

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 6 SEPTEMBER 2021

SUBMITTED TO THE COUNCIL MEETING – 19 OCTOBER 2021

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

Present

Cllr Peter Marriott (Chairman)

Cllr Jan Floyd-Douglass

Cllr Jerome Davidson (Vice Chairman)

Cllr Richard Seaborne

Apologies

Cllr John Gray, Cllr Michaela Wicks and Cllr George Wilson

AUD 65/21 MINUTES (Agenda item 1.)

The Minutes of the meeting held on 1 March 2021 was agreed as a correct record.

AUD 66/21 APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence were received from Cllrs John Gray, Michaela Wicks and George Wilson.

AUD 67/21 DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no disclosure of interests submitted for this meeting.

AUD 68/21 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 69/21 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

AUD 70/21 AUDIT COMMITTEE ANNUAL ACTIVITY REPORT (Agenda item 6.)

The Committee **NOTED** the Annual Activity Report for the municipal year 2020/21.

AUD 71/21 REVIEW OF THE AUDIT TERMS OF REFERENCE (Agenda item 7.)

The Committee considered the current terms of reference and discussed whether there were areas of concern that were not being met.

Comments:

- 8.3 (a) ii – It was questioned whether this was being complied with in respect of the Air Quality Action Plan and Mitigation of Habitats regulations.

The chairman advised that he was currently in discussions regarding the Habitats regulations and requested that formal questions/concerns be submitted in writing for him to investigate.

- It was raised that a number of actions cross paths with other areas and it would be useful to have these crossovers identified

AUD 72/21 EXTERNAL AUDIT PLAN 2020/21 (Agenda item 8.)

Paul Cuttle, Grant Thornton, outlined the highlights from the 2020/21 Audit Plan. The Committee were updated on the headlines and scope of the audit. He advised that the report set out:

- the approach taken and the most significant areas to focus on.
- how we are dealing with new standards
- the changes in the value for money arrangements.

He advised that a binary opinion was no longer provided and a separate auditors report would be provided.

The Committee were advised that the Audit had yet to commence due to capacity issues. Grant Thornton have agreed a revised timescale with senior officers. It was hoped to start the Audit this month and be able to report back to the Committee in November.

It was questioned whether the lateness of the report would have any implications? They were advised it would have no adverse implications and they were just playing catch up after the last eighteen months of issues.

The Committee **NOTED** THE External Audit Plan 2020/21.

AUD 73/21 ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Agenda item 9.)

Patrick Tuite, Procurement Officer, presented the draft Annual Governance Statement (AGS) advising this had been populated from work carried out in the previous year.

It was noted that the majority of areas that needed populating when version 2 of the report came out had been completed in version 3 which the committee were viewing, however, the area not expanded on was the habitats regulations. The chairman and officers were asked when the evidence of appropriate assessments would be supplied. The Chairman advised this was currently being investigated but that the Head of Planning had advised that he was happy we were complying.

Action: The document evidencing that we are complying to be circulated once made available.

The Committee raised concern about the lack of risk analysis and recommendations. Recent discussions around a single management team and the selection of a joint CEO appear to have a lack of identified key risks. There had also been requests regarding a risk assessment for holding a full Council meeting in the chamber. There had been a risk matrix circulated but it had been a 5x5 matrix which did not match with the Council's usual 4x6 Matrix. It was pointed out that 8.3 (a) iv of the terms of reference stated 'To monitor the effective development and operation of internal control in the Council with particular reference to all aspects of risk management, including Waverley's Corporate Risk Registers'. It was questioned therefore if section 7 of the AGS was fit for purpose. It was suggested that the AGS for this year needs to flag that major operational decisions are not benefiting from the level of risk analysis that policy requires and that action needs to be taken to assure that this situation is rectified as soon as possible.

Other areas the committee felt should be mentioned in the AGS was the 2 changes to the planning structures and the proposed changes to the O&S structure.

Action: review of Risk Assessments to be put onto the work program and scheduled to be discussed at an informal meeting.

