



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held at the Civic Offices, Shute End, Wokingham, RG40 1BN on **MONDAY 28 SEPTEMBER 2015 AT 7.00 PM**

A handwritten signature in black ink, appearing to read 'Andy Couldrick'.

Andy Couldrick
Chief Executive
Published on 18 September 2015

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Our Vision

A great place to live, an even better place to do business

Our Priorities

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

The Underpinning Principles

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors

Guy Grandison (Chairman)	Paul Swaddle (Vice-Chairman)	David Lee
Beth Rowland	Chris Smith	Rob Stanton

ITEM NO.	WARD	SUBJECT	PAGE NO.
15.		APOLOGIES To receive any apologies for absence	
16.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 23 June 2015.	5 - 12
17.		DECLARATION OF INTEREST To receive any declarations of interest.	
18.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
19.		MEMBER QUESTION TIME To answer any member questions	
20.	None Specific	EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT 2014/15 To receive the External Audit Annual Governance Report 2014/15.	13 - 32
21.	None Specific	FINANCIAL STATEMENTS 2014/15 To receive the Financial Statements 2014/15.	To Follow
22.	None Specific	RETROSPECTIVE PURCHASE ORDERS To receive an update on Retrospective Purchase Orders.	33 - 38

23.	None Specific	CORPORATE RISK REGISTER UPDATE To receive an update on the Corporate Risk Register refresh - August 2015.	39 - 52
24.	None Specific	INTERNAL AUDIT AND INVESTIGATIONS Q1 PROGRESS REPORT 2015/16 To receive and consider the Internal Audit and Investigations update Progress Report to August 2015.	53 - 60
25.	None Specific	INTERNAL AUDIT CHARTER REVIEW To receive the Internal Audit Charter Review.	61 - 68
26.	None Specific	FORWARD PROGRAMME To receive the Forward Programme for the remainder of the 2015/16 municipal year.	69 - 70
27.		ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT A Supplementary Agenda will be issued by the Chief Executive if there are any other items to consider under this heading	

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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 23 JUNE 2015 FROM 7.00 PM TO 8.00 PM**

Committee Members Present

Councillors: Paul Swaddle (Vice-Chairman), David Lee, Beth Rowland and Chris Smith

Other Councillors Present

Councillors: Prue Bray and Lindsay Ferris

Officers Present

Madeleine Shopland, Principal Democratic Services Officer

Andy Couldrick, Chief Executive

Brian Grady, Head of Strategic Commissioning

Catherine Hickman, Service Manager Shared Audit and Investigations Service

Martin Jones, Planning Accountant – Corporate Finance

Rob Stubbs, Head of Finance

Andrew Moulton, Head of Governance and Improvement

Paul Ohsan Ellis, Team Manager – Internal Audit

Adam Swain, Audit Manager, Ernst & Young

1. APOLOGIES

Apologies for absence were submitted from Councillor Grandison and Councillor Stanton.

2. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 10 February 2015 were confirmed as a correct record and signed by the Vice Chairman.

3. DECLARATION OF INTEREST

There were no declarations of interest made.

4. PUBLIC QUESTION TIME

There were no public questions received.

5. MEMBER QUESTION TIME

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

5.1 Prue Bray asked the Chairman of the Audit Committee the following question

Question

Councillor Norman Jorgensen is Chair of the Corporate Services Overview and Scrutiny committee which is tasked with scrutinising the actions of the Executive. His wife Councillor Pauline Jorgensen is a member of that Executive. What action will the Audit Committee take to resolve this conflict of interest?

Answer

Thank you for your question.

The Council's constitution does not prohibit the spouse, partner or any other close associate of an Executive member sitting on the Overview and Scrutiny committee. The

only restriction is that members of the Overview and Scrutiny Committee cannot be members of the Executive that is section 6.1.2 of the Constitution.

The role of Overview and Scrutiny is not just to hold the Executive to account. Other important roles include policy development and review, performance monitoring, and external scrutiny.

The Audit Committee will not be taking any further action on this matter. It is a matter for all individual members to ensure that, at any Council meetings, they declare their interest in an item where there might be seen to be a conflict of interest.

