

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 27 SEPTEMBER 2023 FROM 7.00 PM TO 8.40 PM**

**Committee Members Present**

Councillors: Rachel Burgess (Chair), Mike Smith (Vice-Chair), Sam Akhtar, Peter Harper, Stephen Newton, Jordan Montgomery, Mike Drake and Sandeep Vig (online)

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Graham Cadle, Assistant Director Finance (online)  
Susan Parsonage, Chief Executive  
Mark Thompson, Chief Accountant (online)  
Catherine Hickman, Head of Internal Audit and Investigations  
Andrew Moulton, Assistant Director Governance  
Paul Ohsan Ellis, Governance and Risk Manager  
Janet Dawson, EY (online)

**23. APOLOGIES**

An apology for absence was submitted from Councillor David Davies.

**24. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 19 July 2023 were confirmed as a correct record and signed by the Chair.

The Chair introduced Sandeep Vig, a new Independent Member of the Committee. CIPFA guidance recommended that Audit Committees have two independent members.

The Chair also questioned whether all Members had responded to the skills audit, and was informed that there was still some responses outstanding.

**25. DECLARATION OF INTEREST**

Councillor Stephen Newton declared a Personal Interest in item 33 Corporate Risk Register on the grounds that he and his wife were foster carers.

**26. PUBLIC QUESTION TIME**

There were no Public questions.

**27. MEMBER QUESTION TIME**

In accordance with the agreed procedure the Chairman invited members to submit questions to the appropriate Members.

**27.1 Gary Cowan asked the Chairman of the Audit Committee the following question. Due to his inability to attend the following written answer was provided:**

**Question:**

With more councils going bankrupt the Local Government Association and the Chartered Institute of Public Finance and Accountancy have serious concerns on the management of Councils finances point out that.

The note that the skills and professional capabilities of officers must also include the skills of elected members.

They add that internal audit requires good financial management reinforced by a culture that encourages responsibility and transparency.

Examples that might cause concern are Council spending of £1.14 Million on one project at Toutley and current consultants Staff increased costs. No doubt there are others.

My question is, in these very difficult times what urgent transparent actions has the Audit Committee added so as to guard against increased risks to Wokingham Borough Council going bankrupt?

**Answer:**

Thank you for your question.

Whilst the arrangements for the Audit Committee to review and challenge the Council's financial position and associated governance have been robust and comprehensive, we continue to review and develop how the Committee can add further value.

As you will know, the Committee already receive the full detail of the Council's annual accounts and extensive reports from our external auditors on the progress and outcomes of their work, matters arising and any issues or concerns. Council Officers and external auditor representatives attend committee meetings and will provide further detail and where appropriate written responses and amendments to issues raised.

To further enhance the current arrangements and provide confidence, over the past year we have introduced:-

- a) A clear action log to ensure all questions and issues raised are addressed fully.
- b) An independent member has been introduced to the committee to add to the breadth of experience and knowledge on the committee. We also recently added a second independent member to the Committee.
- c) The Committee have considered and reviewed officers' assessment of arrangements against the CIPFA code of financial management practice. A number of actions have been identified from this and members will receive ongoing updates on progress against these actions.
- d) The committee regularly reviews the Council's corporate risk register, which continues to develop to provide further detail and understanding of mitigations. This includes a number of key risks in respect of the Council's financial position and governance.
- e) In February 2023 the Committee considered a CIPFA report on those authorities who had published a Section 114 notice. This provided the Committee with assurance that the factors leading to those authorities' financial difficulties were not present at Wokingham BC.
- f) We have reviewed and improved the level of information provided to committee in respect of internal audit reporting, including further understanding of actions required from audit findings.
- g) We are introducing more informal meetings directly with external and internal auditors to build the relationship and understanding and an opportunity to further explore current issues or pressures.
- h) The Council's Local Code of Corporate Governance was considered by the Committee in June 2023 before full Council approved the Code in July 2023.

- i) The Committee also reviews the Council's Annual Governance Statement which sits alongside the Statement of Account. This is a comprehensive statement covering the Council's governance arrangements providing assurance to councillors and the public.
- j) Each year full Council receives a report on the work of the Committee providing assurance to all members as well as an opportunity for members to question any areas of concern. Full Council received our latest report in March 2023.

