

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 28 MARCH 2022

SUBMITTED TO THE COUNCIL MEETING – 26 APRIL 2022

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

**Present**

Cllr Peter Marriott (Chairman)	Cllr Richard Seaborne
Cllr Jerome Davidson (Vice Chairman)	Cllr George Wilson
Cllr Sally Dickson	

**Apologies**

Cllr Jan Floyd-Douglass and Cllr John Gray

AUD 106/21MINUTES (Agenda item 1.)

The Minutes of the meeting held on 29 November 2021 were agreed as a correct record.

AUD 107/21APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies were received from Cllrs Jan Floyd-Douglass and John Gray.

AUD 108/21DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no disclosures of interest submitted for this meeting.

AUD 109/21QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 110/21QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

**PART I - RECOMMENDATIONS TO THE COUNCIL**

Background Papers

Unless specified under an individual item, there are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to the reports in Part I of these minutes.

AUD 111/21ANTI MONEY LAUNDERING POLICY (Agenda item 6.)

Patrick Tuite, Procurement Officer, outlined the review of the Anti-Money Laundering Policy and the changes made. It was highlighted that there had been

minimal changes made, the most significant being the change from SOCA (Serious Organised Crime Agency) to the National Crime Agency (NCA).

The Chairman requested clarification as why there was a difference between the values of £10,000 in para 7.11 and €15,000 in para 7.12? It was explained that the figures were those set out in legislation but that Waverley are more strict and apply due diligence for anything above £5,000.

### **Recommendation**

**The Audit Committee noted the Draft Policy and ask Council to consider their comments prior to final approval.**

#### **AUD 112/21 FINANCE REGULATIONS (Agenda item 7.)**

Peter Vickers, Head of Finance and Property Services, outlined the adjustments made following a review of the financial regulations. The main adjustments made were outlined in 4.3 of the report.

- a) Explicit that the Deputy S151 has authority to act as the S151 (2.2)
- b) Stricter control regrading funding agreements and changes to funding agreements being agreed by S151 officer. (2.17)
- c) Requirement for business case for capital bids (3.11)
- d) Stricter controls on contractual disputes being reported to S151 (4.1)
- e) Reference to IR35 rules in Contract Procurement Rules (4.12)
- f) Control on how staff bank detail changes will only be accepted through the payroll system (5.8)
- g) Clarification of External audit checking registers (16.1)

The officers were asked to clarify adjustment a) and advised that the deputy Section 151 officer could act as the S151 officer if the S151 officer was unavailable only. This was outlined in the glossary on page 64.

It was asked if 4 working days for legal to go through reports prior to the deadline was practical? Officers advised this was what legal had requested.

Officers were asked if there still was a form to be completed for Capital Bids as they were not included in paperwork to Council. The Committee were advised that the forms were still completed but were not included as annexes as they were so large they would make the agenda pack so large. They were available if members wished to view them.

The Committee commented:

- that it was difficult to understand the collation between the key controls and the comments and felt this could be formatted more clearly.
- that 3.2 – Budget Processes planned and communicated should have the processes added.
- whether bullet points 2 & 3 in 3.43 were consistent? Officer advised this followed the Councils Regulations but they would look at the wording.

- whether in bullet point 4 of 5.1 that it was always the case that the staffing budget was not exceeded? It was highlighted this was the case and it would be necessary to obtain a supplementary budget.
- that item 6 outlined the key controls and explanations but appear to be repeated in 6.12.

The Committee felt the regulations needed to be formatted to make it easier to read and flow better.

### **Recommendation**

**The Committee recommends the update to the Financial Regulations to the Council for adoption subject to the comments made.**

#### AUD 113/21 CPR UPDATE (Agenda item 9.)

Patrick Tuite, Procurement Officer, outlined the review of the Contract Procurement Rules and the changes made.

Officers were asked if there was a way for Surrey CC and Waverley BC to use each other's processes and recommendations if a similar procurement process is needed to save on resources. The committee were advised that was something that was utilised already and there were a number of processes and exemptions employed.

The Committee queried why the report stated the thresholds should be revised every two years and yet the document states annually. The Procurement Officer advised that this was because officers review the document annually but only report bi-annually.

Officers were asked if checks were made on the lawfulness of suppliers and the suppliers ownership? It was highlighted these checks were proportional to the value of the procurement.

It was noted that 13 was missing from the table of contents.

### **Recommendation**

**The Audit Committee RECOMMENDS to the Council that the proposed amendments to the Contract Procurement Rules be approved and incorporated into the councils constitution subject to the comments made by the committee.**

## **PART II - MATTERS OF REPORT**

#### AUD 114/21 REVIEW OF THE STRATEGIC RISK REGISTER (Agenda item 8.)

Peter Vickers asked the Committee for comment following an informal session held prior to the meeting.

The Committee commented on the following areas:

- Officers to look at the division in aspects run by the HRA. Housing Operations and Housing Delivery although interdependent are separate divisions.

- LPP2 was not mentioned in the document and developments that do not feature in it. Officers agreed to take away and examine.
- No mention of how we manage refugees, taking into account the current Ukrainian issues.
- Should risks involved in cost of living be included. Fuel increases, energy increases and inflation etc
- There was concern that some risks indicated as green could be more than a significant concern which could be ignored if marked green.
- Working from Home – where have these risks been considered?
- Have we assessed the risks of not completing appropriate assessments in accordance with legislation. Especially in light of the upcoming appeals and judicial reviews?