Supplementary Question

That was not quite what I was expecting. Last night we had a meeting of the Corporate Services Overview and Scrutiny Committee at which they were considering a review of the Town Centre regeneration business case and because Philip Mirfin is on holiday, Mark Ashwell, the Deputy Executive Member, presented with Bernie Pich. Mark Ashwell is also down as a substitute member for the Corporate Services Overview and Scrutiny Committee. Now I mentioned this to Tim Holton and he agreed that it would not be sensible to have Mark be substitute for the review of something he just presented. Under the Constitution 4.4.3.2 (h) it is the responsibility of the Audit Committee to consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice. I wonder whether you might, given what is written in the Constitution, consider whether the Audit Committee, should look at whether there are some circumstances when people should not be involved in overview and scrutiny reviews?

Supplementary Answer

As Chair of the Audit Committee I think it is well beyond my remit to comment on constitutional matters and I will refer this to the Constitution Review Working Group.

5.2 Lindsay Ferris has asked the Chairman of the Audit Committee the following question

Question

It is with concern that I note that the information on the Council's website for Contractual Remuneration of councillor Non-Executive directors of Council owned companies is not being kept up to date. I asked questions on this matter at the Executive Meetings in September and October 2014 and again in January this year. The Leader of the Council agreed that information on the pay and appointments of councillor Non-Executive directors of the Council owned companies would be kept up to date. It has not been done. Why not?

Answer

The information will be updated by the Council's officers on the website as soon as resources and priorities dictate. The website is being updated at the end of each financial year and when there is a change in directorship. The information that was on the website was clear that the maximum remuneration is £6,095 per annum. Subsequently this has now been updated and has been live on the website since 9 June. It was passed to Legal on 6 June, so it is up-to-date at this moment and will be kept up-to-date in the future and as with the other declarations etc. they are updated annually.

Supplementary Question

That is not quite how things were discussed with the Executive. What I want to consider though is that when there are changes to people joining, will they be considered as being updated or will they be updated annually, because the information I have is the same for them?

Supplementary Answer

No, new declarations in year would be updated but there is a larger update at the end of the financial year.

6. AUDIT PLAN EXTERNAL AUDIT

Members received the External Audit Plan. The plan detailed the external audit work Ernst & Young proposed to undertake for the audit of financial statements for 2014/15. It also outlined the focus of Ernst & Young's work that needed to be carried out to enable a Value for Money Conclusion to be reached.

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

- With regards to financial statement risk, one significant risk had been identified, which was standard across all audits.
- A value for money conclusion risk relating to the current pressure on local authorities had been identified.
- Ernst & Young had determined that the overall materiality for the financial statements of the Council was £6.585m based on 2% of gross revenue expenditure. Uncorrected audit misstatements greater than £329k would be communicated. The Committee reemphasised that they wished to be informed of any uncorrected audit misstatements lower than £250k in future.
- At this stage, it was not felt that the overall level of risk in relation to the audit of the financial statements or in relation to the value for money conclusion was significantly different from the previous year.
- The indicative fee scale for the audit of Wokingham Borough Council was £140,822. The non-audit work fee was confirmed to be £17,306.

RESOLVED: That the Ernst & Young External Audit Plan for 2014/15 be noted.

7. TREASURY MANAGEMENT ANNUAL REPORT 2014-15

Members received the Treasury Management Annual Report 2014/15 which was a requirement of the Council's reporting procedures. It covered the treasury activity during 2014/2015 and the actual Prudential Indicators for 2014/15.

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

- In 2014-15 capital expenditure had been; non-Housing Revenue Account £38.7m and Housing Revenue Account £6.56m. This was financed immediately through capital receipts, capital grants, revenue contributions etc of £34.78m and through Internal Borrowing of £10.55m.
- The Council's Capital Financing Requirement had increased by £7.29m.
- No external borrowing was taken out in 2014/15.
- No prudential indicators had been breached.
- Members were informed that during a fair valuation by Capita Asset Services, the Council's loan portfolio was valued at £163.6m compared to the actual principal of

£131.6m, demonstrating that the treasury function had achieved favourable rates and durations of loans when financing the capital programme. In response to a Member question, the Planning Accountant – Corporate Finance explained what the fair valuation process entailed.

- It was noted that the report would be taken to Council for approval.

RESOLVED: That

- 1) The treasury management annual report for 2014/2015 be noted;
- 2) The actual 2014/2015 prudential indicators within the report be noted.

