

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT & RISK COMMITTEE - 11 SEPTEMBER 2023

SUBMITTED TO THE COUNCIL MEETING - <12 DECEMBER 2023>

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

Present

Cllr Julian Spence (Chair)	Cllr Maxine Gale
Cllr Michaela Wicks (Vice Chair)	Cllr Ken Reed
Cllr Jerome Davidson	Cllr Connor Relleen

Apologies

Cllr David Beaman

Also Present

Councillor Peter Clark and Councillor Ruth Reed

AUD 16/23 APOLOGIES FOR ABSENCE (Agenda item 1.)

Apologies were received from Cllr David Beaman.

AUD 17/23 MINUTES (Agenda item 2.)

The Minutes of the last meeting held on 20 June 2023 were agreed as a correct record.

AUD 18/23 DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no disclosure of interests submitted for this meeting.

AUD 19/23 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

AUD 20/23 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were none.

AUD 21/23 ELECTION OF VICE-CHAIR (Agenda item 6.)

Cllr Michaela Wicks was elected as Vice-Chair of the Audit and Risk Committee.

AUD 22/23 STATEMENT OF ACCOUNTS (Agenda item 7.)

Rosie Plaistowe, Financial Services Manager, outlined the Statement of Accounts circulated in the agenda. She explained that the accounts were not quite at a close as yet as the External Auditors were awaiting a couple of items relating to a letter of assurance from SCC around the pension fund and information about the

investments from the bank. Members asked for the assurance letter to be circulated once available.

There had been a couple of amendments relating to the Additional Rest Grant being in the wrong section and needing to be re-categorised and a re-banding adjustment. Otherwise there had been no material changes.

Officers were confident the accounts would be signed off by end of October.

Officers were asked what the rationale was for saying we are a going concern considering the issues other local Authorities were having. Rosie Plaistowe directed members to Paragraphs 7.10 and 7.11 which state:

7.10. CIPFA has issued specific guidance on how local authorities should report their going concern statement in the light of the Covid-19 impact. Whilst this guidance confirms that local authorities cannot cease to be a going concern, or be liquidated or cease to operate, it suggests areas that should be reported to give assurance to the Council about the organisation's current and future financial position.

7.11. Waverley's Medium-Term Financial Plan (MTFP) (2022/2023 to 2024/2025) was agreed by Council in February 2022, and further updated MTFP (2023/24 to 2025/26) agreed by Council in February 2023. The MTFP forecasts the Council's financial performance and identifies budget pressures for the three years of the plan and demonstrates that the Council has sound plans to continue operating. The external factors have continued to directly and indirectly affect the Council's operations and financial position. This ongoing impact was considered in the MTFP and was carefully scrutinized through the approval process. Officers have implemented more robust and more frequent monitoring arrangements to ensure that the Council has early warning of adverse variations to the forecast so that it can take corrective action.

Richard Bates, Interim S151 Officer, advised that the key document for members to be assured we are a going concern was the S25 Report.

That Audit Committee AGREE:

- **Delegation to the Chair of Audit Committee and the S151 Officer to approve the Statement of Accounts for the financial year ended 31 March 2022, subject to no substantial changes;**
- **Delegation to the Chair of Audit Committee and the S151 Officer to approve the Letter of Representation for 2021/2022; and**
- **Confirms that the accounts have been prepared on a going concern basis.**

AUD 23/23 EXTERNAL AUDIT FINDINGS REPORT (Agenda item 8.)

Paul Cuttle, Grant Thornton, outlined the report circulated with the agenda. He explained that the audit was substantially complete and has been for 6 months but

there had been a requirement to wait for direction on pension valuations which was outside the control of Waverley Borough Council.

The Committee were advised that there were only 1 page of adjustments which was credit to the finance team for their hard work as often adjustments can run into 15 pages or more.

The Audit and Risk Committee NOTED the report.

AUD 24/23 VALUE FOR MONEY REPORT (Agenda item 9.)

