

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT & RISK COMMITTEE - 20 JUNE 2023

SUBMITTED TO THE COUNCIL MEETING – 18 JULY 2023

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

Present

Cllr Julian Spence (Chair)
Cllr David Beaman
Cllr Jerome Davidson

Cllr Maxine Gale
Cllr Ken Reed
Cllr Connor Relleen

Apologies

Cllr Heather McClean

AUD 1/23 APOLOGIES FOR ABSENCE [19:00] (Agenda item 1.)

Apologies were received from Cllr Heather McClean.

AUD 2/23 ELECTION OF CHAIR AND VICE CHAIR (Agenda item)

The Committee noted the nominations of Cllr Julian Spence as Chair and Cllr Heather McClean as Vice Chair for the Municipal Year 2023-24. This was unanimously agreed.

AUD 3/23 MINUTES [19:01] (Agenda item 2.)

The minutes of the meeting held on 13 March were noted by the new committee and agreed as a true record by Cllrs Spence and Davidson who were in attendance at the previous meeting.

Outstanding Actions:

- Robin Taylor, Executive Head of Organisation Development to bring together a joint risk paper and to brief the committee at the next meeting. – This would be discussed later in the meeting.
- Update on Freedom of Information process to be brought back to committee – Susan Sale, Executive Head of Legal and Democratic Services advised an update would be provided to the September meeting.

AUD 4/23 DISCLOSURE OF INTERESTS [19:03] (Agenda item 3.)

Cllr Conner Relleen advised that he used to work for Grant Thornton, Waverley's External Auditors some 6 years ago.

AUD 5/23 QUESTIONS BY MEMBERS OF THE PUBLIC [19:05] (Agenda item 4.)

There were none.

AUD 6/23 QUESTIONS FROM MEMBERS [19:06] (Agenda item 5.)

There were none.

AUD 7/23 ANNUAL GOVERNANCE STATEMENT [19:07] (Agenda item 6.)

Rosie Plaistowe, Financial Manager explained that the Annual Governance Statement (AGS) was a standing item on the agenda and the AGS was a living document which would report on how Waverley were meeting the Good Governance criteria set out by CIPFA.

The Committee raised some queries which were taken away by officers to resolve.

Officers were asked that the Committee see reports on how the Joint Management Team were performing and were advised that the Joint Governance Committee (JGC) monitor this performance so the minutes of the JGC would be made available.

Officers were requested to send out the draft AGS well in advance of the next meeting for members to have time to consider.

AUD 8/23 REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT ACTIONS [19:22] (Agenda item 7.)

Gail Beaton, Internal Audit Manager, outlined the report giving an explanation to new members of what the report contained.

Members noted the report and were advised that since the report was published a number of the actions had now been completed. An updated report would be attached to the minutes.

There were three requests for extension of time which were outlined. Members **AGREED** to the extensions but requested that if any further extensions to these actions were requested that Executive Heads must come along to the meeting to outline their request.

At 19:23hrs the Committee went into Exempt session, to discuss some confidential actions, 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 paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972.

The Committee reconvened at 19:28 and the public were given access.

AUD 9/23 INTERNAL AUDIT ANNUAL REPORT [19:37] (Agenda item 8.)

Gail Beaton, Internal Audit Manager, outlined the report and advised that performance is acceptable. Members asked who monitored Southern Internal Audit Partnership (Contractor) and were advised they were externally audited.

Member discussed the two reviews marked as 'limited' in the report. Officers assured members that this was not a concern as many of the issues have been completed or are being actioned.

Members suggested they do a 'deep dive' on cyber security.

Action: Linda Frame to be invited to next meeting. An updated annual report is attached to the minutes.

AUD 10/23 REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN [19:52] (Agenda item 9.)

Gail Beaton, Internal Audit Manager, outlined the report to members. She advised that the Audit Plan 2023-24 was obviously in its infancy, however, the contractor had started the reviews for Q1. Performance has increased since the report was published.

Members discussed the issues around Risk Management which had been highlighted as Limited assurance and were advised they would be getting an update at a meeting to be set up in July.

Members were advised the rolling programme had moved along since the publication of the report.

Members NOTED the Report.

AUD 11/23 FRAUD INVESTIGATION SUMMARY [20:07] (Agenda item 10.)

Members were given a overview of the report and noted there had been 10 properties recovered in 2022/23. It was highlighted that the costs incurred in recovery were minimal in contrast to the benefits.

It was noted there were more referrals over the years but housing officers are more aware of the actions to take prior to processing to the fraud officer.

The Committee noted the report and commended the work carried out by officers.

AUD 12/23 INTERNAL AUDIT CHARTER [20:22] (Agenda item 11.)

