

## **AUDIT COMMITTEE ANNUAL ACTIVITY REPORT 2022/23**

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This report details the work undertaken by the Audit Committee over the municipal year 2022/23. The purpose of this annual review of the work of the Committee is to help Members review the previous year's work and plan for the coming year.

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The Committee met four times in 2022/23, in September 2022, November 2022, March 2023 and June 2023. Additional informal briefing sessions were held throughout the year and are summarised at section 7 of this report. The membership of the Committee was as follows:

(September 22-March 23)

Cllr Peter Marriott (Chairman)	Cllr John Gray (September '22 only)
Cllr Jerome Davidson (Vice Chairman)	Cllr Stephen Mulliner (from November '22)
Cllr Sally Dickson	Cllr Richard Seaborne
Cllr Jan Floyd-Douglass	Cllr Julian Spence
	Cllr George Wilson

June 23 – to date

Cllr Julian Spence (Chair)	Cllr Maxine Gale
Cllr Heather McClean (Vice Chair)	Cllr Ken Reed
Cllr David Beaman	Cllr Connor Relleen
Cllr Jerome Davidson	

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A brief summary of the work undertaken by the Committee in 2022/23 outlined in the table below and further details are set out at sections 1 – 6 of this report.

September 2022	November 2022	March 2023	June 2023
Audit Committee Annual Activity Report	Annual RIPA Report	Accounting Policies	Election of Chair and Vice Chair
Review of the Audit Terms of reference	Risk Management	Risk Management	Annual Governance Statement

Review the External Audit Plan 2020/21	Waverley 22-23 Audit Plan	Annual Governance Statement- Consideration of potential Governance Issues	Review of Progress in the implementation of Internal Audit Recommendations (inc. Exempt annexe)
Annual Governance Statement- Consideration of potential Governance Issues	Annual Governance Statement- Consideration of potential Governance Issues	Review of Progress in the implementation of Internal Audit Recommendations (inc. Exempt annexe)	Internal Audit Annual Report
Annual Governance Statement - Approval	Review of Progress in the implementation of Internal Audit Recommendations	Review of the progress in achieving the Audit Plan	Review of the progress in achieving the Audit Plan
Review of Progress in the implementation of Internal Audit Recommendations	Review of the progress in achieving the Audit Plan	Audit Committee Recurrent Annual Work Programme	Fraud Investigation Summary
Review of the progress in achieving the Audit Plan	Fraud Investigation Summary		Internal Audit Charter
Audit Committee Recurrent Annual Work Programme	Audit Committee Recurrent Annual Work Programme		Risk Management
			Audit Committee Recurrent Annual Work Programme

## 1. Standing Items

The Audit Committee has a recurrent work programme, with several items received at each meeting.

### 1.1 Progress in the implementation of Internal Audit Actions

At each meeting the Audit Committee is provided with an update on Senior Management's progress in implementing the actions raised by Internal Audit following a review in their services area. The Committee considers what action is required in respect of those actions that are overdue or appear likely to be implemented later than the target date.

Notable items considered during 2022/23 included:

- Concern was raised about delay in the Local Planning Enforcement Plan (LPEP).

While considering this item, the Committee emphasised the importance of the Internal Auditors working with Heads of Service to agree realistic timescales for implementation dates. This would avoid the need to request for extensions to due dates later in the process.

### 1.2 **Progress in achieving the Internal Audit Plan**

The Audit Committee's terms of reference include provision for the Committee to comment on the progress made in the Audit Plan. At each meeting the Committee receives an update on the current position of the reviews within the plan.

### 1.3 **Annual Governance Statement – Consideration of Emerging Governance Issues**

Every year, the Audit Committee is required to formally review the Council's governance arrangements and approve the Annual Governance Statement. It also reviews at each meeting whether there are any emerging governance issues that need investigating.

After a discussion at the September meeting around the proposed collaboration with Guildford, the Committee were satisfied that adequate governance arrangements were in place for the Inter Authority Agreement and therefore a specific role for the Audit Committee was not necessary.

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### 1.4 **Updates on Counter Fraud Work**

Twice a year, the Committee is updated on the progress made by officers on the work being completed in investigating all types of fraud, primarily focusing on Housing Tenancy Fraud.

In November the Committee discussed the trends since COVID and how or if they had changed since we came out of lockdown.

