

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 29 NOVEMBER 2023 FROM 7.00 PM TO 8.45 PM**

**Committee Members Present**

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

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Graham Cadle, Assistant Director Finance (online)  
Giorgio Framaliccio, Director Place and Growth  
Catherine Hickman, Head of Internal Audit and Investigation (online)  
Andrew Moulton, Assistant Director Governance  
Paul Ohsan Ellis, Governance and Risk Manager  
Mark Thompson, Chief Accountant (online)  
Hannah Lill, EY (online)  
Janet Dawson, EY (online)

**35. APOLOGIES**

There were no apologies for absence submitted.

**36. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 27 September 2023 were confirmed as a correct record and signed by the Chair.

**37. DECLARATION OF INTEREST**

Councillor Stephen Newton declared a Personal Interest in item 41 Corporate Risk Register on the grounds that he and his wife were foster carers.

**38. PUBLIC QUESTION TIME**

There were no Public questions.

**39. MEMBER QUESTION TIME**

There were no Member questions.

**40. WOKINGHAM BOROUGH COUNCIL AUDIT PROGRESS UPDATE**

The Committee received the Wokingham Borough Council Audit Progress Update.

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

- Hannah Lill advised that the audit was progressing, and EY were working well with officers. The audit was not progressed quite as far as had been hoped for, however more resources had been allocated and the timeline to continue to complete the fieldwork by the end of December, had been agreed with officers.
- There were still some delays in obtaining information around valuations, but work was being undertaken with officers to mitigate this.
- Correspondence had been received from Deloitte around the IS19 assurances. At this point they were not able to provide a time of when or if these assurances would be provided.
- The timing of the 2022/23 audit would be dependent on the resolution of 2021/22 audit.

- An announcement by the Department for Levelling Up, Housing & Communities about the future timetable for delivery and proposed scope changes to local government audits, was still awaited.
- The audit had not yet been completed, primarily as a result of two factors; firstly performance issues with a member of EY staff. In response to a Member question, Janet Dawson explained EY's quality checking procedures. The second factor for the delay was that there were ongoing discussions with the valuers and the Estates team to obtain the valuation information requested and required to complete procedures. The Chair questioned whether the delay related to the external valuers or Council officers, or both and was informed that it was a mixture of both. The Assistant Director Finance commented that part of the work had been outsourced to seek an independent view. One of the members of staff who had undertaken the initial work had left, creating a time lag. Officers needed to make the external resource aware of how urgent particular deadlines were. Resource had been moved around to meet availability.
- Additional time had been agreed for the audit. Members were assured that no additional cost would be passed on to the Council for any additional work undertaken as a result of an EY staff member performance issues. Councillor Harper commented that the Council would have to spend time answering additional queries, which would have a cost implication. He questioned whether this would be taken into account in the final fee.
- Councillor Newton expressed surprise that the IS19 remained outstanding. He represented the Council on the Berkshire Pension Fund and had believed that the matter was now resolved. Janet Dawson emphasised that the required assurances had not yet been received for the 2021/22 audit. The Assistant Director Finance added that the Council had contacted the Pension Authority and the Council that oversaw it, to try and push forwards.
- Councillor Akhtar asked what more could be done to provide EY with the information that they needed. Hannah Lill indicated that in the summer there had been some delays in obtaining responses from officers, mainly relating to the period when the 2021/22 audit had begun, but the 2020/21 audit had not yet been signed. Officers had prioritised finalising the 2020/21 audit over responding to information requests around the 2021/22 audit. Since then, EY had worked hard with officers to ensure that they were aware of any priority items. EY had also been working with officers around their work plan, so that officers were aware which part of the audit EY were planning to do, when. The Assistant Director Finance reminded the Committee that some delays were outside of the Council's and EY's control.
- Mike Drake sought an update on the consolidation of Optalis. He was informed that the Group structure of the Optalis group had changed on 2 March 2022. EY had been discussing with officers whether it would be material to make the amendment prior to the year end as the change had occurred a month before, or whether the change could be put through the Financial Statements. The Chief Accountant explained that for 2021/22 the Council had accounted on full consolidation and had submitted its reasons for that to EY. It had been based purely on materiality. Optalis from a balance sheet point of view had small assets, and from an income and expenditure point of view, broke even. It was felt that this would not have a significant impact on the readability of the accounts.

