

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT & RISK COMMITTEE - 25 MARCH 2024

SUBMITTED TO THE COUNCIL MEETING - <DATE>

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

Present

Cllr Julian Spence (Chair)
Cllr David Beaman

Cllr Jerome Davidson
Cllr Ken Reed

Apologies

Cllr Michaela Wicks, Cllr Maxine Gale and Cllr Connor Relleen

AUD 54/23 APOLOGIES FOR ABSENCE (Agenda item 1.)

Apologies were received from Cllrs Michaela Wicks, Maxine Gale and Connor Relleen.

AUD 55/23 MINUTES (Agenda item 2.)

The minutes of the last meeting of the Audit and Risk Committee, held on 27 November 2023, were agreed as a correct record.

AUD 56/23 DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no interests disclosed relevant to this meeting.

AUD 57/23 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 58/23 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

AUD 59/23 EXTERNAL AUDIT FINDINGS REPORT AND ANNUAL AUDIT REPORT (Agenda item 6.)

The Chair welcomed Matt Dean and Ajay K Jha from Grant Thornton to the meeting.

Matt Dean presented the Audit Finding Report advising that there had been a few adjustments and recommendations made. The significant risks that had been considered were outlined and where issues existed they had been either adjusted or deemed immaterial.

The Value for Money work has been provisionally completed, however, this cannot be concluded until the investigation into governance processes at Guildford determined they were limited to that authority and did not impact Waverley.

There were a small number of outstanding issues but the auditors felt that overall the Council was in a positive position.

The officers were asked what the provisional timetable was to conclude the investigation and were advised it was hoped to resolve within 6-8 weeks which was well in advance of the backstop dates and so far there were no red flags regarding Waverley.

Richard Bates, Interim Executive Head of Finance, advised that the accounts were available for comments on the website.

Members were then given a brief overview of the Audit Findings Report and Annual Audit Report and were advised that, subject to the investigation outcomes, the Auditors would issue an unqualified opinion.

The estimated gap at the end of the MTFP is £5.2m but this is being managed by the finance team and there are plans in place to cover that.

Improvement recommendations were set out from page 57 of the report. Members were particularly interested in the improvement recommendation 5 regarding implementation of risk management, as an item had been expected for over a year from officers and had again been pulled from the agenda. They were assured this was imminent.

Action: The Committee NOTED the External Audit Findings Report and Annual Audit Report.

AUD 60/23 RISK MANAGEMENT (Agenda item 7.)

This item had been withdrawn from the agenda as it had not been signed off prior to the meeting. The members voiced disappointment as they had been waiting over a year now for an update on risk management.

Pedro Wrobel, Joint CEO, was present and advised that he accepted and understood members concerns. He advised he had now signed off the document and it would be coming to the June meeting. He would however ensure the report is circulated as soon as possible. The committee were informed that CMB had discussed the way in which Waverley managed risk and it had been arranged for monthly meetings to be held. A Joint Corporate Risk Register has been developed and will be shared in due course. This risk register will be reviewed at the monthly meetings. Pedro highlighted that performance would also be monitored and all outcomes will be shared with the Audit committee.

The Chair emphasised the disappointment that the report was not ready but welcomed the cohesive approach. He asked for an informal discussion with CMB members prior to the next meeting. (Early June)

Action: Risk Management Framework to be circulated as soon as possible.

AUD 61/23 ANNUAL GOVERNANCE STATEMENT [2023/24] (Agenda item 8.)

The Chair advised members that it had been identified that the 2022/23 AGS had not been signed off by the committee. There were three options outlined to deal with this:

- a. AGS 2022/23 can be circulated to members for approval and delegation be given to the Chair to sign them off.
- b. The Committee can approve the AGS formally at the June meeting.
- c. A special meeting of the Committee could be arranged to sign off the AGS.

Option a was proposed by Cllr Reed and seconded by Cllr Beaman and agreed by the committee.

Action: The final AGS 2022/23 to be circulated to members for final comment and then signed off by the Chair under delegation.

Richard Bates, Interim Strategic Director of Finance, outlined the Draft Annual Governance Statement for 2023/24.

Members commented that the levels of staffing and turnover needs highlighting as a potential risk area.

Further comments should be sent to Mavis Amouzu-Akue and the Chair copied in.