8. RETROSPECTIVE PURCHASE ORDERS

The Committee received a report detailing the progress being made to reduce the incidence of raising retrospective purchase orders.

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

- Retrospective purchase orders were discussed at the Extended Corporate Leadership Team meeting on a monthly basis. Work was ongoing to minimise the instance of retrospective purchase orders. Budget managers had been made aware of their responsibilities and training offered where necessary.
- Reporting for the current month stood at 23% whilst reporting for April had been 24%. 248 retrospective purchase orders had been raised in April, covering 186 suppliers. During May £433,671 of retrospective purchase orders were raised. 15 of these were over £5,000, 2 of which were in excess of £50,000.
- Councillor Rowland expressed concern that retrospective purchase orders were at 24% and questioned whether it should become a performance management issue.
- Councillor Smith questioned whether the graph depicting the number of purchase orders raised to date showed all purchase orders.
- Councillor Swaddle commented that the number of purchase orders raised increased in March but that the ratio between retrospective and non-retrospective purchase orders did not change.
- Members were informed that all suppliers would be written to and reminded of the importance of quoting a valid purchase order number so as to avoid delays in processing payments.
- The Head of Finance explained how a retrospective purchase order was defined. It was noted that some suppliers emailed an invoice on the same day that services were requested and that these automatically become retrospective purchase orders. This was being investigated to establish whether they should form part of a particular exceptions list. Any exceptions would need to be included in the Council's Financial Regulations in the Constitution and would therefore be subject to approval from Council via the Constitution Review Working Group.
- Councillor Swaddle suggested that in future it would be helpful to have information on the number of retrospective purchase orders raised against the value.
- The Committee considered those retrospective purchase orders where the value of the invoice was greater than £5,000 and expressed concern that these were retrospective. With regards to the retrospective purchase orders relating to school blocks and SEN provision, the Head of Strategic Commissioning explained that due to the nature of the SEN process this was often difficult to plan. Schools would also be written to as providers to remind them of the importance of a purchase order

number. Some issues had arisen when the formal handover between line managers had not been as strong as required but this was being addressed.

- In response to a question from Councillor Lee, the Head of Finance indicated that corporate procurement cards had been piloted and were being rolled out.

RESOLVED: That the report and the actions being taken to reduce the incidence of raising retrospective purchase orders be noted.

9. ANNUAL GOVERNANCE STATEMENT 2014-2015

The Chief Executive presented the Draft Annual Governance Statement (AGS) which had been produced by the Corporate Leadership Team following consideration of a number of Management Assurance Statements produced by the Council's 4 Directors and 2 Heads of Services.

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

- The AGS covered the following key aspects of the governance environment in place at the Council during 2013/14: establishing and monitoring the achievement of the Council's objectives, facilitation of Policy and Decision-making, Financial Management, Performance Management and Risk Management.
- The AGS commented on the effectiveness of the Council's governance arrangements, including effectiveness of Internal Audit and the system of internal control.
- The Chief Executive took the Committee through the significant governance issues identified. Information security breaches had been previously identified and were an ongoing challenge. The Information Commissioner's Office had confirmed that no action would be taken regarding the breach relating to the Register of Electors, given the work that the Council had undertaken to inform residents and to mitigate any risks arising from the breach.
- Some of the other significant governance issues identified related to the Children's Services Innovation Project, retrospective purchase orders, health and social care integration and the development of the Health and Wellbeing Board.

RESOLVED: That the AGS be approved on behalf of the Council prior to its inclusion in the final Statement of Accounts

10. SHARED SERVICE INTERNAL AUDIT AND INVESTIGATION ANNUAL REPORT 2014/15

The Service Manager, Shared Audit and Investigations Service presented the Shared Service Internal Audit and Investigation Annual Report 2014/15. Internal audit had been provided in-house for the first six months and via a shared service with the Royal Borough of Windsor and Maidenhead hosted by Wokingham since 1 October 2014.