**RESOLVED:** That the Wokingham Borough Council Audit Progress Update be noted.

#### **41. CORPORATE RISK REGISTER**

The Director Place and Growth presented the Corporate Risk Register to the Committee.

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

- The top corporate risk continued to be budget and financial resilience followed by Cyber Security, Adult Social Care supplier sustainability and sufficiency and Outcomes and Costs for Children with SEND.
- The budget and financial resilience risk had increased significantly since the last review. The Council was forecasting, in year, an overspend of £3.6million and for 2024/25 a revenue budget gap of £5million was predicted, with a significant gap in the capital programme.
- New risks had been added around the Waste Collection change project and Procurement in Place and Growth. There were significant contracts in this area which were due for renewal.
- With regards to Risk 9: Failure to achieve Carbon Neutrality by 2030, Councillor Harper raised issues around governance. He commented that the Barkham Solar Farm project was progressing even though a connection date from SSEN had not yet been signed off. In addition, he felt that the scope of the Climate Emergency Action Plan had been increased without sufficient discussion at Committee level. He questioned whether an update on the governance around the project could be provided to the Committee. The Director Place and Growth indicated that the Climate Emergency Action Plan update had been presented to Council in September. It was a living document and had to respond to challenges and opportunities. Councillor Harper stated that the recommendation had been to note the report. The Director Place and Growth agreed to look into the matter further.
- The Chair asked that the wording of Risk 9 be further clarified. The Climate Emergency Action Plan would not achieve carbon neutrality by 2030, although carbon neutrality by 2030 remained a Council aspiration.
- Risk 4 Local Plan update – an action stated that the next Local Plan consultation stage was due by November 2023 and was on track. Councillor Harper questioned whether this had been pushed back to February 2024. The Director Place and Growth indicated that the Government's revised National Planning Policy Guidance was still awaited, which could be significant for the Borough and its housing numbers. Progress would be made as soon as possible. Councillor Harper suggested that the action be updated to read Next local plan consultation stage (Regulation 19 – dependent on revised NPPF publication).
- Risk 1 Budget and financial resilience - Mike Drake asked if there was a cost reduction programme and if so if this should be brought out further in the mitigating actions. He went on to question whether there was a staff recruitment freeze in place. The Director Place and Growth indicated that there was a cost reduction programme in place and all directorates had a clear savings programme. The new year's savings programme was being presented to Overview and Scrutiny, setting out changes to the revenue and capital budget. The Director Place and Growth went on to highlight some of the key pressures on the budget such as children and adults accommodation and home to school transport. Groups had been established to review these. He went on to state that delegations around spending had been amended so that decisions around larger spends were now made higher up the organisation. Consideration was also given to what could be stopped, reduced, or delayed. Controls were also in place around recruitment, however recruitment would continue where it was necessary.
- Members sought clarification regarding the Council's reserves. The Assistant Director Finance commented that the positive that the Council had was the level of reserves and balance. Whilst there was currently a £3million pressure there were

other reserves in place. Options were being presented to Overview and Scrutiny to keep reserves at £9million. Whilst there were reserves these could go very quickly, so there was a need to monitor and take action.