Gail Beaton, Internal Audit Manager, outlined the purpose of the report and highlighted areas members needed to note.

The Committee NOTED the report.

AUD 13/23 RISK MANAGEMENT [20:37] (Agenda item 12.)

The Chair expressed disappointment that the strategic director and Executive Head for Organisational Development had been unable to attend due to other commitments but advised that a meeting would be held to allow members to receive updates and training on Risk Management.

It was highlighted that the draft Annual Governance Statement mentions the importance of risk on Pages 7 (Principle 6), 9 (Risk Management Framework) and 14 (Managing key risks/Managing the risk of fraud) of the agenda and also the Internal Audit Report (Page 55 of Agenda and 8 of Report) had highlighted that *'although corporate risks were identified and managed, both the operational and corporate risks were not sufficiently recorded, monitored or reported to those charged with the responsibility for governance, the Audit Committee frequently enough.'*

Members requested to have visibility of previous incidents and how they were dealt with. They also felt risk appetite needed to be considered as well as the designation risks.

Action: Committee clerk to schedule a meeting in July to include:

- **Training on the Risk Register;**
- **The Joint framework;**
- **Incident Management; and**
- **The Risk Strategy**

AUD 14/23 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME [20:47]
(Agenda item 13.)

The Annual Work Programme was outlined with an explanation of the reports the committee would consider as standing items and annual reports.

Rosie Plaistowe, Financial Services Manager and Deputy Section 151 Officer, advised that the Audit Findings Report and Value for Money Reports had been scheduled to come to this meeting but due to staffing issues at Grant Thornton they would now be presented to the next meeting.

The Committee noted the programme and amendments were outlined.

AUD 15/23 EXCLUSION OF PRESS AND PUBLIC [20:57] (Agenda item 14.)

There were no items to discuss in exempt session therefore the chair closed the meeting.

The meeting commenced at 7.00 pm and concluded at 8.06 pm

Chairman

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Waverley Borough Council

Report to: Audit Committee

Date: 20th June 2023

Ward(s) affected: All

Report of Director: Ian Doyle, Transformation & Governance

Author: Gail Beaton, Internal Audit Manager

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Audit Committee Chairman: Cllr Spence

Email: Julian.Spence@waverley.gov.uk

Report Status: Open

Progress on the implementation of Agreed Internal Audit Actions

1. Executive Summary

- 1.1 The Committee's Terms of Reference include provision for the Committee to monitor and comment on the progress made in the achievement of the Agreed Internal Audit Actions.
- 1.2 An update on the current position of the Agreed Internal Audit Actions is presented for the Audit Committee to note progress being made on their implementation..

2. Recommendation to Audit Committee

- 2.1 It is recommended that the Audit Committee considers the information contained in **Appendix 1** and, following discussion at the Audit Committee meeting identifies any action it wishes to be taken on the 10 actions that are overdue.
- 2.2 It is recommended that the Audit Committee considers the Executive Head(s) of Service justification for a request for a change in the agreed target date for the Management Action (s) listed in **Appendix 2** and agree an appropriate implementation date(s).
- 2.3 It is recommended that the Audit Committee discuss the items in **Exempt Appendix 3** as those actions will be discussed in exempt due to their content re safeguarding the security of the council.

3. Reason(s) for Recommendations:

- 3 To enable the Audit Committee to be informed of the status of agreed audit actions accepted by the Executive Head(s) of Service but not yet implemented or insufficient progress made to implement by the agreed target date, enabling the Committee to be aware of the current position of the audit actions.

4. Exemption from publication

- 4.1. N/A

5. Purpose of Report

- 5.1 These 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.

6. Strategic Priorities

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

7. Background

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

8. Consultations

8.1 Consultation with Executive Heads of Service and the Joint Management Team were completed re the content of this report and the results.

9. Key Risks

9.1 If the authority did not monitor the achievement of the agreed audit actions could leave the council vulnerable to the risks identified during each audit completed.

10. Financial Implications

10.1. Internal Audit work helps management to ensure that internal controls are in place to minimise the risk of loss, including financial, to the council.

11. Legal Implications

11.1 There are no direct legal implications, although good governance and probity are strengthened by attending to matters raised within the audit agreed actions. Our arrangements comply with public sector Internal Audit Standards.

12. Human Resource Implications

12.1. N/A

13. Equality and Diversity Implications

13.1 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.

14. Climate Change/Sustainability Implications

14.1. There are no direct implications in the report.

15. Conclusion

15.1 The contents of the report informs the Audit Committee of the recovery of properties from those not using them in accordance with the tenancy agreement and the financial and reputational value of completing this work to safeguard the councils assets.