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

- The format of the report had changed. It was now shorter and punchier.
- The overall audit opinion, which was largely a reflection of the system and procedural controls against the identified risks and mitigating controls, was that there was Reasonable assurance that the Council would achieve its objectives.
- Two audits had resulted in Limited assurance opinions: Housing Rents and Debtors. The Service Manager, Shared Audit and Investigations Service outlined the issues identified in these audits. With regards to the Housing Rents audit, Members were informed that follow up work had been undertaken and that

management now ran reports to identify when changes had been made to the systems data and by whom. The Housing Rent system would be changing in July. With regards to the Debtors audit, formal reporting was being introduced to increase senior management oversight.

- Appendix 2 detailed the progress of the internal audit plan 2014/15 (to 31 March 2015). Audits, whose status was listed as 'draft,' except those that were linked to the corporate risk register, were now finalised. A draft report had now been issued for the health and social care audit.
- The Service was required to comply with the 'Public Sector Internal Audit Standards.' The Internal Audit Service had been assessed as 'substantially compliant' for 2014/15.
- The report detailed the results of Housing Benefit and Council Tax Fraud Investigations from 2011/12 to 31 March 2015. Members were reminded that Housing Benefit Investigations had transferred to SFIS on 1 November 2014.
- The Corporate Investigations Team was now at full complement. Work was being undertaken on the Fraud Plans for both Wokingham and Royal Borough of Windsor and Maidenhead Council.
- Audit work had been undertaken for Bracknell Forest Council and the number of audit days for work for this council would be increasing. Ad hoc work had also been undertaken for Oxfordshire County Council and Buckinghamshire County Council. Members questioned whether undertaking work for other councils put staff under pressure. The Service Manager, Shared Audit and Investigations Service responded that it did not.
- In response to a question from Councillor Lee, the Service Manager, Shared Audit and Investigations Service indicated that the Internal Audit team were mindful of departments' busy periods.
- Councillor Swaddle thanked the staff for their hard work over the year.

RESOLVED: That the 2014/15 Internal Audit and Investigation Annual Report be noted.

11. CORPORATE RISK REGISTER REFRESH - MAY 2015

The Committee considered the Corporate Risk Register Refresh May 2015.

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

- Risk 14 '*Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning*' had been updated.
- Risk 19 '*Risk that infrastructure requested by the council will not be required*' had been removed and the impacts and mitigation had been incorporated into Risk 14.
- Risk 29 '*Risk of a disruption to services and internal business*' had been added. This was to reflect the risks involved with the Council's intention to have a new solution for ICT supply.
- Councillor Lee asked whether the Internal Audit team had indemnity insurance for undertaking work on behalf of other councils and was informed that they did. The Service Manager, Shared Audit and Investigations Service agreed to establish whether this was in place for internal work.

RESOLVED: That the risks and mitigating actions of the Council's corporate risks as detailed in the Corporate Risk Register be noted.

12. PROGRESS REPORT ON SHARED AUDIT & INVESTIGATION SERVICE

The Committee was updated on the progress made by the Shared Audit & Investigation Service in its first six months.

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

- It had been a year since the Executive had agreed to establish a shared service. Consolidation had been the focus of the first six months. The previous year's backlog of work had been cleared thereby ensuring a good starting position for delivery of the 2015/16 Audit Plans for both councils.
- The focus going forward was service growth. The Service was mindful that its two key clients were Wokingham and Royal Borough of Windsor and Maidenhead Councils.
- Councillor Rowland questioned how and whom the team offered its services to and was informed that it undertook work for local authorities at present but would not limit themselves. Councillor Rowland went on to ask whether the Service would work with Town and Parish Councils. The Head of Governance and Improvement Services commented that this was possible.

RESOLVED: That the progress made by the Shared Service during its first six months of operation be noted.

13. FORWARD PROGRAMME 2015/16

The Committee discussed the Forward Programme for 2015/16.

Councillor Smith proposed that the Committee receive updates on retrospective purchase orders at its December and February meetings and that this become a standing item.

RESOLVED: That the Forward Programme for 2015/16 be noted.

14. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

Councillor Swaddle questioned how the Audit Committee could be assured of the robustness of the allocation of school places process. The Service Manager, Shared Audit and Investigations Service commented that the Children's Services Overview and Scrutiny Committee had been requested to look at pupil place planning and processes for the allocation of places across the Borough and it was important that there was not a duplication of work. In addition the Shared Service was undertaking a piece of work in relation to a school and were looking at what checks and balances were needed going forward. It was important that these were cost effective and necessary. The Shared Service was working closely with Children's Services and would report back in future. Councillor Swaddle encouraged Members to report any evidence of fraud should they become aware of it. It was suggested that a training session on Members' responsibilities regarding fraud be held in future.