Action: The Committee NOTED the Draft Annual Governance Statement for 2023/24.

AUD 62/23 ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Agenda item 9.)

There were no potential governance issues raised for this meeting.

AUD 63/23 INTERNAL AUDIT CHARTER (Agenda item 10.)

Iona Bond, Southern Internal Audit Partnership (SIAP), outlined the annual report on the Audit Charter. She explained that members would note it was significantly different to the Charters presented in previous years as SIAP were now managing the internal audit work with the exception of counter fraud work.

Members asked to whom SIAP reported. Iona advised that they report to the Audit Committee and to CMB. Members raised concern that CMB may have a conflict of interest as they were dealing with GBC and WBC. Richard Bates reassured members that the contract with SIAP related to WBC only and GBC have their own separate contract. Iona advised she was Chief Internal Auditor for both GBC and WBC but assured the committee that the work is kept completely separate.

Action: The Committee APPROVED the Audit Charter produced by Southern Internal Audit Partnership.

AUD 64/23 DRAFT INTERNAL AUDIT PLAN 2024/25 (Agenda item 11.)

Iona Bond updated the Committee on the highlights of the Internal Audit Plan 2024/25. She explained that the plan had been realigned substantially.

Members were directed to pages 22-23 outlining areas that would be reviewed and in what quarter they would be reviewed. The Committee would then receive an update of the review at the meeting the following quarter. She emphasised this was a living document and the allocated dates for the reviews in the timetable were subject to change should the need require it.

Cllr Reed suggested that the Car Parking and Enforcement review was important and should be brought forward as Q4 (Jan-March 2025) was too long to wait for this.

Members also raised the issue of business continuity testing in reference to disaster recovery. At a briefing prior to the meeting members had been informed that no business continuity testing had been carried out for some time. Members asked for reassurance that this would be addressed. Officers advised they would accelerate planning for this.

Members asked how long the contract with SIAP was for and were informed it was renewed annually at present.

Action: The Committee APPROVED the Internal Audit plan 2024/25 and asked officers to look at the forecast taking into account the comments made.

AUD 65/23 INTERNAL AUDIT PROGRESS REPORT (Agenda item 12.)

Iona Bond outlined the Internal Audit Progress Report up to January 2024. She highlighted that 25% of the plan has been delivered with 69% work in progress and 6% yet to commence.

Iona highlighted she was pleased with the progress of the 'Live' audit reviews with only three overdue items highlighted as medium risk. Of these, only one had limited or no assurance relating to the Property Terrier register. Members felt a management response needed setting out on the terrier.

With regards to the Rolling Work Programme, Iona highlighted the areas of concern. Preloaded Purchase Cards, Accounts Receivable, Payment process for Repairs, Procurement and Tendering sign off process and AGS.

Richard Bates updated on the procurement review advising that after the procurement officer left post this was allowed to slip. The collaboration has picked up some of the tendering work and a review of the schemes of delegation would be set up with Susan Sale to set up a joint service and update contract procedure rules.

Members raise concern regarding a joint procurement service as they pointed out that WBC is a very different borough to GBC. Richard Bates advised they would be aligning thresholds with a two stage approach where managers could procure to a certain level and above that threshold is where we would look at joint procurement.

With regard to the AGS, Rosie Plaistowe had managed the AGS and now Mavis would take up the baton.

Action: The Committee NOTED the Internal Audit Progress Report.

AUD 66/23 FRAUD INVESTIGATION SUMMARY (Agenda item 13.)

Jose Riberio, Fraud Investigation Officer, presented the Fraud Investigation Summary for Qtr 1-4 2023/24.

He highlighted the work had resulted in the recovery of three properties and the cancellation of a Housing Application. This was down from previous years due to resources and capacity (one officer) and the fact that some of the cases were complex.

Action: The Committee NOTED the Fraud Investigation Summary for 2023/24.

AUD 67/23 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Agenda item 14.)

The Recurrent Annual Work Programme was NOTED and officers were asked to clarify with the clerk what items should be presented at what meeting to clean up the programme.

AUD 68/23 EXCLUSION OF PRESS AND PUBLIC (Agenda item 15.)

There were no items to discuss in exempt session so the Chair closed the meeting.

The meeting commenced at 7.00 pm and concluded at 8.55 pm

Chairman