16. Background Papers

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

17. Appendices

17.1 Appendix 1 – Internal Audit Agreed Actions due for implementation by 30 June 2023.

17.2 Appendix 2 – Internal Audit Actions request for an extension.

18. Governance Journey

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

Please ensure the following service areas have signed off your report. Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer (Rosie Plaistowe Melham)	25/05/2023
Legal / Governance (Ian Hunt)	23/05/2023
HR (Jon Formby)	26/05/2023
Equalities (Louise Norie)	18/05/2023
Lead Councillor	N/A

CMB	23/05/2023
Executive Briefing/Liaison	N/A
Committee Services	25/05/2023

Agreed Internal Audit Actions overdue or due by 30 June 2023



Up Dated on: 20 June 2023



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

Joint Executive Head of Organisational Development – Robin Taylor



IA23/06.004.1 Notification of movers			
Action Code & Description	We sought to test that IT are notified of internal role changes so that the appropriate changes to a user’s AD account can be made in order to ensure that only the minimum necessary access and privileges are maintained. We contacted the WBC HR team and requested a list of recent internal role changes from within the previous 12 months which we used to select a random sample of ten role changes. We then asked our contacts to provide evidence that IT had been notified of the change by HR so that IT can process any required access changes. Our contacts informed us that they had only been able to locate service desk tickets for five of the ten (50%) role changes in our sample, however, each of these had been actioned accordingly.	Exit Meeting Date	26-Apr-2023
		Due Date	30-Jun-2023
Risk Level	Medium Priority	Risk RAG	
Audit Report Code and Description	IA23/06 Cyber Security		
Agreed Action	HR and Managers to ensure that all staff who move roles within the organisation are notified to IT.		


Status		In Progress	Progress	0%	Head of Service	Nicola Haymes; Robin Taylor
All Notes						


Joint Executive Head of Finance – Peter Vickers


Action Code & Description	IA23/02.001.2 Automated work items					
	<p>The tax and business rates services now delivered as self-service on the OpenPortal used to be provided through email sent via forms from the website, directly to the Revenues Team or by phone. The OpenPortal was implemented in January 2022 and due to the current influx of new business processes related to the cost of life crisis, such as energy rebates, data is not currently monitored to analyse and report on business efficiency benefits.</p> <p>However, the service is at the time of audit actively looking at the system parameters from the experience of the use of the OpenPortal so far. Those parameters are being corrected in order to improve the service, in advance of an assessment of the business efficiencies brought by the system, planned to take place in a year from September 2022.</p>				Exit Meeting Date	10-Oct-2022
					Due Date	30-Jun-2023
Risk Level	Low Priority				Risk RAG	
Audit Report Code and Description	IA23/02 Revenues Open Portal					
Agreed Action	Review volume of work items automated over the past year and calculate return on investment due to the reduction in officer time/cost.					
Status		Neglected	Progress	50%	Head of Service	Peter Vickers
All Notes						


Action Code & Description	IA23/02.002.1 Inbox review					
	<p>We were provided with a report showing that between 04/06/2022 and 28/08/2022, 20 emails were received: Five emails received a response and did so within the stated 14 days, and three messages were forwarded to a different department. However,</p>				Exit Meeting Date	10-Oct-2022
					Due Date	30-Jun-2023



	<ul style="list-style-type: none"> • 12 of them had not been responded to, of which three were marked as unread. • two of the above 12 emails had not been responded to after a second email query. <p>Multiple users across different teams have access to the inbox, however no task allocation for the triage process of emails is in place. Consequently, some emails are not read, some are not replied to even after a second query, and some have been read but it is unknown whether a replied has been sent.</p>					
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA23/02 Revenues Open Portal					
Agreed Action	Allocate responsibility to officers to review inbox and respond to emails daily and keep record of communication and response time. Ideally investigate possibility of implementing a triage system (online form) that will enable more effective management and capture of data to record effectiveness.					
Status		Neglected	Progress	20%	Head of Service	Peter Vickers
All Notes	A new staff member to join and a review to be taken. Expected to be completed later in year, therefore an extension to the 30 th September 2023 is requested.					24-May-2023
	Extension Agreed by Audit Committee on 13 March 2023 to 30 June 2023.					14-Mar-2023
	The team has been under significant pressure to deliver on central governments grants and reliefs. This was followed by delivering of the annual billing. The outstanding action will be actioned in Q1 of 2023.					03-Mar-2023

Action Code & Description	IA23/02.003.1 Remove response times of 14 days					
	The target for responses to emails received via the OpenPortal is 14 days. We acknowledge that the OpenPortal is a recent implementation and the system and processes around it are still in a period of adjustment. However, surveys and customer feedback across private and public sector services report that optimal customer satisfaction is attained when replies to email queries take between one and 24 hours.				Exit Meeting Date	10-Oct-2022
					Due Date	30-Jun-2023
Risk Level	Medium Priority				Risk RAG	