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Wokingham Borough Council

Audit Committee Summary

For the year ended 31 March 2015

Audit Results Report – ISA (UK & Ireland) 260

September 2015

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Section 1

Executive summary

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Executive summary – key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Audit Committee – on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. This report summarises the findings from the 2014/15 audit which is substantially complete. It includes the messages arising from our audit of the Council's financial statements and the results of our work to assess its arrangements to secure value for money in its use of resources.

Financial statements

- ▶ As of 16 September 2015, there are a number of audit procedures that are outstanding. We have raised a number of queries with management and until these areas are fully addressed we cannot assess if we are likely to be issuing an unqualified opinion.

Value for money

- ▶ We expect to conclude that the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

19 Whole of Government Accounts (WGA)

- ▶ We are required to issue an opinion to the National Audit Office (NAO) regarding the WGA submission. We will form our conclusion on the opinion we will issue once our outstanding audit procedures are complete.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Code have been discharged for the relevant audit year. We expect to issue the certificate at the same time as the audit opinion.

Section 2

Extent and purpose of our work

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Extent and purpose of our work

The Council's responsibilities

- ▶ The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement (AGS). In the AGS, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and any planned changes in the coming period.
- ▶ The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

- ▶ Our audit was designed to:
 - ▶ express an opinion on the 2014/15 financial statements and the consistency of other information published with them;
 - ▶ report on an exception basis on the Annual Governance Statement;
 - ▶ consider and report any matters that prevent us being satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion); and
 - ▶ discharge the powers and duties set out in the Audit Commission Act 1998 and the Code of Audit Practice.

This report also contains our findings related to the areas of audit emphasis and any views on significant deficiencies in internal control or the Council's accounting policies and key judgments.

The Council is considered a component of the Whole of Government Accounts (for the whole public sector) and as a component auditor, we also follow the NAO group instructions and report the results on completion of the WGA work through the Assurance Statement to both the NAO and to the Council.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Section 3

Addressing audit risks

Addressing audit risks – significant audit risks

We identified the following audit risk during the planning phase of our audit, and reported this in our Audit Plan. We set out here how we have gained audit assurance over this issue.

In the context of auditing the financial statements, we define a significant audit risk as an inherent risk which is both more likely to happen and has a more serious effect if it does happen, and which requires special audit consideration. For significant risks, we obtain an understanding of the entity’s relevant controls and assess their design and implementation.

Audit risk identified within our audit plan	Audit procedures performed	Assurance gained and issues arising
<p>Significant audit risk (including fraud risk)</p> <p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; ▶ reviewing accounting estimates for evidence of management bias, and ▶ evaluating the business rationale for significant unusual transactions. 	<p>We found no issues of concern in these areas.</p>

Section 4

Financial statements audit – issues and findings

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Financial statements audit – issues and misstatements arising from the audit

Progress of our audit

- ▶ We still need to complete the following areas of our work programme. We will provide an update of progress at the Audit Committee meeting:
 - ▶ Accounts payable;
 - ▶ Income and Expenditure testing; and
 - ▶ receipt of a Letter of Representation
- ▶ Until these areas are fully addressed we cannot assess if we are likely to be issuing an unqualified opinion on the financial statements.

Uncorrected misstatements

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We have identified no misstatements to date in the draft financial statements which management has chosen not to adjust.

Corrected misstatements

- ▶ To date our audit has identified a number of errors which have been highlighted to management for amendment. Management have agreed to correct these errors.

Other matters

- ▶ As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must communicate to the Committee significant findings from the audit and other matters significant to the oversight of the Council's financial reporting process. These include the following:
 - ▶ qualitative aspects of accounting practices; estimates and disclosures;
 - ▶ matters specifically required by other auditing standards to be communicated to those charged with governance, e.g. issues around fraud, compliance with laws and regulations, external confirmations, and related party transactions;
 - ▶ any significant difficulties during the audit; and
 - ▶ any other audit matters of governance interest.

In comparison with prior years there have been a number of issues with the quality and version control of working papers. This was in part due to the implementation of the new ERP system in September 2014. We will liaise with management to identify the lessons to be learnt in order to secure improvement for the 2015/16 audit.