The Committee noted that section 5.3 of the AGS alluded to the challenges faced this year but it was felt this could be made more robust.

It was asked if it was appropriate to mention rule changes affecting financial viability in the AGS? They were advised that, whilst setting the budget and MTFP did not fall within the Audit remit, financial resilience was an Audit concern. An update of the Financial Management Code would be presented to an informal meeting in October.

The Committee asked that their comments be taken into consideration.

AUD 74/21 ANNUAL INTERNAL AUDIT REPORT FOR 2020-21 (Agenda item 10.)

Gail Beaton, Internal Audit Manager, gave an overview of the work completed over the previous year.

The committee felt it was a clear and concise report.

It was asked if future reports could demonstrate the time taken to implement actions/recommendations as it was felt we should review late deliveries and the reasons behind them.

The Committee **NOTED** the Annual Internal Audit Report and Audit Opinion for 2020-21.

AUD 75/21 REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda item 11.)

Gail Beaton outlined the review of the progress in the implementation of the internal audit recommendations. They were advised that COVID-19 had impacted

on last years actions but that many although showing as outstanding had now been implemented.

Although implementation had taken place on many of the actions it was felt there was a reputational risk when a report shows a sea of red. It was suggested the RAG rating may need reviewing.

There was concern that action IA21/17.004.2 around safeguarding was showing as red. It was noted the due date was 30 September, therefore it was emphasised this should be pushed ahead to meet the due date.

Action: A revised Review on Progress in the Implementation of Internal Audit Recommendations would be circulated with the minutes to inform on the changes since the agenda publication.

The Committee considered the information in the report and asked for their comments to be taken into consideration.

AUD 76/21 REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN (Agenda item 12.)

The Committee were advised that the Terms of Reference include provision for the Committee to approve, monitor and comment on the progress made in the achievement of the Internal Audit Plan. Gail Beaton gave an update on the current position of the Internal Audit Plans for 2020-21 and 2021-22 to note.

The Committee were advised that quite a few of the of the reviews have now been started and some completed since the publication of the agenda.

The committee commented that there were some useful key observations set out in the report and asked if there were any schemes for analysing the findings and the route causes for the actions being necessary and how they could be avoided.

It was noted that page 154 was missing a budget balance.

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

AUD 77/21 FRAUD INVESTIGATION SUMMARY (Agenda item 13.)

Gail Beaton outlined the Fraud Investigation Summary. She explained it covered all of 2020/21 and the first quarter of 2021/22. It was highlighted that over £1m of savings were identified. Annexe 1 identified savings of just under £100k for quarter 1.

The Committee discussed the amount of work that goes into investigations and agreed this was an amazing achievement.

Action: A revised Fraud Investigation Summary would be circulated with the minutes to inform on the changes since the agenda publication.

The Committee **NOTED** the success of the Fraud Investigation activity.

AUD 78/21 INTERNAL AUDIT CHARTER (Agenda item 14.)

The Committee were advised that this was an annual review and that nothing had changed since the previous review.

The Committee **ENDORSED** the report.

AUD 79/21 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Agenda item 15.)

The Committee **NOTED** the recurrent annual work programme and agreed the amendments discussed in the meeting.

AUD 80/21 EXCLUSION OF PRESS AND PUBLIC (Agenda item 16.)

At 8.43pm, the Committee **RESOLVED** 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 on the grounds that it was likely, in view of the nature of the proceedings, that if members of the public were present during the item, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) as specified in paragraph 3 of the revised Part 1 of Schedule 12A to the Act, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

AUD 81/21 ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION (Agenda item 17.)

Whilst in Exempt session, the Committee asked for an update from Officers on recent developments regarding (a) Property Development and (b) a possible fraud issue.

At 8.58pm, the Committee returned to Open session and confirmed that they had received the updates requested.

AUD 82/21 ANY OTHER BUSINESS (Agenda item)

It was requested that Officers be asked to provide version control on documents as when various versions of a document are sent out it was difficult to know which document is being referred to.

The meeting commenced at 7.00 pm and concluded at 9.08 pm

Chairman