Audit Report Code and Description	IA23/02 Revenues Open Portal					
Agreed Action	Remove the response time of 14 days from the email response and allocate responsibility to officers to review inbox and respond to emails daily and keep record of communication and response time. Ideally investigate possibility of implementing a triage system (online form) that will enable more effective management and capture of data to record effectiveness.					
Status		Neglected	Progress	30%	Head of Service	Peter Vickers
All Notes	Extension Agreed by Audit Committee on 13 March 2023 to 30 June 2023.					14-Mar-2023
	The team has been under significant pressure to deliver on central governments grants and reliefs. This was followed by delivering of the annual billing. The outstanding action will be actioned in Q1 of 2023.					03-Mar-2023


Action Code & Description	IA23/05.002.1 Procedure Notes				
	During our testing we were advised that there are different authorisation levels in place for refunds of Council Tax and NNDR (Business Rates), although these levels are not configured within the Civica system.			Exit Meeting Date	27 April 2023
	Taxation Officers create refunds for CTAX & NNDR, any refund less than £2,500 does not require any authorisation. Refunds over £2,500 should be sent to a Team Leader who, as discussed within Observation 1 will add a diary note to say approved. If a refund is over £15,000 then Team Leader will ask the Revenues Manager for a secondary check/ approval. Again, Revenues Manager should add a diary note to say checked. If a refund is over £50k then an email is also sent to the Head of Service/ Director and cc to the Finance Accountant. This delegation of authority is not documented within any policy or procedure. It was also found during our testing of a sample of refunds that notes of approval on the accounts were missing for three out of ten.			Due Date	30-Jun-2023
Risk Level	Medium Priority			Risk RAG	
Audit Report Code and Description	IA23/05 Refunds Process Revenues				

Agreed Action	Update procedure notes with approval levels and remind to officers.					
Status		Assigned	Progress	50%	Head of Service	Peter Vickers
All Notes	On track for completion re WS, who will update status before AC papers go out.					24-May-2023


IA23/05.003.1 Verification of Bank Details						
Action Code & Description	Testing found that evidence is held on the EDM system to support refunds. In the event that a bank account is closed, and an account is in credit it still requires refunding. WBC make the effort to find the individual and request account details to make the refund to. However, this process is not documented and is currently based on staff experience and awareness of knowing the risks of fraud and theft in the process of refunding.				Exit Meeting Date	27 April 2023
	Testing found that Solicitor Letters could be provided to the council to confirm the bank account details of an individual that the money can be refunded to. However, the procedure does not require any independent verification of the solicitors, or the bank account details prior to processing the refund.				Due Date	30-Jun-2023
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Procedure notes will be amended to include a step process to verify bank details and note on account.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion re WS.					24-May-2023



IA23/05.004.1 Target Days						
Action Code & Description	There are no set expectations for the timeliness of processing refunds for Council Tax and NNDR. There is also no management overview for the time taken by staff to investigate and then process refunds.				Exit Meeting Date	27 April 2023
	We reviewed a sample of ten NNDR accounts which had been in credit during 2022/23 and found that three refunds were paid within a month of the credit being created, and five				Due Date	30-Jun-2023

		<p>refunds had been paid within four months. Two refunds from within our sample had been processed within four months but were still awaiting management approval for more than a month.</p> <p>The notes available to us at the time of testing were not always comprehensive enough for us to undertake detailed analysis of why there was a delay, from the date of notification to the date of the refund being processed.</p> <p>Our testing found no significant delays with our sample for the processing of Council Tax refunds, where there had been a delay there were notes on the system explaining why.</p>				
Risk Level	Low Priority			Risk RAG		
Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Agree the target days to make a refunds and include in procedure.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion re WS.				24-May-2023	



		IA23/05.004.2 Review report for target days			
Action Code & Description	<p>There are no set expectations for the timeliness of processing refunds for Council Tax and NNDR. There is also no management overview for the time taken by staff to investigate and then process refunds.</p> <p>We reviewed a sample of ten NNDR accounts which had been in credit during 2022/23 and found that three refunds were paid within a month of the credit being created, and five refunds had been paid within four months. Two refunds from within our sample had been processed within four months but were still awaiting management approval for more than a month.</p> <p>The notes available to us at the time of testing were not always comprehensive enough for us to undertake detailed analysis of why there was a delay, from the date of notification to the date of the refund being processed.</p> <p>Our testing found no significant delays with our sample for the processing of Council Tax refunds, where there had been a delay there were notes on the system explaining why.</p>			Exit Meeting Date	27 April 2023
				Due Date	30-Jun-2023
Risk Level	Low Priority			Risk RAG	