## **28. EY 2020/21 AUDITORS ANNUAL REPORT**

Janet Dawson, EY, presented the EY 2020/21 Auditors Annual Report.

During the discussion of this item the following points were made:

- The report summarised the work undertaken by EY on the 2020/21 audit, which had been completed over the summer.
- Appendix A detailed EY's assessment of the Value for Money arrangements that had been in place against the criteria and sub criteria that EY were required to test the Council against. No exemptions had been found to report.
- Appendix B detailed all the recommendations made across the financial statements.
- Appendix C set out the proposed fees for the audit. The PSAA would determine what they felt was a fair fee for the work submitted.
- Councillor Newton noted that the element relating to the Berkshire Pension Fund had now been completed. He questioned whether the Pension Fund auditors were on track to complete for the following audit in a timelier manner. Janet Dawson indicated that assurance had been provided that the pension element for the following audit would be provided by the calendar year. Whilst this was timelier this was still a delay. Officers and EY would continue to monitor this.
- Councillor Newton commented that the report stated that the Council could improve its governance arrangements to oversee working with charities, and questioned whether this had improved. Janet Dawson indicated that this would be picked up under the current audit.
- Councillor Newton referred to adjustments which the Council had accepted improvements were needed in these areas. He asked whether this had been progressed. He went on to note the recommendation that the Council should ensure that sufficient information was retained to support payments made, including documentation supporting any judgements made by the Council and the authorisation process that payments had been through, and questioned whether this had occurred. Again, Janet Dawson indicated that this would be picked up under the current audit.
- The Assistant Director Finance believed that improvements had been made. Resources had increased in the Finance team, and he would expect EY to find improvements in the 2021/22 audit.
- Councillor Newton asked whether service levels were built into contracts.
- Councillor Newton questioned whether EY were satisfied the breach of the Rents Standards had been satisfactorily addressed.
- In response to a Member question regarding procurement business cases, Janet Dawson indicated that EY had been satisfied with the arrangements that had been operating at the time of the audit.
- In response to a question from Mike Drake regarding material adjustments, the Assistant Director Finance commented that whilst adjustments had been identified

- they were not so significant as to impact the bottom line and did not have an ongoing impact. The Committee was reminded that the audit related to 2020/21.
- Mike Drake asked about the assessment of costs and borrowing in relation to value for money. Janet Dawson responded that EY would look at that when looking at a particular scheme and understand how information was being used, presented, and analysed to support any decision made by the Council. The return on borrowings and refinancing would be looked at a Council level.
  - Councillor Burgess asked how the PSAA validated the additional fees. Janet Dawson explained that EY were required to set out their fees, and the hours and work that they had undertaken. The PSAA set rates across audit teams. The PSAA undertook benchmarking across organisations by type.
  - Members questioned whether the Audit Committee could receive the regular update from the Contract Management Learning and Support Group. Officers indicated that this was an internal, operational officers' groups, and suggested that the Chair of the Group provide an update to the Committee on its role.
  - Councillor Akhtar referred to an anonymous whistleblowing allegation. The Assistant Director Governance indicated that two recommendations had made in relation to this whistleblowing allegation and that he was satisfied that the appropriate controls had been put in place, and that internal controls had been strengthened.
  - Councillor Harper expressed concern regarding unexplained differences between the accounting records and the statement. Janet Dawson stated that bank reconciliations were a key control, so this had been highlighted even though the amount was below the reporting threshold. Nevertheless, EY would have satisfied themselves that this was not hiding a bigger issue. The Assistant Director Finance added that at the time of the work there had been some delays and a pressure on resources. However, this was not a current risk and there were now no discrepancies.
  - In response to a question from Councillor Newton regarding the monitoring of the value for money of projects, Janet Dawson indicated that EY did look at decisions to enter into arrangements or contracts but also the risks to the organisation on an ongoing basis. The work on Value for Money was risk based. The Assistant Director Finance commented that the business case would set out the investment, the anticipated level of interest to be paid over a period, and the returns. This would be monitored internally.
  - Councillor Smith commented that the word 'Council' was used both to describe the organisation and Full Council, and asked that there be more consistency in the terminology.

