

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

When calling please ask for:

Kimberly Soane, Democratic Services Officer

**Legal & Democratic Services**

E-mail: [Kimberly.soane@waverley.gov.uk](mailto:Kimberly.soane@waverley.gov.uk)

Direct line: 01483 523258

Date: 15 March 2024

### **Membership of the Audit & Risk Committee**

Cllr Julian Spence (Chair)  
Cllr Michaela Wicks (Vice Chair)  
Cllr David Beaman  
Cllr Jerome Davidson

Cllr Maxine Gale  
Cllr Ken Reed  
Cllr Connor Relleen

### **Substitutes**

Cllr Phoebe Sullivan

Dear Councillors

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

DATE: MONDAY, 25 MARCH 2024

TIME: 7.00 PM

PLACE: COMMITTEE ROOM 1, COUNCIL OFFICES, THE BURYS,  
GODALMING

The Agenda for the meeting is set out below.

This meeting will be webcast and can be viewed on [Waverley Borough Council's YouTube channel](#) or by visiting [www.waverley.gov.uk/webcast](http://www.waverley.gov.uk/webcast).

Yours sincerely

**Susan Sale,**  
**Executive Head of Legal & Democratic Services & Monitoring Officer**

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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. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

2. **MINUTES**

To confirm the Minutes of the Meeting held on 27 November 2023 and published on the Council's website.

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.

The deadline for receipt of questions is 5pm on 18 March 2024.

5. **QUESTIONS FROM MEMBERS**

Internal Audit The Chairman to respond to any questions received from Members in accordance with Procedure Rule 11.

The deadline for receipt of questions is 5pm on 18 March 2024.

6. **EXTERNAL AUDIT FINDINGS REPORT**

To consider and note the External Audit Findings Report produced by Grant

Thornton (to be circulated separately).

7. RISK MANAGEMENT (Pages 1 - 6)

To receive an update from the Executive Head of Organisational Development on risk management.

The report (to follow) provides the Committee with the opportunity to consider the New Risk Management Framework, including the Risk Management Strategy and Policy.

Recommendation

That the Committee:

- Considers the Risk management Framework and makes any observations or comments.
- Agrees to endorse the new Risk management Framework, including a mirrored approach to risk management with Guildford Borough Council.

8. ANNUAL GOVERNANCE STATEMENT [2023/24]

To consider and approve the Annual Governance Statement 2023/24 (to follow) presented by the Executive Head of Finance and Executive Head of Legal and Democratic Services.

9. ANNUAL GOVERNANCE STATEMENT 2024/25 - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES.

To consider and approve the Annual Governance Statement 2024/25 (to follow) presented by the Executive Head of Finance and Executive Head of Legal and Democratic Services.

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.**

10. INTERNAL AUDIT CHARTER (Pages 7 - 16)

To consider and approve the internal audit charter produced by Southern Internal Audit Partnership.

11. DRAFT INTERNAL AUDIT PLAN 2024/25 (Pages 17 - 26)

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. The Draft Internal Audit Plan for 2024/25 is attached.

**Recommendation**

**It is recommended that the Committee approves the contents of the Internal Audit Plan 2024/25 as attached.**

12. INTERNAL AUDIT PROGRESS REPORT (Pages 27 - 38)

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
  - an update on progress against the annual audit plan;
  - a summary of internal audit performance, planning and resourcing issues;
- and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

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

**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.**

13. FRAUD INVESTIGATION SUMMARY

The report (to follow) provides an update to the Committee on the work being completed in investigating fraud, primarily focusing on Housing Tenancy Fraud.

**Recommendation**

**It is recommended that the Audit Committee notes the success of the fraud investigation activity.**

14. AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Pages 39 - 40)

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.**

15. 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).

16. 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](mailto:Kimberly.soane@waverley.gov.uk)**

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# Waverley Borough Council

**Report to: Audit and Risk Committee**

**Date:** 25 March 2024

**Ward(s) affected:** All

**Report of Director: Transformation & Governance**

**Author:** Robin Taylor, Joint Executive Head of Organisational Development

**Tel:** 01483 523108

**Email:** Robin.Taylor@Waverley.gov.uk

**Executive Portfolio Holder responsible:** Councillor Victoria Kiehl, Executive Portfolio Holder for Organisational Development

**Email:** Victoria.Kiehl@Waverley.gov.uk

**Report Status:** Open

**Key Decision:** No

## Risk Management Framework

### 1. Executive Summary

This report provides the Committee with the opportunity to consider the new Risk Management Framework, including the Risk Management Strategy and Policy. The new approach necessitates a review of the Corporate Risk Register, which will be the next stage.