APPENDIX 1


Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Review if a report can be done to update revenue and benefit manager on the performance against targeted days.					
Status		In progress	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion.					24-May-2023



Action Code & Description	IA23/05.005.1 Documenting Refund Actions and Authorisations					
	The audit trail/note log on each account provides brief detail on what actions and authorisations have taken place. However, our sample testing found notes were not all clear and were missing some information.				Exit Meeting Date	27 April 2023
	<ul style="list-style-type: none"> . One out of the ten in the Council Tax refunds sample did not have explanatory notes related to why the credit had occurred. . One out of eight NNDR refunds payments tested were found not to have been documented as authorised. . One refund that had been requested via the “Portal” of the sample of five tested, required a manual check but there was no way of determining who had done this because the checker had not noted their initials or title. 				Due Date	30-Jun-2023
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Update procedure notes and remind officer in team meeting of the need to document reasons for refund.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion.					24-May-2023

Action Code & Description	IA23/05.006.1 Procedure review dates					
	Testing found that while procedures are in place and reviewed to reflect current working practices, there was no documented review or reviewer noted in the procedure documentation.				Exit Meeting Date	27 April 2023
					Due Date	30-Jun-2023

	Therefore, WBC were unable to demonstrate that the procedures are assigned to an individual, or job position, for review. Ensuring such responsibilities are assigned would give some assurance around the likelihood of timely update.					
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Procedure notes will be updated with review dates and actions.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion.					24-May-2023



Action Code & Description	IA23/05.007.1 Policy Review					
	We were provided with a Refund Policy on 02/09/2022 which details Council Tax. The Policy does not include NNDR. Testing found that the Policy was authorised by a Revenues and Benefits Team Leader on 02/09/2022. There was no evidence that this policy had been officially reviewed and authorised in line with the scheme of delegation. The Policy was found not to have been documented on official Waverley Borough Council papers.				Exit Meeting Date	27-Apr-2023
	The council currently has no policy relating to writing back those credits deemed to be unlikely to be refunded. Unclaimed credits could be an opportunity for maladministration or Fraud, as well as incorrectly showing as a liability within accounting records. The Policy could not be located on the Waverley Borough Council website pages and is therefore not accessible to the public to view. To create greater transparency with the public on the Council's policies, it may be beneficial to have the refund policy as well as other policies on NNDR and Council Tax on the website allowing greater accessibility and understanding on the policy in place for Refunds.				Due Date	30-Jun-2023
Risk Level	Medium Priority				Risk RAG	

Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Policy not appropriately reviewed and authorised. If the policy is unavailable on the website, then it the council is not being fully transparent around refunds to the public. If the council has no policy relating to writing back un-refundable credits, then the opportunity for fraud or maladministration is increased.					
Status		Assigned	Progress	0%	Head of Service	Peter Vickers
All Notes	On track for completion re WS.					24-May-2023

Action Code & Description	IA23/05.007.2 Procedures published on the website					
	We were provided with a Refund Policy on 02/09/2022 which details Council Tax. The Policy does not include NNDR. Testing found that the Policy was authorised by a Revenues and Benefits Team Leader on 02/09/2022. There was no evidence that this policy had been officially reviewed and authorised in line with the scheme of delegation. The Policy was found not to have been documented on official Waverley Borough Council papers.				Exit Meeting Date	27-Apr-2023
	The council currently has no policy relating to writing back those credits deemed to be unlikely to be refunded. Unclaimed credits could be an opportunity for maladministration or Fraud, as well as incorrectly showing as a liability within accounting records.				Due Date	30-Jun-2023
	The Policy could not be located on the Waverley Borough Council website pages and is therefore not accessible to the public to view.					
To create greater transparency with the public on the Council's policies, it may be beneficial to have the refund policy as well as other policies on NNDR and Council Tax on the website allowing greater accessibility and understanding on the policy in place for Refunds.						
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA23/05 Refunds Process Revenues					
Agreed Action	Policy will be updated with procedures and published on the website.					
Status		In Progress	Progress	0%	Head of Service	Peter Vickers

All Notes	On track for completion.	24-May-2023
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Joint Executive Head of Environmental Services – Chris Wheeler