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## 2. **Accounts and Annual Governance Statement**

It is within the Committee's Terms of Reference to approve the Statement of Accounts and Annual Governance Statement (AGS) each year.

The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 31 July 2022. However, the Accounts and Audit (Amendment) Regulations 2022 introduced a temporary change to the required dates, moving the statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 30 November 2022. The Council published its pre-audit accounts on 31 July 2021 and submitted them for audit. Waverley's external auditors, Grant Thornton, informed us that they would not be able to meet the required 30 November date and asked to delay the Audit Committee. A statutory notice was published on the website to this effect.

### **3. Internal Audit Reports**

In addition to the standing items presented by the Internal Audit Service, the Committee received a number of additional reports during 2022/23.

#### **3.1 Annual Internal Audit Report**

The Annual Internal Audit Report is linked to the Internal Audit opinion set out in the Annual Governance Statement and details the audit actions made throughout the year, as well as highlighting those still to be actioned.

#### **3.2 Internal Audit Charter**

The Internal Audit Charter is reviewed by the Committee on an annual basis.

#### **3.3 Internal Audit Plan**

The Committee were advised that their terms of reference include provision for the Committee to approve the proposed Internal Audit Plan. The report presented the proposed Draft Internal Audit Plan for 2023-24 and the Committee was invited to comment and approve the Audit Plan.

It was noted that the diagram in the report highlighting the reporting paths for Internal Audit had changed showing the Internal Audit Manager just reporting to the Executive Head of Finance whereas previously they had also been shown as reporting to the CEO and Audit Committee. It was agreed this would be added.

The Committee asked that an additional element be put in under the Procurement, Tendering and Contract review to focus on the process of evaluation for high value and technical HRA contracts re applied consistently on the basis of Cost, Technical and Quality.

It was highlighted by the members that the plan included links to the Strategic Risk Register, but members stated that this meant very little to them as they had not seen the contents of the strategic risk register. .

Members asked that the standing item of Risk Management on the Agenda includes changes to the risk register.

#### **4. External Audit**

During 2022/23, the Committee received one report from Grant Thornton, the council's external auditors.

##### **4.1 2021/22 External Audit Plan**

The Committee were updated on the headlines and scope of the audit. It was highlighted that the auditors were playing catch-up on last years' delay in signing off the accounts and the audit plan. It was aimed to provide the Audit Findings Report to the March meeting and this was achievable as they had the resources to do so.

The Committee raised concern on the apparent inability to deliver the Audited Accounts on time and Waverley BC not meeting the government targets. Officers explained this was due to recent staffing issues with the external auditors but did admit this was causing a strain on the Waverley team.

The Committee felt the delays were depriving members and officers the opportunity to learn from mistakes made and to react to external stimulus. There was also a potential

lack of confidence by the electorate as there was no visibility of the signed off accounts.

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## **5. Corporate Governance Policies**

The Audit Committee has a key role in reviewing Council policies relating to governance and may make recommendations to officers or the Council as appropriate.

### **5.1 Accounting Policies –**

The Committee received a report in November 2022 advising that the Accounting Policies were reviewed annually in line with the CIPFA Code of Practice. The Committee considered the adequacy of the accounting policies and AGREED they were adequate for preparing the financial statements.

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## **6. Risk Management**

At the November 2022 meeting the Committee were advised that the responsibility for Risk Management had now passed to Robin Taylor, Executive Head of Organisational Development.

Members raised concern regarding the IT back up policy and the issues that had been encountered regarding the Horizon system and its associated software. Members wished to be how the implementation was resourced.

Members asked for a review of the Risk Management framework, information of the of scope of Risk Management responsibility and the reporting lines including how this is managed.

It was requested that the members have view of the Collaboration Risk Register also.

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## **7. Briefing Sessions**

The Committee received the following briefing sessions during 2022/23 and these are summarised below.

**7.1** Informal briefing to walk through the systems back up etc and the lessons to be learned from systems development such as Frontier.

Discussion around issues implementing the Horizon system and the development process and testing plus update on outstanding Audit actions.

## **8. Other Items Raised**

At the November meeting, members received an annual RIPA report. Members asked why RIPA had not been discussed at Audit for several years. Officers advised it was only recently that guidance had come out suggesting that this should be reviewed annually. It was requested that the review of the policy 'by the Audit Committee' be included in the report.

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