

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 29 NOVEMBER 2021

SUBMITTED TO THE COUNCIL MEETING – 14 DECEMBER 2021

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

Present

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

Apologies

Cllr Sally Dickson and Cllr George Wilson

AUD 96/21 MINUTES (Agenda item 1.)

The Minutes of the meeting held on 8 November 2021 and published on the Council's website were agreed as a correct record.

AUD 97/21 APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence were received from Cllrs Sally Dickson & George Wilson.

AUD 98/21 DISCLOSURE OF INTERESTS (Agenda item 3.)

There was no disclosure of interests submitted for this meeting.

AUD 99/21 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 100/21 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

PART I - RECOMMENDATIONS TO THE COUNCIL

AUD 101/21 AUDIT TENDER (Agenda item 9.)

Peter Vickers, Head of Finance and Property, advised that the Audit Committee have been delegated the responsibility to make recommendations to Full Council regarding the appointment of the External Auditor. This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

It was highlighted that the Council could arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

It was felt that the sector-wide procurement would produce better outcomes and there were no financial incentives to go alone therefore the national scheme was the officer's recommendation.

The Committee questioned whether we would be appointing for Waverley and Guildford or just Waverley and were advised that the collaboration was around services and not finances and that the two councils would remain as separate legal entities, therefore we would only be looking at Waverley.

It was also queried whether there would be a conflict if Waverley and Guildford had the same external auditor and were advised this would not be an issue.

The Audit Committee **RECOMMENDS** to Full Council the acceptance of the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

PART II - MATTERS OF REPORT

AUD 102/21AUDIT FINDINGS REPORT (Agenda item 6.)

Paul Cuttle, Grant Thornton, introduced the report and highlighted the key points for noting.

The Committee were advised that there were some minor queries still outstanding but some issues outlined in the report have been closed off since the publication of the report. Grant Thornton highlighted that no outstanding queries were detrimental to the accounts being signed off.

The Committee raised a question about signing off the accounts whilst there were issues outstanding. The S151 Officer said it was for the Committee to decide whether the auditor's report provided sufficient assurance to approve the accounts. The S151 Officer said that if the external auditors were happy to sign off with an unqualified opinion based on their current report then that is sufficient assurance for the S151 Officer.

It was noted that 'appendix G' was mentioned on page 4 of the report but there did not appear to be such an appendix. Paul Cuttle advised this was a typographical error and that the sentence in question should have been removed as the letter would not be submitted until later in the process when the Auditor's Annual Report is published in February 2022.

The Committee received a short overview outlining:

- the Financial Statements Audit;

- the Value for Money arrangements – highlighting that this part of the audit had been decoupled from the other part of the report and would form a part of the Auditor's Annual Report in February 2022;
- that once the outstanding queries were cleared that the opinion on the accounts would be supplied;
- that risks had been identified in line with the Auditor's standard requirements; and,
- the report included an approach to grants due to Covid (page 10).

The Committee were advised that only one improvement had been recommended relating to journal entry policies and procedures and the authorisation process before posting.

It was noted that all the recommendations from last year had all been addressed satisfactorily and all audit statements were over the threshold.

Overall, Paul Cuttle advised that the draft set of accounts were of good quality.

The Committee discussed the issue of document control as a whole across the business and felt this needed 'tightening up'. It was asked why the issue of the journals had not been picked up in previous years and it was explained this had been identified due to additional reviews carried out by the auditors.

The Committee queried whether they should be concerned that the Actuary Values under net pension liability were at the top end of the PwC range and were assured that this was within limits and not a cause for concern.

It was highlighted to the Committee that the recommendation should have read 'to receive' and not 'to consider and approve....'

In light of the committee's question about the outstanding issues, the S151 Officer advised they could either await receipt of the final report before approving the Statement of Accounts which would require an additional committee meeting; or, give a delegation to the S151 officer and Chairman to review the final Audit Findings Report and if there are no material changes, approve the Statement of Accounts. The Committee would consider this under Agenda item 7.

The Committee received and noted Grant Thornton's Audit Findings Report.

AUD 103/21ACCOUNTS (Agenda item 7.)

Graeme Clark, Strategic Director, introduced the item and highlighted that the pre-audit accounts had been available for the public the view since July 2021. Changes had been made to the accounts in response to issues identified and agreed in the Audit.

Members were reminded that an informal briefing session had been held in October to allow members to received detailed training and to respond to any questions.

The Committee noted the Annual Financial Report and considered the changes outlined in annexe 2. It was noted there had been very few changes with the

Pension liability adjustment and the LRSG/ARG grants being the major adjustments.

The Committee asked if an internal audit had been carried out on Reigate & Banstead's work to administer our business grants and it was confirmed this had taken place.

The committee felt that the comments explaining the work carried out on adjustments to previous years were important to include.

It was agreed that, once the auditors had completed their work and issued a final Audit Findings Report, this would be reviewed by the Strategic Director (s151 Officer) in consultation with the Chairman of the Audit Committee to consider if there are any material changes and, if so, whether the revised report needs to be formally considered by the Audit Committee. And subject to this:

The Audit Committee RESOLVED to:

- (i) Approve the Statement of Accounts for the financial year ended 31 March 2021;
- (ii) Approve the Letter of Representation for 2020/2021; and
- (iii) Confirm that the accounts had been prepared on a going concern basis

AUD 104/21 ANNUAL GOVERNANCE STATEMENT (Agenda item 8.)

Peter Vickers, Head of Finance and Property, outlined the Annual Governance Statement (AGS) and gave a summary of the process. He advised that the AGS was discussed at each meeting and was a live document and is included with the Statement of Accounts as part of the Annual Financial Report.

The AGS reports publicly on how the Council has complied with the governance code, 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE and is signed off by the Chief Executive and Leader.

The Committee three substantial items had been missed off:

- The move from four to two Overview and Scrutiny Committees;
- Making the temporary arrangement to move to two planning committees permanent; and
- The decision around shared senior management with Guildford Borough Council.

It was pointed out that the move to make the two planning committees permanent was mentioned in 5.2 of the report. It was felt this was a little misleading as it indicated it was made permanent due to Covid which was not the case.

The move from four to two Overview and Scrutiny committees was mentioned in 5.4.

It was however acknowledged that the senior management decision had not been included and it was explained this was because the decision had been made after the cut off point for the reports sign off by the Chief Executive and Leader.

The Committee felt as the governance journey had started before this date it should have been mentioned.

In the light of the discussion, the Committee were advised of two possible approaches to agreeing the AGS:

- 1) To ask the officers to add the additional comment in reference to the collaboration and the planning committee change and delegate the sign off to the Strategic Director (s151 Officer) in consultation with the Chairman of the Audit Committee after discussion with Chief Executive and Leader; or
- 2) Note the Committee's concerns in the minutes and expect it to be mentioned in next years AGS and to be monitored under the standing governance item on the committee's agenda.

The Committee **AGREED** to option 1 and **APPROVED** the Annual Governance Statement for 2020/2021.

AUD 105/21 EXCLUSION OF PRESS AND PUBLIC (Agenda item 10.)

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

The meeting commenced at 7.00 pm and concluded at 8.56 pm

Chairman