Action Code & Description	IA22/08.001.2 Develop and adopt a digital end to end solution					
	We confirmed with the Biffa Performance, Quality & Information Manager that bin stock controls are simply based on a weekly count of stock each week. During the week drivers are provided with a delivery address list and bin type required generated from the Council's Civica system. The drivers simply take the stock required from the storage area within the depot. There are no contemporaneous records held for each line of stock to record items of stock issued and balance remaining.				Exit Meeting Date	25-Jan-2022
					Due Date	03-Apr-2023
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA22/08 Waste Management (Bins)					
Agreed Action	Longer term plan is to develop / adopt a digital end to end solution for this.					
Status		Overdue	Progress	50%	Head of Service	Chris Wheeler
All Notes	<p>Additional reconciliation and checking is now being undertaken between Biffa, Environmental Services and Finance to ensure that correct bins are issued and any discrepancies are identified.</p> <p>A liberty solution to digitise bin ordering, stock control and the reconciliation process is viable and being considered, however future Liberty development projects and resource still need to be prioritised at a managerial level.</p> <p>Our current plan is to start looking at this late 2023 and early 2024, therefore extension to the original target date to April 2024 is requested by the Executive Head of Environmental Service. (C Wheeler email 11/05/2023)</p>					12-May-2023

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

Recommendation Ref No/s	IA23/02.002.1 & IA23/02.003
Justification for an extension	A new staff member to join and a review to be completed. Expected to be completed later in year, therefore an extension to the 30 th September 2023 is requested.
Joint Executive Head of Finance	Peter Vickers

Recommendation Ref No/s	IA22/008.001.2 re Digital End to End Solution
Justification for an extension	<p>Additional reconciliation and checking is now being undertaken between Biffa, Environmental Services and Finance to ensure that correct bins are issued and any discrepancies are identified.</p> <p>A liberty solution to digitise bin ordering, stock control and the reconciliation process is viable and being considered, however future Liberty development projects and resource still need to be prioritised at a managerial level.</p> <p>Our current plan is to start looking at this late 2023 and early 2024, therefore extension to the original target date to 01 April 2024 is requested by the Executive Head of Environmental Service. (C Wheeler email 11/05/2023)</p>
Joint Executive Head of Environmental Services	Chris Wheeler



**Annual Internal Audit Report & Opinion
2022-2023**

APPENDIX 1

V1.3

Prepared by: Gail Beaton

June 2023

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1. Role of Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015, to

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

In fulfilling this requirement, the Council should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

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 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’.



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 provides 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.

As the Internal Audit Manager, I determine the approach to each audit, and in conjunction with the contracting team (SIAP) apply our professional judgement considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- 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.



Our contractor, the Southern Internal Audit Partnership (SIAP), who fulfil the majority of the Internal Audit Plan, maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

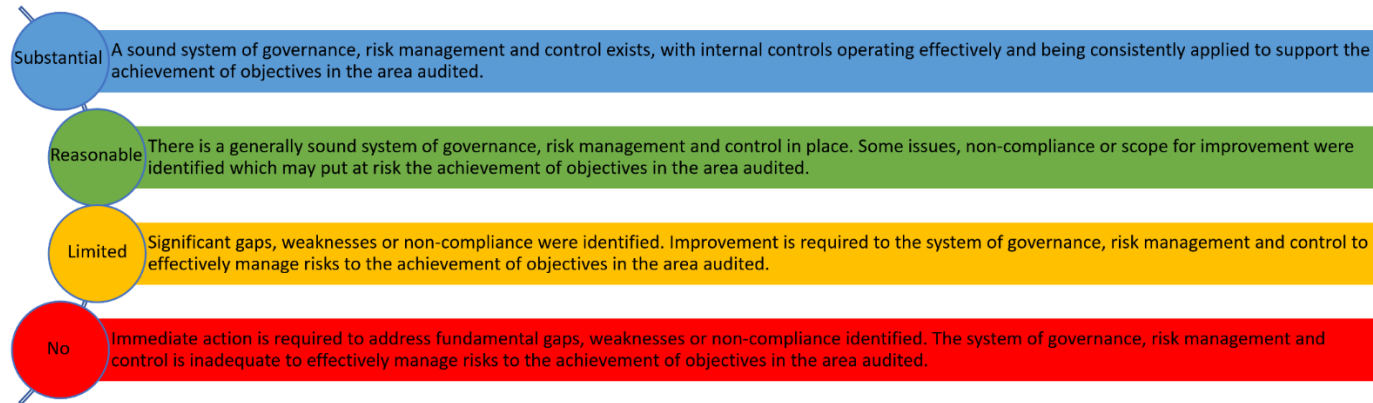
Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2022-23 internal audit plan was considered and endorsed by the Audit Committee in March 2022. It was informed by internal audit's own 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 and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate. Changes made to the plan were agreed with the S151 Officer and endorsed and detail to the Audit Committee in the internal audit progress reports which were reviewed at each meeting. This years plan completion has provided challenges in the completion of Audit reviews as the Senior Management Team responsibilities were realigned as part of forming a Joint Management Team with neighbouring authority Guildford Borough Council.