Paul Cuttle, Grant Thornton, outlined the report circulated with the agenda. He directed the committee to page 156 of the agenda pack which outlined the powers of the auditor and page 164 which outlined the Improvement Recommendations. He highlighted that in the auditors opinion the Council was well placed to manage pressures.

The Committee Chair highlighted comments in the report regarding a lack of a workforce strategy and a procurement strategy. Robin Taylor advised that work was currently being carried out on a Workforce Strategy and Richard Bates advised that officers at Guildford were working on a joint Procurement Strategy.

The Audit and Risk Committee NOTED the report.

AUD 25/23 LOCAL AUDIT DELAY CROSS-SYSTEM STATEMENT AND DLUHC LETTER UPDATE (Agenda item 10.)

Rosie Plaistowe, Financial Services Manager, advised that a letter had been received from Central Government outlining a wide range of broad proposals and actions to address the backlog of local audits in England. A schedule of statutory deadlines would be set to clear the backlog and if necessary qualifications and disclaimers of opinion may be necessary. If audits are unable to obtain assurances they will be allowed to move on to their next audit to allow that to be completed without delay.

Timescales will be generous but members were assured that Waverley were currently at low risk as they had completed their 2021/22 accounts as discussed earlier in the meeting and were well on the way with the 2023/23 ones.

The Audit and Risk Committee NOTED the report.

AUD 26/23 2022-23 ANNUAL INFORMATION AND DATA MANAGEMENT (IDM) REPORT (Agenda item 11.)

Robin Taylor, Executive Head of Organisational Development gave a brief overview of the report and expressed thanks to Nora Copping, Information Manager, and her team for all their hard work and progress in how we are managing data.

Nora explained that the team aspire to improve Waverley's practices in collecting good quality data.

The Chair welcomed the report and highlighted this was a great step forward. He asked if where officers titles are mentioned that their names also be included.

Cllr Peter Clarke, Deputy Leader & Portfolio Holder for Customer Services, Business Transformation and IT, endorsed the report and expressed that this was a key asset for Waverley Borough Council which required a robust governance and clear strategy. The main challenges are culture, skills, business case and embedding this in the organisation.

Nora advised that the team would be engaging with senior management on ways to address these challenges.

Officers were asked if a exempt session could be held with members of the committee and officers to discuss items that may be confidential such as cyber crime etc.

Action: A session would be arrange in due course.

The Audit & Risk Committee AGREED to:

- **Note the report and pass on their comments and observations back to the officers, the senior management team and the portfolio holders as appropriate**
- **Annual receipt of the report going forward at the June committee cycle**

AUD 27/23 COVERT SURVEILLANCE POLICY (Agenda item 12.)

Jayne La Gura, Deputy Borough Solicitor, outlined the draft policy set out in the agenda pack. She explained this has been aligned with Guildford Borough Council's policy which was agreed by them on the 24th August 2023.

Members asked how often these powers are exercised and were advised that it was very infrequent and the last time they were used was 2021.

The Chair commended the clarity of the report and expressed the social media expectations of officers was very onerous. He asked if there would be training and was advised that there was mandatory training for all staff and key officers would have extra training.

The Audit and Risk Committee AGREED that the draft Policy in Appendix 1 is adopted, subject to the same policy being adopted by Guildford Borough Council.

AUD 28/23 ANTI MONEY LAUNDERING UPDATE (Agenda item 13.)

Rosie Plaistowe, Financial Services Manager, outlined the report circulated with the agenda. She advised that the only changes required was to change 5.1 to read Richard Bates as Interim Executive Head of Finance instead of Peter Vickers and some additional links were added to the report.

The committee asked how many reports Waverley receives and was advised that we had none recently and any reports would be highlighted in the Annual Governance Statement.

The Audit Committee AGREED that the proposed amendments be approved and incorporated.

AUD 29/23 FINANCIAL REGULATIONS UPDATE (Agenda item 14.)

Rosie Plaistowe, Financial Services Manager, outlined the report circulated in the agenda. The transactions reporting needed no change and no internal audit changes were recommended.