- The Chair asked about the impact of the identified £35million gap in the Capital Programme. With regards to the Capital Programme, the Director Place and Growth stated that the Council was looking at its Capital Programme through the Overview and Scrutiny process, presenting reprofiled or new cases for capital.
- In response to a question from Mike Drake the Chief Accountant indicated that the opening General Fund balances was £9.1million as at 1 April 2023. Depending on the overspend in year, this would reduce accordingly. In the Q2 report the General Fund balance was forecasted to be just under £7million at the end of the year. Mike Drake went on to ask about the risks around relying on other reserves. The Assistant Director Finance commented that a report had been taken to Overview and Scrutiny which had outlined what reserves the Council had, what they were for, and how they balanced up the overall appetite of risk and commercial position. He confirmed that these reserves should not be used to prop up annual costs. Whilst there was a financial challenge this year, there was also further pressures the following two years. More options for bringing costs and services in line with the financial position, needed to be considered.
- Sandeep Vig was surprised to note how the inflationary pressures went up next year from this year and how that reconciled with the macro trend. He questioned how accurate forecasts, and the predicted deficit were considered to be. The Assistant Director Finance responded on the breakdown and calculation of the interest. It was likely that some of this would still be catching up for the increase in interest in this year above what was originally anticipated. Inflationary pressures had been huge this year, particularly around areas such as children and adults social care. He offered to provide a breakdown of how the £21million was made.
- Councillor Davies asked about the South Wokingham Road.
- Members thanked the officers for the work that they were undertaking to manage financial pressures so far as possible.
- Councillor Newton sought an update on recruitment including the use of agency staff in comparison with permanent members of staff. The Director Place and Growth emphasised that significant work was being undertaken around financial sustainability going forward, and staff were engaged in this process. Whilst there was not a recruitment freeze, there was a recruitment control and business cases were required for vacancies, and possible alternatives considered if necessary. However, in some areas there was increasing demand, such as homelessness, which needed to be appropriately resourced.
- Mike Drake asked what else could be done to mitigate the budget risk. The Director Place and Growth commented that it was hard to predict but the Council would continue to work hard to reduce the deficit and be mindful that there may be further action which may need to be taken.
- With regards to Risk 24 key line service reprocurement, Sandeep Vig asked about benchmarking and was informed that in 2026 several significant contracts, including highways contracts, the waste contract, the grounds maintenance contract and street cleaning contract, were due for renewal. Some of these contracts could be extended. Consultants had been appointed to help understand the market and market engagement sessions held. There was a service and financial risk attached. Initial briefings had been held to keep Members informed.
- Councillor Smith referred to Risk 15 Resources to support emerging communities and Risk 22 Support for Unaccompanied Asylum Seeking Children and commented that Central Government had announced that asylum seekers currently in a number

of hotels would be transferred out. He questioned whether this would have an impact on Council services. The Director Place and Growth indicated that there were no plans to close the hotel located in the Borough.

**RESOLVED:** That the Corporate Risk Register be reviewed.

**42. 2023/24 INTERNAL AUDIT AND INVESTIGATION PLAN - QUARTER 2 PROGRESS REPORT (TO 30 SEPTEMBER 2023)**

Members considered the 2023/24 Internal Audit and Investigation Plan - Quarter 2 Progress Report (to 30 September 2023).

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

- Appendix Ai showed the position of work against the Plan at the end of September. It detailed those audits that had been finalised and those which were at draft stage, work in progress, and audits which were yet to be started.
- Members attention was drawn to the high-risk concerns identified. At the last meeting it had been noted that a number were due to be addressed by the end of September. Work had been undertaken around this and some actions had been implemented whilst other deadlines had been extended. Where requests were received for extensions, discussions were had with the Audit team as to the reasonableness of the request. Many related to resourcing issues and needing to recruit to roles to undertake the particular controls required. The Chair expressed surprise that some deadlines had been extended by up to a year considering that they related to high risk concerns, and commented that this needed to be monitored.
- Further follow up work would be undertaken around Safeguarding and Recruitment, Reconciliations and Debtors.
- The Information Governance audit had attracted the third category of audit opinion. The report had been shared with the Chair of the Committee. An action plan had been produced and agreed with management. Progress was being made.
- Members were informed that the Internal Audit apprentice role had been appointed to and a new Corporate Investigation Officer was also due to start shortly.
- With regards to the mandatory Data Protection training for officers, Councillor Smith asked what percentage of staff had completed this. The Assistant Director Governance indicated that 93% had completed this, with a target of the end of December for the remaining 7% to complete the training.
- In response to a question from Councillor Smith regarding whistleblowing referrals, consideration would be given to how information on these would be presented in future reports.

**RESOLVED:** That the 2023/24 Internal Audit and Investigation Quarter 2 Progress Report (activity to 30 September 2023) be reviewed and scrutinised.

**43. REVIEW OF THE COUNCIL'S ANTI-FRAUD AND ANTI-CORRUPTION POLICIES**

The Committee reviewed the Council's Anti Fraud and Anti Corruption policies.

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

- The policies had been refreshed to make them more readable and understandable. The Council's Guide to Communication Style had been used. However, they had

not been overly simplified as the documents would be used in disciplinary hearings, employment tribunals and court hearings.