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 assurance opinions are categorised as follows:



4. Internal Audit Opinion

As Internal Audit Manager, I am responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform their annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisations' 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 (assurance & consultancy);
- 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 the Council's audit need that has been covered within the period.

The contractors enjoy an open and honest working relationship with the Council. The planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk and control over the 2022-23 financial year.

Annual Internal Audit Opinion 2022-23

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 Councils internal control environment.

In my opinion, the frameworks of governance, risk management and management control are 'Reasonable' and audit testing has demonstrated controls to be working in practice.

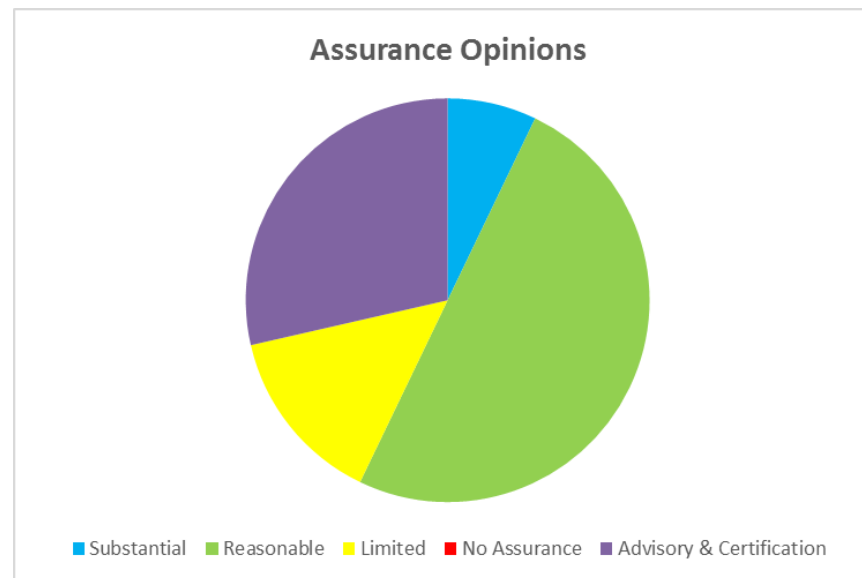
Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

5. Overview & Key Observations

Overview - Assurance opinions for 2022-23 reviews

The findings from the reviews completed in 2022-23 have been reported to the Audit Committee throughout the year and a summary of the assurance opinions is outlined below. Of the those reviews completed to final stage during 2022/23 resulted in no reviews providing a 'no assurance' rating. Those shown as 'Advisory' are those reviews that are generally completed by the Internal Audit Manager at the request of services managers or senior management where internal audit input is required to complete an Internal Audit assessment of the system in operation.

The assurance opinion chart below graphically illustrates the assurance opinions obtained in 2022-23 this also includes 2 reviews which although procured in 2021-22 did not meet the timeable for the 2021-22 Annual Report.



Key Observations

In general, internal audit work found there to be a sound system of governance, risk management and control across the majority of areas reviewed.

No reviews have been concluded with a 'No Assurance' audit opinion however two reviews were concluded with 'Limited Assurance' are summarised below:-

Risk Management

The responsibility for risk management at a corporate level as been assigned to the Executive Head of Organisational Development as part of the Joint Management Restructure with Guildford Borough Council. Therefore, the observations made by the auditors as part of this review will inform the future plans for the Risk Management process across both councils, although this will be dependent on the decisions made on the way forward on the collaboration. The review highlighted that although corporate risks were identified and managed, both the operational and corporate risks were not sufficiently recorded, monitored or reported to those charged with the responsibility for governance, the Audit Committee frequently enough.

Refund Process

The review focused on the refund process in operation in the Revenues Team for Business Rates (NNDR) and Council Tax (CTax). It was identified that although refunds had been processed in accordance with the training provided, however these processes were not all documented to provide consistency of application. System enhancements were suggested to access profiles, retention of documentary evidence to support clear identification of separation of duties are in existence and that authority levels are not exceeded.

Governance

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 but not limited to Counter Fraud Strategy, Policy and Fraud Response Plan and Anti Bribery Policy).

The council also has a dedicated Housing Tenancy Fraud Investigation Officer who deals with housing fraud related investigations, reports are provided to the audit committee twice a year on the activity and outcomes of this work. In 2022-23, 10 properties were recovered and enabled 10 households to obtain a property and then be removed from the housing waiting list.

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.