The Committee were advised that the document primarily sets up the corporate Risks rather than operational but the comments would be taken on board.

Officers responded to some of the comments highlighting:

- this was a living document and all risks would be monitored on a regular basis.
- Working from home has been fairly assessed. Annexe 2 Risk 31 covers this. Various scrutiny meetings have discussed working from home.
- Officers also outlined the processes agreed for dealing with the refugee crisis.

The Committee **NOTED** the document and asked officers to consider the comments made.

#### AUD 115/21 REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN (Agenda item 15.)

The Committee were advised that the 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. Gail Beaton gave an update on the current position of the Internal Audit Plan for 2021-22.

The Committee were advised that all reviews have now been started and some completed with 65% complete and 35% progressing well. It was noted that three reviews were proposed to be deferred to 2022/23.

The Committee **NOTED** the Internal Audit Progress report.

#### AUD 116/21 UPDATE ON THE FINANCIAL MANAGEMENT CODE (Agenda item 10.)

Graeme Clark, Strategic Director, reminded the Committee that CIPFA had introduced the code 18-months ago and the scope had been discussed with the committee last year. Section 4.4 of the report was highlighted outlining the scope of the document and it was emphasised that the code would be used to check against without the need for excessive resources.

The Committee were advised that officers hoped to run an informal session for members on sections C&D in April/May of this year. An annual report would be brought to Committee at their June/July meeting.

The Committee made the following observations:

- The RAG rating was useful but required definition.
- Members felt some areas marked Amber were unfairly marked down and asked why officers were reluctant to rate Green? It was felt by officers some areas we could be stronger on.
- Cllr Hyman suggested that under Section 2- D Accountability that Councillors and Residents should be able to drill down and asked for a duty of candour. It was felt this was covered by Councillors being able to raise under 'emerging governance' on the Audit Committees Agenda each meeting.

The Audit Committee **NOTED** the progress on the Financial Management Code and endorsed the Action Plan set out in this report.

#### AUD 117/21 ACCOUNTING POLICIES (Agenda item 11.)

Peter Vickers, Head of Finance and Property Services updated the Committee on the current accounting policies advising that all Financial Statements should comply with CIPFA codes. Every year before the accounts are compiled officers take into account the policies. A review has been taken of these policies and no new standards have been identified that need taking into account.

#### AUD 118/21 ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Agenda item 12.)

The Committee were invited to raise any potential emerging governance issues they felt may need addressing.

Cllr Richard Seaborne asked about the Structured Governance on Operational Greenhouse Figures. He advised that in 2020/21 a report was drafted but this had no document control on it and had advised that it had used government guidance but there was no reference of what guidance supplied and no methodology. He felt this was an important document which should also include the emissions for our Council Housing stock. Officers were asked for this to be reviewed and reported again with a formal timetable for it to be reviewed.

**Recommendation: The Environmental Portfolio Holder to be requested to take this to Executive for action.**

Cllr Jerry Hyman raised the issue of the Legal Departments reliance on applicants and appellants evidence when dealing with appeals and judicial reviews. He felt this meant we were not putting across our strongest case in these matters. Officers advised that in our submissions to court we are using a very experience senior barrister and were confident of his advice.

#### AUD 119/21 AUDIT CHARTER (Agenda item 13.)

The Committee were given a short overview of Waverley's Internal Audit Charter which had been circulated with the agenda.

The Committee **NOTED** the Internal Audit Charter

AUD 120/21 REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Agenda item 14.)

Gail Beaton outlined the review of the progress in the implementation of the internal audit recommendations.

It was highlighted that Annexe 1 showed those actions which had not been implemented yet and Annexe 2 highlighted those actions which the Head of Service had requested an extension with revised dates set out.

The Committee discussed the requests and raised concern that some of these actions had now had up to 5 extensions.

The Committee considers the information contained in **Annexe 1** and asked for their comments to be taken into consideration.

The Committee considered the Head of Service(s) justifications for a request for a change in the agreed target dates listed in **Annexe 2** and **AGREED** the appropriate revised implementation date(s) for Strategic Housing and Community Services, Regulatory and Environmental Services & Housing Operations. They also approved two of the Planning actions re Planning Enforcement Plan.

The Committee asked that the Head of Planning and Economic Development be invited for an informal discussion on the issues he was having implementing the other actions and give assurance that these will be completed by the revised dates before agreement will be given. It was suggested that this could be done before the Financial Management Code meeting, scheduled for 23<sup>rd</sup> May 2022, Committee Members also requested sight of the documentation outlining the testing carried out on the Horizon system before its implementation in Planning.

AUD 121/21 PROPOSED INTERNAL AUDIT PLAN 2022-2023 (Agenda item 16.)

The Committee were advised that their terms of reference include provision for the Committee to approve the proposed Internal Audit Plan. The report presented the proposed Draft Internal Audit Plan for 2022-23 and the Committee was invited to comment and approve the Audit Plan.

The Committee were advised that there were a few areas relating to Housing and a review of Risk Management as discussed earlier in the meeting.

Officers were asked if an audit of homeworking was being planned and were advised that HR were doing reviews and this will be discussed with them.

AUD 122/21 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Agenda item 17.)

The Audit Committee Recurrent Annual Work Programme was noted.

**The meeting commenced at 7.00 pm and concluded at 9.12 pm**

**Chairman**