The Supplementary Estimate Limit (SEL) had not been increased for a number of years and it had been agreed to move it up from £100k currently to £250k going forward. It was felt the process was robust enough that there was little risk.

Members suggested there should be a SEL aggregate limit but were informed there were no Regulations to deal with this. In addition there were usually very few requests and of those not many were for large amounts. We have a strong leadership team with the Council's finances at the heart of their decision making.

Members felt there should be some control measures and asked the S.151 officer to look at reporting methodology.

The Committee recommends the update to the Financial Regulations to the Council for adoption

AUD 30/23 RISK MANAGEMENT (Agenda item 15.)

Robin Taylor gave a short presentation to the Committee on Risk Management, slides to be circulated, explaining what risk management is and the current approach.

The presentation outlined:

- Risk Management – what and why
- Red Amber Green (RAG) overview
- AGS – statement of principles on risk management
- Policy and toolkit
- Strategic risk register
- Impact and likelihood
- Risk Appetite statement
- Internal Audit Recommendations from March 2023 report

It was suggested that the Risk Appetite Statement be reviewed and updated.

The Committee agreed with the weaknesses identified and suggested that the Executive and Senior Management Team have more input into the framework. The Committee felt that the risk management process was on a voyage and requested that the committee have input throughout the journey.

Members felt the register was siloed so some minor risks if put together could raise a significant risk. Robin advised that there were learning exercises carried out from near misses and lessons learnt reviews. Members also asked how the impact levels were determined and were advised these were historical and needed reviewing.

Members asked about the risks involved in recruitment and retention and asked for an update at a future meeting.

The Audit and Risk Committee NOTED the update.

AUD 31/23 ANNUAL GOVERNANCE STATEMENT - CONSIDERATION OF POTENTIAL GOVERNANCE ISSUES. (Agenda item 16.)

The Committee were advised that the Annual Governance Statement was a live document signed off once a year but presented at each meeting for noting and to identify any areas that need to be included or areas of governance that need investigation.

Members suggested that:

- Changes to the Planning Committee from two to one should be referenced.
- An update on Data management should be included.
- The threat of designation should be addressed.
- An update on the Executive Working Groups should be included.

The Audit and Risk Committee NOTED the report.

AUD 32/23 REVIEW OF THE PROGRESS IN ACHIEVING THE AUDIT PLAN (Agenda item 17.)

Gail Beaton outlined the highlights of the report included in the agenda pack. She explained that appendix 1 outlined the progress and noted that it had been a little slow mainly due to annual leave causing staffing shortages so now the holiday period had passed this should pick up.

It was highlighted that Business continuity is being improved but the action had been deferred to Q1 2024/25 therefore 10 days had been taken back from the budget. Car parking PCN's required an increase of 3 days but this was covered by the 10 day refund.

The Audit and Risk Committee NOTED the report.

AUD 33/23 REVIEW OF PROGRESS IN THE IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Agenda item 18.)

Gail Beaton reminded the committee that at a previous meeting she had been requested to include an introduction which was supplied in this report.

Three actions had been submitted by Housing for extension of time. Two were asked to move from 31/07/2023 to 30/09/2023 and one from 31/07/2023 to 31/10/2023.

Appendix 3 would be discussed in exempt session at the end of the meeting.

The Audit and Risk Committee NOTED the report.

AUD 34/23 AUDIT COMMITTEE RECURRENT ANNUAL WORK PROGRAMME (Agenda item 19.)

The Audit and Risk Committee **NOTED** the Annual Work Programme and the items scheduled for inclusion at the next meeting..

AUD 35/23 EXCLUSION OF PRESS AND PUBLIC (Agenda item 20.)

At 20.53 the Chairman requested the webcast be terminated for discussion of Exempt item Appendix 3 of the Review of Progress in the Implementation of Internal Audit Actions.

AUD 36/23 ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION (Agenda item 21.)

The meeting commenced at 7.00 pm and concluded at 8.51 pm

Chairman