- In total there were 6 policies. The Enforcement Sanction Policy was currently being refreshed by Legal Services. Internal Audit had reviewed and refreshed the other 5 policies.
- The main change had been in the RIPA Policy where it had been recommended following an investigation by the Investigatory Powers Commissioners Office, that the senior officer responsible for RIPA change from the Chief Executive to the Assistant Director Governance.
- With regards to publicity and training, once the policies had been approved, they would be made available on the Council's intranet and website. Training would be made available, hopefully as an e-learning module.
- The Committee reviewed the policies individually.
- With regards to the Anti Fraud Policy, Councillor Harper questioned if reference could be made to moonlighting and how to address it.
- Councillor Smith asked for more continuity across the policies. In some places reference was made to the Assistant Director Governance (Monitoring Officer) and in others to the Assistant Director Governance.
- With regards to 9.4.6 Raising Concerns, Councillor Smith expressed concern that the current wording suggested that preliminary enquiries would be carried out by the Assistant Director Governance in consultation with the S151 Officer. He felt that this would put a lot of onus on the Assistant Director Governance. The Assistant Director Governance indicated that in practice he would use resources such as the Internal Audit team, to assist in making these initial enquiries. Councillor Smith suggested that the wording be made clearer in 9.4.6 and also 9.5.7.1 within the Whistleblowing Policy.
- 9.4.6 Raising Concerns stated that 'if Officers feel that they are unable to use internal routes, then they can contact the Council's external auditors.' Mike Drake questioned the involvement of External Audit in the process given their independence. He queried whether it would be more appropriate for a senior Member to be appointed to this role. Officers agreed to look into this.
- Councillor Newton asked whether there were model policies which could be referred to. The Head of Internal Audit and Investigation indicated that the Council did compare its policies with other councils' policies. The policies had been reviewed by an external training company several years ago to ensure that there were no gaps, and suggestions made at the time had been taken into account.
- The Chair referred to the definition of fraud (9.4.2) which she felt could be broadened as not all fraud related to the distortion of records. The definition also focused on financial gain, whereas not all fraud was committed for financial purposes.
- It was suggested that more information be included about what training would be carried out, the frequency and awareness raising. The Head of Internal Audit and Investigation commented that it was hoped that the training would become part of the mandatory training for officers.
- The Chair suggested that some 'dos and don'ts' and examples could be included to make the policy more accessible. The Head of Internal Audit and Investigation stated that this would be something that they would look to do on the website.
- Councillor Smith referred to the inconsistent use of a capital letter for the word 'councillor.'
- With regards to 9.4.14 Procedure, Councillor Smith questioned who would be making referrals. The Head of Internal Audit and Investigation indicated that they

would usually come in from the Internal Audit and Investigation team, if it was a fraud or irregularity, it would be referred to the Assistant Director Governance who would discuss the matter with the Section 151 Officer. If they felt that this should be progressed, they would refer back to the Internal Audit and Investigation team who would risk assess them at that point. It was suggested that this be clarified.

- The Committee considered the revised Whistleblowing Policy. Councillor Smith suggested that the introduction be amended to indicate that the policy could also apply to councillors. The Assistant Director Governance indicated that there was a process in the Members Code of Conduct. The Chair suggested that where it read 'to encourage you to raise concerns' this be amended so as not to directly address the reader, to be consistent with the other policies.
- It was suggested that it be highlighted that the list of whistleblowing concerns listed was not exhaustive.
- Members reviewed the Anti Bribery Policy.
- 9.6.6 Adequate Procedures, it was suggested that the six principles referred to, be specifically referenced.
- 9.6.15 Gifts and Hospitality. Mike Drake asked whether not recording gifts and hospitality was a disciplinary matter. He suggested that reference be made to officers recording gifts and hospitality. Mike Drake also asked about the process for approving gifts and hospitality and was informed that there was a formalised process in place. It was suggested that reference be made to this process to provide additional assurance.
- Councillor Harper asked if there was a process for Members. It was noted that this was covered in the Members Code of Conduct.
- It was suggested that the information around training could be strengthened.
- The Committee considered the Anti Money Laundering Policy.
- 9.7.8, Client Identification Process, Mike Drake suggested that the euro value quoted was out of date.
- The Chair asked whether suspicious activity reports were regularly submitted and was informed that none had been submitted. The Chair would discuss suspicious activity reports with the Head of Internal Audit and Investigation. Members suggested that more up to date examples could be used in 9.7.4 Suspicious Activity. Large cash payments were no longer accepted.
- 9.7.7 Disclosure Procedure stated, 'Disclosure must always be made in writing on the AML1 form, which is available on the shared drive.' Members asked that this section be amended so that it was more accessible.
- The Committee considered the Acquisition of Communications Data and use of covert Human Intelligence Sources Policy.
- It was noted that the Council did not have a policy on the Criminal Finances Act 2017. Members asked officers to provide an update on why this was the case.
- Members requested that the policies be reviewed at least every three years, and that this should be stated in each of the policies.