**RESOLVED:** That the EY 2020/21 Auditors Annual Report be noted.

## **29. EY - PROGRESS REPORT ON 2021/22 AUDIT**

The Committee considered the EY Progress Report on the 2021/22 audit.

During the discussion of this item, the following points were made:

- The report outlined the progress made against the 2021/22 audit and the expected timeline.
- Whilst the audit was dependent on the Pension Fund element it was anticipated that assurance would be provided by the end of year.
- Once the audit was complete attention could turn to the 2022/23 audit.

**RESOLVED:** That the EY Progress Report on the 2021/22 audit be noted.

### **30. 2023/24 INTERNAL AUDIT AND INVESTIGATION QUARTER 1 PROGRESS REPORT**

The Committee received the 2023/24 Internal Audit and Investigation Plan – Quarter 1 Progress Update (up to 30 June 2023).

During the discussion of this item, the following points were made:

- The report highlighted audit activity for the first three months of the financial year.
- Appendix AI detailed all the audits for the year and the status as at the end of June.
- The report highlighted the key corporate risks that would be audited this year.
- There were no audits that had an outstanding management response.
- It was noted that regular follow up activity was undertaken around high risk concerns.
- In the first quarter, one audit has been finalised (2022/23 Right to Buy Scheme), that had attracted the third category of audit opinion, and this has been shared with the Chair of the Audit Committee.
- Mike Drake commented that there were a number of recommendations to be implemented by 30 September.
- Councillor Smith noted that an agreed management countermeasure for a high risk concern relating to the Debtors audit, was that the Council consider further innovation in its methods for receiving income, and that this was due by 30 September. He questioned whether this would be achieved within the timescale. The Assistant Director Finance highlighted different ways of interacting with customers and the use of different collection techniques. Whilst work was quite advanced it was unlikely to be finished by 30 September.
- With regards to the Right to Buy audit, Mike Drake noted that there had been one high risk concern and 22 other concerns identified. He felt that this was high and asked whether this was typical. The Head of Internal Audit and Investigations clarified that the medium risk concerns filtered into the high risk concern and that resolving the high risk concern would help to address these. A policy was required to be put in place to address the high risk concern and management had a target date of March 2024 in which to implement this.
- Councillor Smith noted that there had been four whistleblowing allegations and that three had been resolved. He requested more information on how these had been resolved. The Head of Internal Audit and Investigation agreed to feed back. The Assistant Director Governance indicated that the Whistleblowing Policy would be presented to the Committee for consideration. It was noted that many of the referrals that came through the whistleblowing hotline were in fact service complaints.
- The Committee congratulated the Audit and Investigation team on the positive feedback they had received from officers.

**RESOLVED:** That the 2023/24 Internal Audit and Investigation Plan – Quarter 1 Progress Update (up to 30 June 2023) be reviewed and scrutinised.

### **31. 2023/24 EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

The Committee received the 2023/24 External Quality Assessment of Conformance to Public Sector Internal Audit Standards.

During the discussion of this item, the following points were made:

- The Standards required an external assessment at least once every 5 years as part of an Internal Audit's Quality Assurance Framework. They must be conducted by a qualified, independent assessor or assessment team from outside the organisation and the Council's assessment had been undertaken by CIPFA the week commencing 10 July.
- The Assessor had determined that all Standards had been complied with.
- The Assessor had concluded that no areas of non-compliance with the standards had been identified, nor had any significant areas of partial non-compliance been identified, that would affect the overall scope or operation of the internal audit activity.
- There had been five advisory suggestions which would be implemented. The Committee would be kept updated on progress made against these.
- The Committee congratulated the Audit and Investigation Team on the outcome of the review and thanked them for their hard work.

**RESOLVED:** That the outcome of the 2023/24 External Quality Assessment of Conformance to Public Sector Internal Audit Standards and the assessment of the Council's compliance with audit standards and the high quality of the Internal Audit Service, be noted.

### **32. CORPORATE RISK REGISTER**

The Chief Executive presented the Corporate Risk Register.