### 2. Recommendation to the Committee

That the Committee:

2.1 considers the Risk Management Framework and makes any observations or comments.

2.2 agrees to endorse the new Risk Management Framework, including a mirrored approach to risk management with Guildford Borough Council.

### **3. Reason(s) for Recommendation:**

3.1 Risk is in the remit of the Audit and Risk Committee. A Southern Internal Audit Partnership audit report produced in March 2023, reviewed Waverley Borough Council's processes and controls for risk management. The audit report went to the Audit and Risk Committee on 11 September 2023. Following the recommendations relating to risk management produced in this report, the Council has developed a new Risk Management Framework.

3.2 In July 2021 both Guildford Borough Council and Waverley Borough Council agreed to explore partnership working, through collaboration, with the aim to cut costs and help protect local services for residents. Both councils agreed to have one Joint Management Team (JMT), which was established in October 2022. The Vision statement for the partnership states the councils will seek opportunities for other ways to collaborate, including harmonising processes where possible. Therefore, a mirrored approach to risk management will ensure best practice at both councils and more efficient use of the risk management framework for officers.

### **4. Exemption from publication**

No

### **5. Purpose of Report**

5.1 The purpose of this report is to present the new Risk Management Framework following the recommendations produced in the Southern Internal Audit Partnership audit report and to seek the endorsement of the Committee.



## **6. Strategic Priorities**

6.1 Risk management is an integral part of good management and governance and is crucial to achieve the Council's strategic priorities. And the Council has a legal duty to have risk management arrangements in place.

6.2 We are committed to ensuring risk management is part of our decision making with structures and processes in place to ensure the risks are identified, assessed, and addressed in a consistent way and in accordance with the appetite and objectives of the Council.

## **7. Background**

7.1 Since the Southern Internal Audit Partnership audit report, officers have reviewed the Risk Management Policy and Toolkit, in partnership with Guildford Borough Council and propose a new Risk Management Framework. Risk register templates will be adjusted accordingly.

## **8. Consultations**

8.1 The Risk Management Framework has been developed with the Joint Executive Head of Organisational Development and relevant officers at both councils. It was then considered by Corporate Management Board on 5 March.

## **9. Key Risks**

9.1 Without a fit-for-purpose and consistent risk management framework the Council risks not meeting the recommendations of the Southern Internal Audit Partnership audit report, and, more importantly, being exposed to unnecessary and unacceptable risks.

9.2 The Council has a legal duty to have risk management arrangements in place, therefore not having a robust risk management framework is a risk to not fulfilling this legal duty.

## **10. Financial Implications**

10.1 Awaiting input from the finance team.

## **11. Legal Implications**

11.1 Awaiting input from the legal team.

## **12. Human Resource Implications**

12.1 Completion, maintenance and oversight of the risk registers will require resource from JMT, Service Leads, the Corporate Policy team and specialists within the organisation. These risk management processes should be seen as important elements of business as usual, much like Service Planning.

## **13. Equality and Diversity Implications**

13.1 The Public Sector Equality Duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

## **14. Climate Change/Sustainability Implications**

14.1 There are no direct climate change or sustainability implications of this report. The council must manage risk effectively, especially risks relating to programmes and projects, in order to achieve its goal of being net-zero carbon by 2030.

## **17. Summary of Options**

17.1 The first option is the Committee reviews and endorses the new Risk Management Framework.

17.2 Alternatively, the Committee could suggest a different way to meet the recommendations produced by the Southern Internal Audit Partnership audit report.

## **18. Conclusion**

18.1 The recommendations presented in the Southern Internal Audit Partnership audit report presents an opportunity for Waverley Borough Council to improve it's risk management arrangements.

## **19. Background Papers**

19.1 There are no background papers to this report, as all papers are in the public domain. Section 3 of this report details where these papers can be found.