From our testing in relation to payroll we identified that there was one instance of a member of staff continuing to be paid for six months after leaving employment of the Council. This overpayment was recovered in full from the individual, and other testing has confirmed that this was an isolated incident. We are therefore satisfied that this does not represent a risk of material misstatement to the 2014/15 financial statements, but it does indicate a potential weakness in the controls relating to the leavers process. We understand that management are aware of the potential weakness and CLT have considered how controls can be improved.

Financial statements audit – application of materiality

Our application of materiality

- ▶ When establishing our overall audit strategy, we set the level of uncorrected misstatements we considered to be material for the financial statements as a whole.

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Item	
Planning Materiality and Tolerable error	<p>We set planning materiality at £6.76 million (2014: £6.59 million), which is 2% of gross expenditure in the accounts of £329 million.</p> <p>We also set a tolerable error (TE) for the audit. This is how we apply planning materiality at the more detailed level of an individual account or balance. Its purpose is to make reasonably sure that the total of all uncorrected and undetected misstatements is unlikely to exceed planning materiality. The level of TE drives how much detailed audit testing we need to support our opinion.</p> <p>We set TE at the upper level of the available range because there were no corrected significant errors in the Council's 2013/14 financial statements and no uncorrected errors.</p>
Reporting Threshold	We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £250 thousand (2014: £329 thousand)

We also identified areas where we used a lower level of materiality level, as it might influence the reader. For these areas we developed a specific audit strategy. These include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits: Strategy applied: We have reviewed the details and agreed to supporting documentation where necessary.
- Related party transactions. Strategy applied: We have reviewed the details of related party declarations and identified transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above; we also take into account any other relevant qualitative considerations.

Financial statements audit – internal control, written representations and whole of government accounts

Internal control

- ▶ It is the Council's responsibility to develop and implement systems of internal financial control and to have proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as the Council's auditor is to consider whether the Council has adequate arrangements to satisfy itself that this is indeed the case.
- ▶ We have tested the controls of the Council only to the extent needed to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.
- ▶ We have reviewed the Annual Governance Statement and can confirm that:
 - ▶ it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
 - ▶ it is consistent with other information we know from our audit of the financial statements.
- ▶ We have not identified any significant deficiencies in the design or operation of an internal control, which the Council does not know about, that might result in a material misstatement in the financial statements.

Request for written representations

- ▶ We have requested a management representation letter to gain management's confirmation on a number of matters: to date these are standard representations.

Whole of Government Accounts

- ▶ As well as our work on the financial statements, we also review and report to the National Audit Office on the Council's Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.
- ▶ We are currently concluding our work in this area and will report any matters arising to the Audit Committee.

Section 5

Arrangements to secure economy, efficiency and effectiveness

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Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Wokingham Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 – arrangements for securing financial resilience

- ▶ 'Whether the Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future'
- ▶ We did not identify any significant risks under this criterion
- ▶ We have no issues to report under this criterion

Criteria 2 – arrangements for securing economy, efficiency and effectiveness

- ▶ 'Whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity'
- ▶ We did not identify any significant risks under this criterion
- ▶ We have no issues to report under this criterion
- ▶ Our work did not identify any other matters on aspects of the Council's corporate performance and financial management framework which are not covered by the scope of these criteria

Addressing audit risks – other VFM considerations (continued)

VFM consideration identified within our Audit Plan	Audit approach	Assurance gained and issues arising
The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources represents a significant challenge over the medium term.	Our approach focused on: <ul style="list-style-type: none">▶ critically reviewing the Council's Medium Term Financial Plan.	Based on the work undertaken to date we are satisfied that the Council's medium term financial plan appears prudent, and appropriately recognises the future challenges faced by the Council and how the Council can respond to these in the medium term.

Section 6

Challenges for the coming year

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Challenges for the coming year

Highways Network Asset (formerly Transport Infrastructure Assets):

The Invitation to Comment on the Code of Accounting Practice for 2016/17 (ITC) sets out the requirements to account for Highways Network Asset under Depreciated Replacement Cost from the existing Depreciated Historic Cost. This is to be effective from 1 April 2016.

This requirement is not only applicable to highways authorities, but to any local government bodies that have such assets.