In addition, we have assessed and where appropriate, advised, investigated or supported the investigation of any allegations of fraud, corruption or improper practice. In accordance with the Local Government Transparency Code 2014 the details of internal audits involvement in counter fraud work is summarised below:

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2022-23 plan that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed. Management actions agreed, as a result of each review, are monitored facilitating the use of the Pentana system, to completion to ensure that the identified risks and issues are addressed.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is reported to the Audit Committee throughout the year through the quarterly internal audit progress reports.

6. Quality Assurance and Improvement

The Standards require that providers of Internal Audit Services including our contractors Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (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 provision for 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 September 2020.

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

'The mandatory elements of the IPPF (International Professional Practice Framework) 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.'

7. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through 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.

8. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2021-22 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.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An independent external quality assessment against the IPPF, PSIAS & LGAN.

9. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Indicator	Target	Actual 2022-23
Percentage of internal audit plan delivered	95%	94%
Positive customer survey response		
● Waverley Borough Council	90%	100%
● SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant
Average No. of days between Contractor exit meeting and the issue of Draft Report to WBC (C)	30	30
Average number of days between the contactor issuing Draft report for WBC management agreed actions and the uploading of Final Report to Pentana monitoring software (WBC)	30	17

***Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2023).*

10. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we (Internal Audit Manager and Southern Internal Audit Partnership) have made contact in the year. Our relationship has been positive, and management were responsive to the comments made both informally and through our formal reporting.

Gail Beaton
Internal Audit Manager

Annexe 1

Summary of Audit Reviews Completed 2022-23

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.

Review area	Summary
Fees and Charges	This review focused on providing assurance that is in place to ensure that fees and charges set by the council are accurately reflected on public facing media and fees collected are accurate.

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.

Review area	Summary of actions
Business Transformation	In order to maintain full transparency, there would have been merit in formally reporting to members at the outset the anticipated resources, goals, methodology and timeline required for targeted delivery of the Business Transformation.

	<p>Work relating to the programme and reporting into the Business Transformation Board was suspended in February 2022 pending the next stages of the collaborative partnership between Guildford and Waverley Borough Councils. The last reported dashboard from January 2022 confirmed that four of the 10 projects were fully complete. In this respect Transformation Programme targets will need to be revisited and potentially reset together with a new work schedule and possible new governance arrangements for the BT team.</p> <p>The Terms of Reference for the current Business Transformation Board were repurposed from a previous 'Customer Services' project board and are generic in nature. There is merit here for further detail and clarity particularly around responsibilities, risk management and accountability going forward. It is anticipated that future governance changes relating to the collaborative working with Guildford Borough Council will also drive amendments and updates to this document.</p>
Revenues Open Portal	<p>The OpenPortal website went live in January 2022 and due to the current influx of new business processes since then, data is not currently monitored to analyse and report on business efficiency benefits.</p> <p>Out of 18 customer emails received over three months (04/06 to 28/08), 12 messages had not been responded to, of which four had not been responded to after a second email query. Response time official commitment for customer email queries is currently 14 days.</p>
Cyber security Protection Measures	<p>The review highlighted improvements required relating to password policy, completed Cyber Security Incident Response Plan, internal role changes notified to IT, VPN access, remote access,</p>

	access to third parties, strategies and policies re protective monitoring, monitoring of shares/disk volumes, cyber security events outside of core business hours and more frequent review of Domain Admin accounts.
Creditors	The review highlighted improvements required relating procedure notes, purchase orders are being raised retrospectively, Vat invoice , and the review of Supplier Masterfile.
Homes for Ukraine	The review highlighted improvements required including due diligence authentication checks, home checks and Welfare visits.
Date Storage	The review highlighted improvements required including, IT data backup backup policy, testing and restoration of backed up systems, files or databases, password strength server room access and automated email reports.
Main Accounting	The review highlight improvements required in relation to updating documented procedures, including workflow re interfaces with the Agresso financial system. Review of transactions to ensure descriptions of transactions are clearly shown.

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.

Review area	Summary of Actions
Revenues Refund Process	<p>Personal refund limits should be set for all staff involved in the process. Refunds over £2,500 were not consistently documented. Approval of refund process needs to be documented. System control improvements re enforced authorisation levels. Verification of bank account details provided on emails or letters, or checks on the process if bank accounts have been closed. Timescales for processing refunds are not defined. Evidence of reviewer of procedures should be detailed on the procedure notes. Current refund policy only applies to council tax, this needs to be rectified.</p>
Risk Management	<p>Risk Management policy & Strategy requires reviewing. Risks need to be revised to ensure that they are not the converse of the objective. A log of risk movement should also be maintained. Discussions with senior management or any other operational corporate governance group on the Risk register needs to be documented. Heat maps to be reviewed to ensure consistency is applied and reported. Risk Management training to be provided to all staff.</p>

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