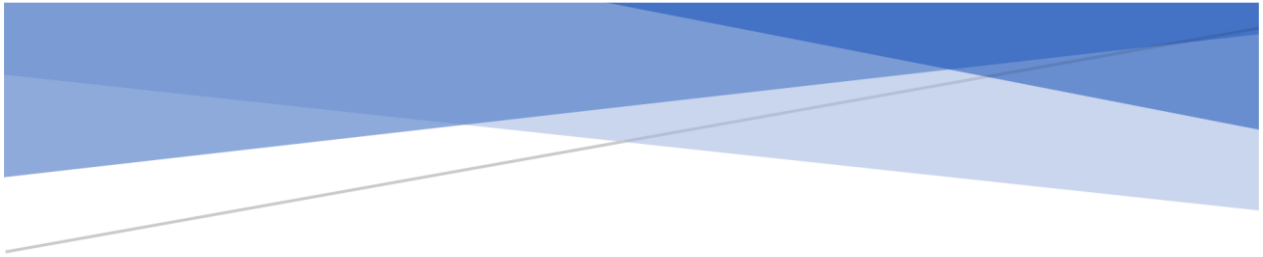
## **20. Appendices**

20.1 Appendix 1: Waverley Borough Council Risk Management Framework.

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	
Legal / Governance	
HR	
Equalities	
Lead Councillor	

CMB	
Executive Briefing/Liaison	
Committee Services	



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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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WAVERLEY BOROUGH COUNCIL  
Internal Audit Charter 2024/25

Prepared by: Iona Bond, Assistant Head of Partnership  
February 2024

## Internal Audit Charter – 2024/25

### Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes:

- the mission;
- core principles;
- definition of internal audit; and
- Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'.



### Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

## **Authority**

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which state that a relevant body must:

*‘undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’.*

The standards for ‘proper practices’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

## **Purpose**

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 organisation’s objectives.

This is achieved through internal audit providing 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.

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 organisations 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’.*

## **Responsibility**

The responsibility for maintaining an adequate and effective system of internal audit within Waverley Borough Council lies with the S151 Officer.

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Assistant Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the ‘Mission’, ‘Core Principles’, ‘Definition of Internal Auditing’, the ‘Code of Ethics’ and ‘the Standards’.

## **Definitions**

For the purposes of this charter the following definitions shall apply:

*The Board* – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Risk Committee.

*Senior Management* – those responsible for the leadership and direction of the Council. At the Council this shall mean the Corporate Management Board.

## **Position in the organisation**

The Chief Internal Auditor reports functionally to the Board, and organisationally to the S151 Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit and Risk Committee).

## **Internal audit resources**

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The S151 Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit strategy and operational audit plan.



The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

*'Senior Management'* and *'the Board'* will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational plan will be submitted to *'senior management'* and *'the Board'*, for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to *'senior management'* and *'the Board'*.

If the Chief Internal Auditor, *'the Board'* or *'Senior Management'* consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the S151 Officer accordingly.

### **Independence and objectivity**

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to *'senior management'* and *'the Board'*;
- reports functionally to *'the Board'*;
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team; and
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to *'Senior Management'* and *'the Board'*. The nature of the disclosure will depend upon the impairment.

### **Due professional care**

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the *'Mission', Core Principles', Definition of Internal Auditing'*, the *'Code of Ethics'* and the *'Standards'* and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported in accordance with the Council's Anti-fraud and Corruption Policy.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

### **Access to relevant personnel and records**

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

### **Scope of Internal Audit activities**

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the SIAP. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

The Council maintain an in-house fraud investigation resource responsible for conducting reactive fraud and irregularity investigations. This includes participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potential fraudulent activity.

SIAP will be informed of the outcomes of all reactive fraud and irregularity investigations on a regular basis. SIAP will monitor the outcomes of this work to contribute to its assessment of the wider control environment and will review the governance arrangement to prevent, detect and investigate fraud and irregularities on a cyclical basis.

## **Reporting**

### ***Chief Internal Auditor's Annual Report and Opinion***

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate as a minimum:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

## **Senior Management**

As those responsible for the leadership and direction of the Council. It is imperative that the Corporate Management Board are engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

### **The Board**

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

### **Review of the internal audit charter**

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to '*Senior Management*' and '*the Board*' for approval.

## Southern Internal Audit Partnership – Client Portfolio

<b>Strategic Partner:</b>	Hampshire County Council
<b>Key Stakeholder Partners:</b>	<p>West Sussex County Council          Havant Borough Council          East Hampshire District Council          Winchester City Council          New Forest District Council          Mole Valley District Council          Epsom &amp; Ewell Borough Council          Reigate &amp; Banstead Borough Council          Tandridge District Council          Crawley Borough Council          Arun District Council          Guildford Borough Council</p>
<b>Blue light Key Stakeholder Partners:</b>	<p>Hampshire &amp; IoW Fire &amp; Rescue Authority          West Sussex Fire Service          Office of the Hampshire &amp; IoW Police &amp; Crime Commissioner / Hampshire Constabulary          Office of the Sussex Police &amp; Crime Commissioner / Sussex Police Force          Office of the Surrey Police &amp; Crime Commissioner / Surrey Police Force</p>
<b>External clients:</b>	<p>Waverley Borough Council          Hampshire Pension Fund          West Sussex Pension Fund          New Forest National Park Authority          Ringwood Town Council          Lymington &amp; Pennington Town Council          Langstone Harbour Authority          Chichester Harbour Authority          Isle of Wight College</p>

### Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which:
  - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
  - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

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# **Southern Internal Audit Partnership**

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and innovation

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## **WAVERLEY BOROUGH COUNCIL INTERNAL AUDIT PLAN 2024-25**

**Prepared by: Iona Bond, Assistant Head of Partnership**

**February 2024**

## Introduction

The role of internal audit is that of 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 organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholders to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.



## Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The strategic lead will be Iona Bond, Assistant Head of Partnership, supported by Jade Lakeland, Audit Manager.

## Conformance with Internal Auditing Standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

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Considering all sources of evidence the external assessment team concluded:

*'The mandatory elements of the IPPF 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.'*

## Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

Waverley Borough Council – Corporate Priorities 2020 – 2025

Waverley Borough Council have set their Corporate Strategy for 2020 to 2025 which sets out their strategic priorities for the next five years:



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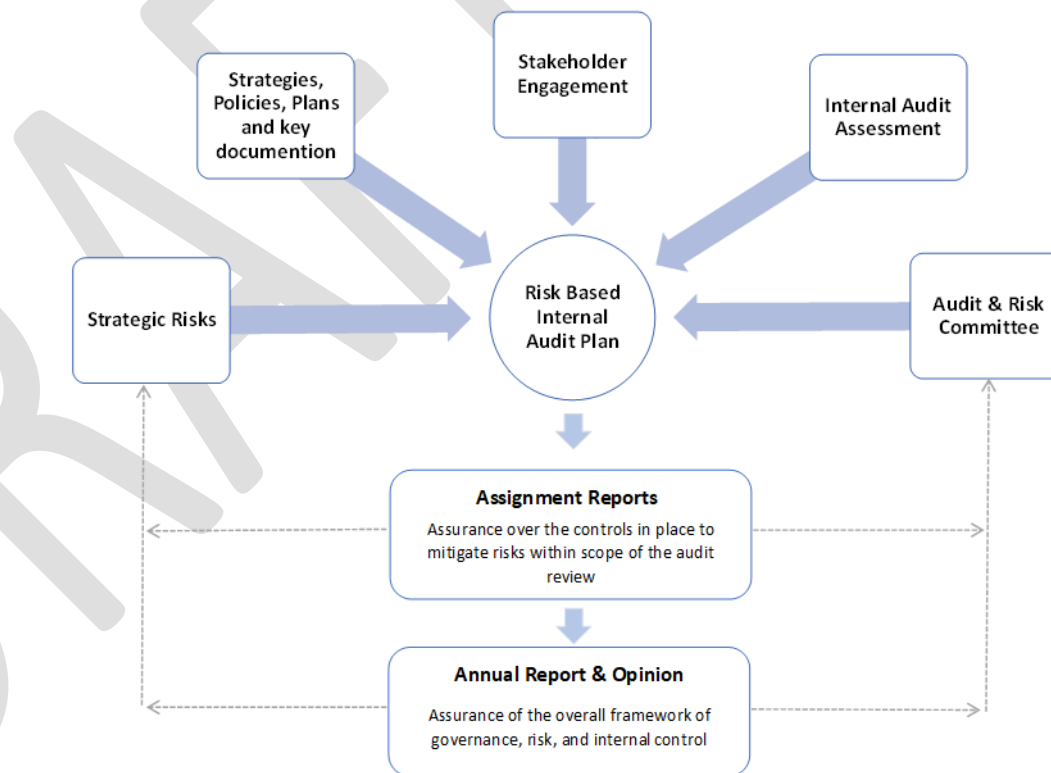
In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation’s goals.

Based on conversations with key stakeholders, review of key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the organisation.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



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To produce a meaningful and value adding audit plan SIAP gather information from a variety of sources as depicted in the above diagram., however, at the time of our planning process Waverley Borough Council did not retain a Strategic or Directorate risk registers.

Whilst the risk registers are an important source of information used to inform the risk based internal audit planning process, they are not the only source of intelligence used. We supplement our review of organisational risk through a range of additional sources of information including review of strategic, policies, plans and key documentation, engagement with key stakeholders and our own internal audit needs assessment.