During the discussion of this item, the following points were made:

- The report highlighted the top four corporate risks: Budget and financial resilience, Cyber security, Adult Social Care supplier sustainability and sufficiency; and Education for children with SEND.
- Two new risks had been escalated to the Corporate Risk Register: Elections Risk and Support for Unaccompanied Asylum Seeking Children. The risks relating to the website replacement project and the Health and Social Care Reform, had been removed.
- With regards to Risk 22 Support for Unaccompanied Asylum Seeking Children, the Chief Executive indicated that there was a risk around funding. The Council was required, under the national transfer scheme, to accept the equivalent of 0.1% of the under 18 population – 41 unaccompanied Asylum Seeking children. This number had now been reached. However, a disproportionate burden was placed on the social work service. In addition, Wokingham did not currently have enough foster carers with the appropriate cultural knowledge and background so many had been placed outside of the Borough. The Council was seeking to address this. There was a risk that escalating costs of placement and ongoing provision of accommodation post-18 presented a significant financial challenge to the authority, and that the social care workforce would become overwhelmed. The Virtual School had met to discuss the differing needs of the children.
- Councillor Newton was pleased to note that many mitigations were on track. He went on to question whether when the target date of a mitigating action was reached it was anticipated that the risk and the target would be fully aligned. The Governance and Risk Manager indicated that there would be cases where the gap could not be fully mitigated. He would review how this was reflected to the Committee.

- Councillor Smith suggested that Planning fraud be listed as a type of possible fraud that a local authority could face.
- In response to a question from Councillor Smith regarding the mitigating actions for the risk around Cyber Security, the Governance and Risk Manager explained that the Public Sector Network was a national government standard accreditation for IT which allowed the Council to connect to government data sources such as the Department for Works and Pensions. There was a possibility that this standard would be replaced but the Council would meet whatever standard was required of it.
- With regards to Risk 2 Corporate Governance, Councillor Harper referred to a number of decisions which should have been key decisions and had then had to be rolled back. He questioned who had responsibility for ensuring that decision making was undertaken correctly, and that due process was followed. The Assistant Director Governance indicated that as Monitoring Officer he was responsible for ensuring that the Constitution was complied with appropriately. Directors were also responsible for monitoring their own areas.
- Councillor Harper queried the rating of the risk relating to Climate Change. The Chair suggested that this was linked to the wording of the risk. She queried what impact the recent change in Government policy around electric vehicles would have. The Chief Executive stated that the risk objectives would be further clarified.
- The Chair asked about the Elections Risk, the planning of resources and if there were any likely single points of failure. The Assistant Director Governance indicated that it was on the Corporate Leadership Team's agenda and that the Corporate Project Delivery Team would be meeting for the first time shortly. At this stage he was confident that the risk could be appropriately mitigated. Councillor Newton commented that if it was felt that insufficient support on this matter was being provided by CLT, the Audit Committee could be informed.
- Councillor Smith queried why Risk 17 Mainstream Education Provision, showed no movement when some of the mitigation target dates were September 2023. The Chief Executive explained that this had not yet been completed. School place planning remained a high priority area.
- Members requested that all risk owners be identified in the key.
- The Governance and Risk Manager agreed to circulate information regarding the footnotes to Risk 4 Uncontrolled Development.

**RESOLVED:** That the Corporate Risk Register be reviewed to determine that strategic risks are being actively managed.

### **33. ANNUAL GOVERNANCE STATEMENT 2022/23 - UPDATE ON ACTIONS**

The Committee considered the Annual Governance Statement 2022/23 – update on actions.

During the discussion of this item, the following points were made:

- Ten areas had been identified in the Annual Governance Statement where governance could be strengthened.
- Good progress was being made around the different areas.
- It was noted that progress was being made against the review of the Constitution and the progressing of the Community Vision.
- There was a slight delay in moving towards the Local Government Association Member Development Charter. It was likely to be later in 2024/25.

- Councillor Harper referred to an action relating to petitions and Motions that he had raised at the June Committee meeting. The Assistant Director Governance reiterated that this would be covered under the review of the Constitution.
- Councillor Smith sought an update about financial management. The Assistant Director Finance commented that with regards to training, finance e-learning was being developed for November with in person training due to start in December. On the job financial training continued currently. Staff qualifications were recorded manually, and work was being undertaken with HR to record this on the learning management system. In addition, LG Improve had been engaged to provide a tool to assess financial resilience. Feedback on the position would be embedded in the Chief Finance Officer letter in January. With regards to strengthening of job descriptions, this had begun on a rolling basis, as roles were advertised. It was noted that the Asset Management Plan had not progressed as much as had been hoped for due to the progress of the Local Plan and the timing of the Council's asset review. Finally, the Assistant Director Finance confirmed that an Improvement Plan monitoring process was in place.

