit Committee is charged within its Terms of Reference to ensure that the council has an effective risk management framework in operation. The risk register is therefore a part of the governance documentation used within the risk management framework. It is therefore important that members of the committee have an oversight of the Strategic Risk register to gain assurance of its effective operation.

Recommendation

The Audit Committee review the detail provided in annexe 2 and 3 and provide feedback to officers.

9. CPR UPDATE (Pages 79 - 108)

These CPRs set out the minimum requirements the council must follow when procuring and/or entering into Contracts for the supply of goods, works and services including consultants.

The CPRs are put in place to ensure that the council gets value for money for residents, complies with all legal requirements, minimises the risk of challenge / undue criticism, supports social value and sustainability and provides transparency as to how it spends public money.

Recommendation

The Audit Committee are asked to **APPROVE** the draft CPR's and make recommendation to Council to approve.

10. UPDATE ON THE FINANCIAL MANAGEMENT CODE (Pages 109 - 126)

The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets out the standards of financial management for local authorities. Each local authority must demonstrate that the requirements of the code are being satisfied.

Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team. This report updates the committee on progress and sets out proposed actions to strengthen compliance.

Recommendation

That the Audit Committee note the progress on the Financial Management Code and endorse the Action Plan set out in this report.

11. ACCOUNTING POLICIES

Verbal update on accounting policies.

12. ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES.

To enable the Committee to raise any potential emerging governance issues that may need to be addressed.

Recommendation

The Committee is invited to raise any potential emerging governance issues for consideration.

13. AUDIT CHARTER (Pages 127 - 140)

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.

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.

Recommendation

It is recommended that the Audit Committee notes the amendments and approves the Internal Audit Charter as attached in Annexe 1.

14. REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 141 - 160)

To inform the Audit Committee of Senior Management's progress in implementing the 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 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.

15. REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN (Pages 161 - 184)

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.

16. PROPOSED INTERNAL AUDIT PLAN 2022-2023 (Pages 185 - 198)

The Committee's terms of reference include provision for the Committee to approve the proposed Internal Audit Plan. This report presents the proposed Draft Internal Audit Plan for 2022-23 and the Committee is invited to comment and approve the Audit Plan. The plan has been drawn up by the Internal Audit Manager through completing a risk assessment of the audit universe of the

council's activities including consultation with Senior Management Team.

The draft audit plan also contains those reviews that were deferred from 2021-22 audit plan identifiable by the inclusion of (C/F 2021-22).

Recommendation

It is recommended that the Audit Committee comments and approves the proposed Draft Internal Audit Plan for 2022-23 as attached in Annexe 1.

17. AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Pages 199 - 200)

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.

18. 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).

19. ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION

To consider any matters relating to aspects of any reports on this agenda which, it is felt, may need to be considered in exempt session.

**For further information or assistance, please telephone
Kimberly Soane, Democratic Services Officer, on 01483 523258 or by
email at Kimberly.soane@waverley.gov.uk**