Whilst the absence of organisational risk register has not inhibited our ability to create an audit plan for 2024/25, in is important that the absence of such a resource is creating a risk-based plan is clearly highlighted.

### Internal Audit Plan 2024-25

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Audit Review	Audit Sponsor (Joint Strategic Director)	Indicative Scope	Proposed Timing
<b>Corporate/Governance</b>			
Fraud Framework	Transformation and Governance	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities.	Q4
Health and Safety (Corporate)	Place	Effective H&S Strategy in place and operating effectively with effective governance, accountability and issue resolution.	Q2
Human Resources	Transformation and Governance	Assurance against key services / risk over a cyclical period, to include: <ul style="list-style-type: none"> <li>· Workforce Strategy / Development</li> <li>· Performance Management</li> <li>· Absence Management</li> <li>· Recruitment</li> <li>· Training &amp; Development</li> <li>· Use of Agency Staff</li> <li>· Use of Volunteers</li> </ul>	Q2

Audit Review	Audit Sponsor (Joint Strategic Director)	Indicative Scope	Proposed Timing
		For 24/25 the focus will be on recruitment and retention.	
Risk Management	Transformation and Governance	Assurance over the risk management framework including governance, transparency and maturity.	Q4
Decision making and Accountability	Transformation and Governance	Assurance over the effectiveness and transparency of the decision-making process at officer and Member level. To consider governance, sufficiency, accuracy and timeliness of information including consultation with the public as necessary.	Q4
Safeguarding	Community Wellbeing	To ensure effective policies and procedures are in place and training provided to staff along with appropriate statutory checks.	Q2
Information Governance	Community Wellbeing	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).	Q4
<b>Core financial systems</b>			
Contract Management	Transformation and Governance	Assurance over the processes in place for contract management arrangements, particularly around the maintenance of the contracts register and smaller contracts not featured elsewhere within the audit plan.	Q2
Main Accounting	Transformation and Governance	Cyclical review as a key financial system.	Q2
Medium Term Financial Planning	Transformation and Governance	Assurance over the process and development of the medium-term financial strategy.	Q3
Treasury Management	Transformation and Governance	Cyclical review as a key financial system.	Q3
Council Tax	Transformation and Governance	Cyclical review as a key financial system.	Q3
<b>IT</b>			
Disaster Recovery Planning	Community Wellbeing	Assurance that the disaster recovery plan is comprehensive, appropriately documented, governed and tested.	Q3

Audit Review	Audit Sponsor (Joint Strategic Director)	Indicative Scope	Proposed Timing
<b>Effective strategic planning and development to meet the needs of our communities</b>			
Capital Programme Delivery	Place	Assurance over the framework of governance for the management and monitoring of the delivery of the capital programme.	Q3
Planning and Development Management	Place	Assurance over the governance arrangements in place for the collection and distribution of CIL/S106 monies.	Q1
Building Control	Transformation and Governance	Assurance over the administration of building control applications, including the collection of fees and charges.	Q4
<b>Good quality housing for all income levels and age groups</b>			
Rents	Community Wellbeing	Cyclical review of the rent collection process.	Q1
Repairs and Maintenance (Statutory H&S Checks)	Community Wellbeing	Assurance over the arrangements in place to ensure that all required legislative checks are being conducted and any remedial works identified are undertaken in a timely manner for the Council's housing stock. For 2024/25 the focus will be on electrical and fire safety checks.	Q2
Responsive Maintenance and Emergency Repairs	Community Wellbeing	Assurance over the governance arrangements in place for the management and operation of responsive and emergency repairs works.	Q3
<b>Taking action on climate emergency and protecting the environment</b>			
Environmental Health and Crime	Place	To provide assurance over regulatory activities including animal control, food safety, pollution control, enforcement, etc. For 2024-25 the focus will be on air quality monitoring.	Q3
Climate Strategy	Transformation and Governance	Assurance over the governance arrangements and funding plan established to manage and monitor progress against the Climate Change Action Plan.	Q3
<b>Other</b>			
Car Parks and Enforcement	Transformation and Governance	Assurance over the arrangements in place for the administration of Parking Charge Notices	Q4
<b>Miscellaneous</b>			

Audit Review	Audit Sponsor (Joint Strategic Director)	Indicative Scope	Proposed Timing
Management			Q1 – Q4
Total Days			300

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# **Southern Internal Audit Partnership**