**RESOLVED:** That the progress made on the actions identified in the Annual Governance Statement 2022/23 be noted.

### 34. FORWARD PROGRAMME

The Committee considered the forward programme for the remainder of the municipal year.

During the discussion of this item, the following points were made:

- It was noted that the Annual Governance Statement had been previously considered.
- A report regarding the Audit Committee effectiveness would be brought to the Committee's February meeting.
- The Committee would be informed of the outcome of the Members' Knowledge and Skills survey.

**RESOLVED:** That the forward programme be noted.

ACTION	OFFICER	ONGOING/CLOSED
JUNE MEETING - Councillor Smith noted that senior officers had received training on the respective roles of officers and Members and working together, and asked whether this could be provided to Members.	Assistant Director Governance	<b>Open.</b> LGA has been asked to support this training.
JUNE MEETING - The Chair also referred to a skills audit of the Committee members and private meetings between the Committee and the auditors, without officers present.	Governance and Risk Manager/Assistant Director Governance	<b>Open</b> – skills audit – results to be reported to Nov or Feb meeting of the Committee.  <b>Closed</b> – private meetings with auditors commencing 27 September.



<p>JULY MEETING – SIRO Report Councillor Harper asked whether information regarding right to be forgotten requests could be provided in future reports.</p>	<p>Assistant Director Governance</p>	<p><b>Open.</b> This information will be provided shortly.</p>
<p>JULY MEETING - Mike Drake praised the report and asked about benchmarking with similar councils. The Assistant Director Governance indicated that he would provide this information for the next meeting. More comprehensive information could be included in the next report.</p>	<p>Assistant Director Governance</p>	<p><b>Open</b> This information will be provided shortly.</p>
<p>SEPTEMBER MEETING - Members questioned whether the Audit Committee could receive the regular update from the Contract Management Learning and Support Group. Officers indicated that this was an internal, operational officers groups, and suggested that the Chair of the Group provide an update to the Committee on its role.</p>	<p>Assistant Director Finance</p>	<p><b>Open</b></p>
<p>SEPTEMBER MEETING - 2023/24 Internal Audit and Investigation Plan – Quarter 1 Progress Update (up to 30 June 2023).</p> <p>Councillor Smith noted that there had been four whistleblowing allegations and that three had been resolved. He requested more information on how these had been resolved. The Head of Audit and Investigations agreed to feed back.</p>	<p>Head of Audit and Investigation</p>	<p><b>Open</b></p>
<p>SEPTEMBER MEETING – Corporate Risk Register</p> <p>He [Councillor Newton] went on to question whether when the target date of a mitigation action was reached it was</p>	<p>Governance and Risk Manager</p>	<p><b>Open</b></p>

<p>anticipated that the risk and the target would be fully aligned. The Governance and Risk Manager indicated that there would be cases where the gap could not be fully mitigated. He would review how this was reflected to the Committee.</p>		
<p>SEPTEMBER MEETING – Corporate Risk Register</p> <p>Councillor Smith suggested that Planning fraud be listed as a type of possible fraud that a local authority could face.</p>	<p>Assistant Director Governance</p>	<p><b>Open</b></p>
<p>SEPTEMBER MEETING – Corporate Risk Register</p> <p>Councillor Harper queried the rating of the risk relating to Climate Change. The Chair suggested that this was linked to the wording of the risk. She queried what impact the recent change in Government policy around electric vehicles would have. The Chief Executive stated that the risk objectives would be further clarified.</p>	<p>CLT</p>	<p><b>Open</b></p>
<p>SEPTEMBER MEETING – Corporate Risk Register</p> <p>Members requested that all risk owners be identified in the key.</p> <p>The Governance and Risk Manager agreed to circulate information regarding the footnotes to Risk 4 Uncontrolled Development.</p>	<p>Governance and Risk Manager</p>	<p><b>Open</b></p>