**RESOLVED:** That subject to the amendments discussed at the meeting, the revised Anti Fraud and Anti Corruption policies be recommended to Council, via the Constitution Review Working Group.

#### **44. CIPFA MANAGEMENT CODE**

The Committee received a report regarding the CIPFA Management Code.

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

- Appendix A outlined the current assessment of the Council's position and Appendix B detailed the progress made against specific actions.
- The Assistant Director Finance commented that good progress was being made. He indicated that there was a couple of actions such as those relating to training where the timescales had slipped because it had been aligned with corporate projects so that it was more embedded in the corporate training.
- With regards to value for money, Councillor Akhtar noted that no areas for improvement had been identified. However, EY had identified this as an area of focus. The Assistant Director Finance explained that value for money was an area of focus generally prioritised by EY. Previous assessments had shown that EY were comfortable with the Council's value for money position. He highlighted further benchmarking actions to ensure that the Council's costs were in line.
- It was agreed that the reference 'Treasury Management performance (including prudential indicators) is reported 6 monthly to the Audit Committee' was no longer applicable and would be removed.
- Mike Drake questioned whether External Financial Reporting should be Amber instead of Green, with a view to moving to Green, as there had been a number of adjusted errors in the accounts. It was suggested that an action around getting the accounts fully up to date and signed off be included.
- It was noted that the target date for the Asset Management Plan had two different dates December 2023 and April 2024. It was confirmed that the April date was correct.
- An action relating to the Council's financial management style was that the Council regularly monitored its position in the CIPFA resilience index and indicators continue to be strong across the board. In 2019/20 MJ published data showing Wokingham Borough Council to be in the top 20 most resilient upper tier Councils. Mike Drake asked whether more recent data was available. The Assistant Director Finance indicated that the Council had signed up to LG Improve Tool which would provide more up to date information. More finance and context would be included in the Chief Finance Officer letter to provide assurance around the Council's financial resilience.

**RESOLVED:** That the report be noted, and the progress made against the actions previously identified, be commented upon.

#### **45. FORWARD PROGRAMME**

The Committee considered the forward programme.

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

- In response to a Member question it was confirmed that the 2021/22 Auditor's Annual Report and the Draft Audit Results Report for 2021/22 were two separate reports.
- Members queried which Statement of Accounts would be presented to the February meeting.
- There were a large number of items scheduled for the February meeting, so it was possible that an extraordinary meeting would be required in March.

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





updated to read Next local plan consultation stage (Regulation 19 – dependent on revised NPPF publication).		
<p>NOVEMBER MEETING</p> <p>Corporate Risk Register</p> <p>Sandeep Vig was surprised to note how the inflationary pressures went up next year from this year and how that reconciled with the macro trend. He questioned how accurate forecasts, and the predicted deficit were considered to be. The Assistant Director Finance responded on the breakdown and calculation of the interest... He offered to provide a breakdown of how the £21million was made.</p>	Assistant Director Finance	Open
<p>NOVEMBER MEETING – 2023/24 Internal Audit and Investigation Plan - Quarter 2 Progress Report (to 30 September 2023).</p> <p>In response to a question from Councillor Smith regarding whistleblowing referrals, consideration would be given to how information on these would be presented in future reports.</p>	Head of Internal Audit and Investigations	Open
<p>NOVEMBER MEETING – Review of Council’s Anti Fraud and Anti Corruption Policies</p> <p>Make amendments suggested by Committee.</p>	Head of Internal Audit and Investigations	Open
<p>NOVEMBER MEETING</p> <p>CIPFA Management Code</p> <p>It was agreed that the reference ‘Treasury Management performance (including prudential indicators) is reported 6 monthly to the Audit</p>	Assistant Director Finance	Open

<p>Committee' was no longer applicable and would be removed. (Appendix A)</p> <p>Mike Drake questioned whether External Financial Reporting should be Amber instead of Green as there had been a number of adjusted errors in the accounts. It was suggested that an action around getting the accounts fully up-to-date and signed off be included.</p> <p>It was noted that the target date for the Asset Management Plan had two different dates December 2023 and April 2024. It was confirmed that the April date was correct.</p>		
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