Assurance through excellence  
and innovation

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## **WAVERLEY BOROUGH COUNCIL INTERNAL AUDIT PROGRESS REPORT JANUARY 2024**

**Prepared by: Iona Bond, Assistant Head of Partnership**  
**February 2024**

## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

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

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

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 organisations’ 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. Purpose of report

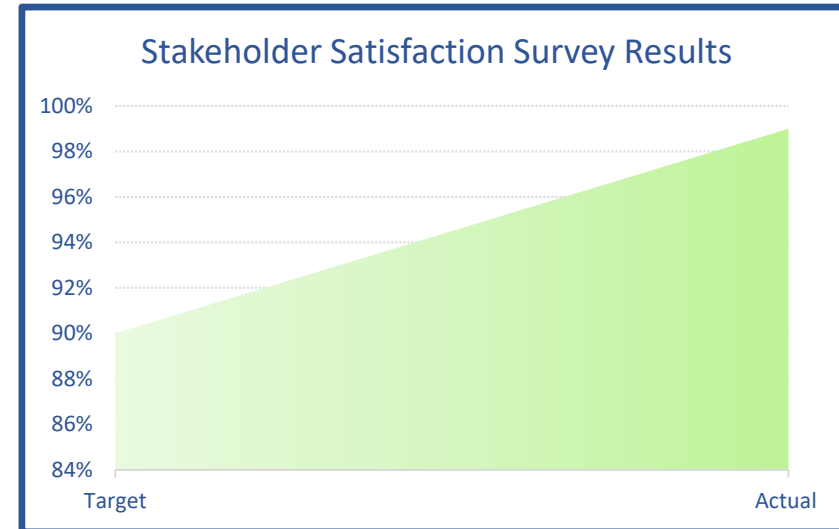
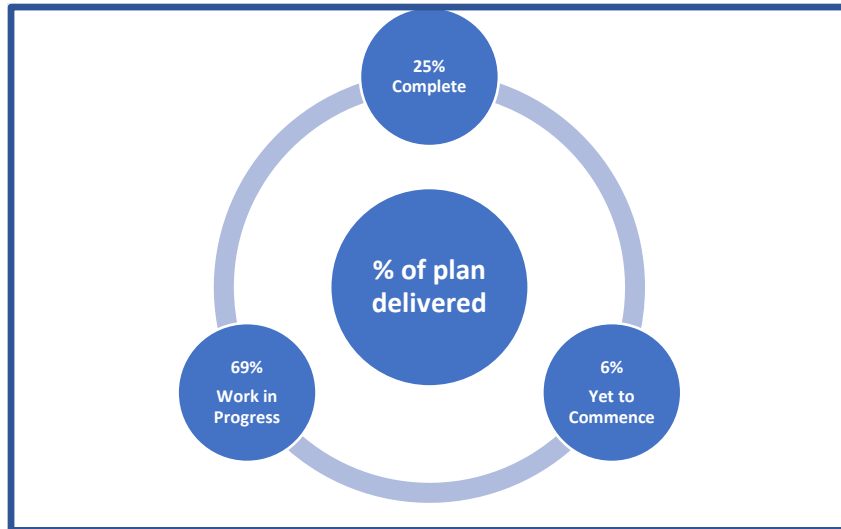
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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:

<b>Substantial</b>	<i>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.</i>
<b>Reasonable</b>	<i>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.</i>
<b>Limited</b>	<i>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.</i>
<b>No</b>	<i>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</i>

### 3. Performance dashboard



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#### Compliance with Public Sector Internal Audit Standards

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF 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.'*

4. Analysis of ‘Live’ audit reviews



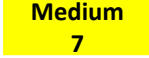

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due	Complete	Overdue		
							L	M	H
2022/23									
Cyber Security	24.04.2023	JSDoCW	Reasonable	15 (1)	0 (0)	14 (9)		1	
Main Accounting	14.06.2023	JSDoT&G	Reasonable	3 (0)	1 (0)	2 (0)			
Housing Use and Occupation Accounts	14.06.2023	JSDoCW	Limited	6 (3)	0 (0)	5 (3)		1	
NNDR	10.07.2023	JSDoT&G	Limited	7 (1)	1 (0)	6 (1)			
Memorial Hall	12.10.2023	JSDoT&G	Limited	5 (2)	2 (1)	2 (1)		1	
Property Terrier	22.11.2023	JSDoP	Limited	18 (9)	18 (9)				
Grounds Maintenance	19.12.2023	JSDoCW	Reasonable	3 (0)	3 (0)				
2023/24									
<b>Total</b>							<b>0</b>	<b>3</b>	<b>0</b>

\*Total number of actions (total number of high priority actions)

Audit Sponsor			
JCEO	Joint Chief Executive Officer	JSDoT&G	Joint Strategic Director of Transformation and Governance
JSDoCW	Joint Strategic Director of Community Wellbeing	JSDoP	Joint Strategic Director of Place

**5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion**

There has been one report published concluding a “Limited” assurance opinion since the last progress report in November 2023.

Property Terrier 2022/23)				
Audit Sponsor	Assurance opinion	Management Actions		
Joint Strategic Director Community Wellbeing	 Limited	 Low 2	 Medium 7	 High 9
<b>Summary of key observations:</b>				
<p>There are no documented policy or procedures setting out the use of the Property Terrier and relevant linked processes such as terrier requirements within the process of acquisition or disposal of properties. This places a heavy reliance on the experience and knowledge of the staff currently using the Terrier and should any unexpected changes take place this could cause incorrect use of the Terrier.</p> <p>Although the Council has a retention and disposal of information policy and schedule in place, the Terrier is not specifically listed and we found four cases of personal data being kept longer than necessary, between seven and twenty years after the documented end date on the Terrier. This breaches principal E, ‘storage limitations’, of the Information Commissioner’s Office (ICO) data protection guidelines.</p> <p>The Council currently has five user licenses for the technology forge system. One of these users is recorded as ‘legal services’ rather than a single user. By not having the license assigned to a single user this could be in breach of the user agreement with Civica (owners of the technology forge platform) clause 2.2.(b). Also, with this undefined account we could not assure that all staff with access to the Terrier have received appropriate training or have been granted appropriate level of access to the system.</p> <p>It was found that there are a number of user manuals readily available to staff to assist with the use of the Terrier. However, these documents had a most recent review date of 2019.</p>				

There is currently no method in place to assure that all notifications sent from legal to the asset management team are uploaded to the Terrier to ensure the completeness of data within the terrier.

Some of the Terrier fields are restricted to stop incorrectly formatted data being submitted, however there is no restriction on records to be added to the Terrier with missing information.

Data analytics used to analyse the full Terrier highlighted some inconsistencies of both filters applied to each record and several overdue dates or missing information from Terrier records.

There is no alert generated to inform users of the Terrier of recent changes made to records. This could lead to incomplete or incorrect data amendments being added to the Terrier with limited opportunities for these errors to be highlighted.

A system is in place to allow the team to pick up critical dates within leases, such as rent renewals and end dates. Quarterly reports are run from the Terrier to identify these, this information is moved across to a Work in Progress spreadsheet where each case is annotated. However, from review of this spreadsheet we found inconsistencies in the level of information and expediency of actions, highlighting a limited effectiveness of this process.

The technology forge is a cloud base system owned by Civica who have their own business continuity plan in case of disaster. However, no evidence of a business continuity plan was evidenced from the Council. As part of the user license agreement with Civica it highlights Civica is not liable for any loss of data (Clause 5.2. of the agreement).

## 6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Audit & Risk Committee in March 2023.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

## 7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Financial Management</b>								
Preloaded Purchase Cards	JSDoT&G	✓	✓	✓	✓			Significantly delayed as awaiting additional information from client following issue of draft report in July.
Accounts Receivable/Sundry Debtors	JSDoT&G	✓	✓	✓	✓			Management response overdue (due 7 <sup>th</sup> December)
Payroll	JSDoT&G	✓	✓	✓	✓			
Green Waste	JSDoCW	✓	✓	✓				
<b>Corporate Systems</b>								
Mutual Exchanges	JSDoCW	✓	✓	✓	✓	✓	Reasonable	
Payment process for Repairs and Maintenance Contractor	JSDoCW	✓	✓	✓				Significantly delayed due to lack of client engagement
Homelessness Determinations	JSDoCW	✓	✓	✓	✓	✓	Reasonable	Not undertaken by SIAP
Property Maintenance (Non - Housing)	JSDoP	✓						
Energy Angels (Part of the Void Management process)	JSDoCW						N/A	Advisory (not undertaken by SIAP)
Gas Maintenance in Waverley Properties	JSDoCW	✓	✓	✓	✓			



Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Careline (Debt Recovery Element)	JSDoCW	✓	✓	✓	✓	✓	Reasonable	
Abandoned Vehicles	JSDoP	✓	✓	✓				
<b>Governance and Cross Cutting Reviews</b>								
Corporate complaints system	JSDoCW	✓	✓	✓	✓			
Procurement, tendering and contract documentation, sign off process, committee approvals where appropriate	JSDoT&G	✓	✓	✓	✓			Management response overdue (due early September)
Insurance	JSDoT&G	✓	✓	✓				
Annual Governance Statement	JSDoT&G							Unable to progress as no key contact information provided.

## 8. Adjustments to the Internal Audit Plan

The following adjustment to the plan has been made:

Removed from the Plan	Reason
IT Business Continuity	Service capacity issues.
Car Parking	Service capacity issues.
New Homes Build	Scope needs to be reconsidered.
Council Tax Base Maintenance	To be incorporate as part of the main council tax review in 2024/25.
Aids and Adaptations (Council Properties)	Scope needs to be reconsidered.
S106 Agreements/CIL	Timing re-evaluated and considered more appropriate for 2024/25 to allow for further discussion on scope.
Adelante	Audit no longer required for 2023/24.

Capital Programme Delivery	Timing re-evaluated and considered more appropriate for 2024/25 to allow for further discussion on scope.
Land Charges	Low risk area – Any audit requirement will be kept under review as part of annual planning process.
Leisure Client Management	Timing re-evaluated and considered more appropriate for 2025/26 to review operation and performance of the new contract let in July 2023.
<b>Added to the Plan</b>	<b>Reason</b>
Annual Governance Statement	No recent audit coverage and change in staffing for the production of the AGS raise the risk priority for this area.

**Overdue 'High Priority' Management Actions**

There are currently no overdue high priority management actions.

## Overdue 'Low &amp; Medium Priority' Management Actions (January 2024)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Cyber Security	24.04.2023	Reasonable	Medium	30.09.2023	30.04.2024
Housing Use and Occupation Accounts	14.06.2023	Limited	Medium	31.07.2023	29.02.2024
Memorial Hall	12.10.2023	Limited	Medium	31.12.2023	30.06.2024

# Audit & Risk Committee – Recurrent Annual Work Programme 2023-24

Last updated: 29/02/2024 09:29

Meeting	Item	Action	Responsibility
<b>March 2024</b>	Internal Audit Plan	Approve	Southern Internal Audit Partnership
	Risk Management	Approve	Executive Head of Organisational Development, Robin Taylor
	Annual Governance Statement	Approve	Executive Head of Finance, Richard Bates and Executive Head of Legal and Democratic Services, Susan Sale
	Internal Audit Charter	Endorse	Southern Internal Audit Partnership
	External Audit Findings Report	Note	External audit
<b>June/July 2024</b>	Annual Governance Report	Endorse	External Audit
	External Audit Plan	Note	External Audit
	Certification Report	Note	External Audit
	Annual Governance Statement – Interim Review	Comment and instruct	Executive Head of Finance, Richard Bates
	Risk Management	Approve	Executive Head of Organisational Development, Robin Taylor
	Annual Information & Data Management Report for 2023-24	Note	Nora Copping, Information Manager
	Annual Internal Audit Report (Activity of previous financial year)	Comment and Note	Southern Internal Audit Partnership
<b>September 2024</b>	Risk Management	Review of Risk Register	Executive Head of Organisational Development, Robin Taylor
	Annual Information and Data Management Report for 2022-23	Note	Nora Copping, Information Manager. Report to be Introduced by Ian Doyle, Strategic Director and SIRO
	Statement of Accounts	Approve	Executive Head of Finance, Richard Bates
	Covert Surveillance Reports	Note	Head of Legal and Democratic Services, Susan Sale

	Value for Money Report and External Audit Findings Report	Note	External Audit
	Annual Governance Statement	Approve	Executive Head of Finance, Richard Bates and Executive Head of Legal and Democratic Services, Susan Sale
<b>November 2024</b>	Risk Management	Approve	Executive Head of Organisational Development, Robin Taylor
	Annual Governance Statement – Interim Review	Comment and instruct	Executive Head of Finance, Richard Bates
	Review Audit Committee’s Terms of Reference	Rec to Council, if necessary	Committee Services
	Audit Committee Annual Report	Note	Committee Services
	Annual RIPA Report	Note	Head of Legal and Democratic Services, Susan Sale

**Please Note: At every meeting the Committee will receive the following reports:**

- Review of progress in the implementation of Internal Audit Recommendations [To note and instruct];
- Review of the progress in achieving the Audit Plan [To note and instruct]; and
- Fraud Investigation Summary [To note].

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.