29 This may be a material change of accounting policy for the Council. It could also require changes to existing asset management systems and valuation procedures.

Nationally, latest estimates are that this will add £1,100 billion to the net worth of authorities.

Potential impact

Given the size of the Highways network in the Wokingham Borough Council area this will have a significant impact for the Council. Members will need to ensure the Council has plans in place to assess if current systems and processes are adequate to identify, administer, value and report on any requirement to account for Highways Network Assets.

Section 7

Independence and audit fees

30

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since the confirmation in our Audit Plan dated 12 May 2015.
 - ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance. In our professional judgement the firm is independent, and the objectivity of the audit engagement partner and staff has not been compromised within the meaning of regulatory and professional requirements.
 - ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm and that we are required by auditing and ethical standards to report to the Council.
- 31 We consider that our independence in this context is a matter that should be reviewed by both the Council and us. It is therefore important to consider the facts of which the Council is aware and come to a view. If the Committee wish to discuss any matters concerning our independence, we will be pleased to do so at the meeting on 28 September 2015.

Reporting to Those Charged With Governance

- ▶ We confirm that we have met the reporting requirements to the Audit Committee, as 'those charged with governance' under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our plan to meet these requirements were set out in our Audit Plan of 12 May 2015.

Audit fees

- ▶ The table below sets out the original scale fee and our final proposed audit fees.

	Proposed final fee 2014/2015	Scale fee 2014/2015	Variation comments
	£	£	
Audit Fee: Code work	140,822	140,822	N/A
Certification of claims and returns	12,140	12,140	N/A
Non Audit Work	17,306	N/A	N/A

- ▶ Our actual fee is provisionally in line with the agreed fee, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have undertaken non-audit work outside of the Audit Commission's Audit Code requirements. We provided financial analysis in respect of its on-going discussions on with FCC Environment (previously named Waste Recycling Group) to Wokingham, Bracknell Forest & Reading Councils.

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ED None

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TITLE	Retrospective Purchase Orders
FOR CONSIDERATION BY	Audit Committee
WARD	None Specific
DIRECTOR	Graham Ebers – Director of Finance & Resources

OUTCOME / BENEFITS TO THE COMMUNITY

Offering excellent value for Council Tax Payers

RECOMMENDATION

That the Committee note the report and the actions being taken to reduce the incidence of raising retrospective purchase orders.

SUMMARY OF REPORT

This report details the progress being made to reduce the incidence of raising retrospective purchase orders (RPO). The last report presented to the Audit Committee was in June 2015.

In September 2014 the new financial system went live. As reported to Audit Committee in December 2014, this has, as with most new implementations of this significance, not been without its teething problems. The level of RPO's at the changeover to the new system rose to 48% which were as a result of the migration of data between the two systems. This has seen a downward trend in subsequent months.

The incidence of RPO's are regularly discussed at the Extended Corporate Leadership Team meeting on a monthly basis. This has raised the profile of the practice and the risk to financial management.

Reporting for the current month (August 2015) stands at 14%. Reporting for June was 23%. A total of 94 (248 in June) RPO's were raised in the month. This covered some 74 (186 in June) suppliers. A total of nine RPO's (value £1,225.18) were raised against Thames Water Utilities. Nine retrospective purchase orders were less than £50 (9.5%).

The value of retrospective orders raised during August 2015 was £190,309 (£433,671 reported in June) and ranged from £5.20 to £49,040. 6 of the total were in excess of £5,000, none of which were in excess of £50,000. The largest RPO was raised for £49,040 against Adoption Advisory Service.

All suppliers have now been written to, to emphasise the importance of quoting a valid purchase order number to avoid delays in processing any payments. Some suppliers email an invoice on the same day that services are requested and therefore automatically become RPO's, these are being investigated further to establish whether they should form part of a particular exceptions list. Any exceptions will need to be included in the Finance Regulation and therefore subject to approval from the Constitutional Review Working Group.

Finance business partners continue to work across the council to minimise the level of RPO's being raised.

The attached information breaks this information down in more detail.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil		
Next Financial Year (Year 2)	Nil		
Following Financial Year (Year 3)	Nil		

Other financial information relevant to the Recommendation/Decision

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

Reasons for considering the report in Part 2

n/a

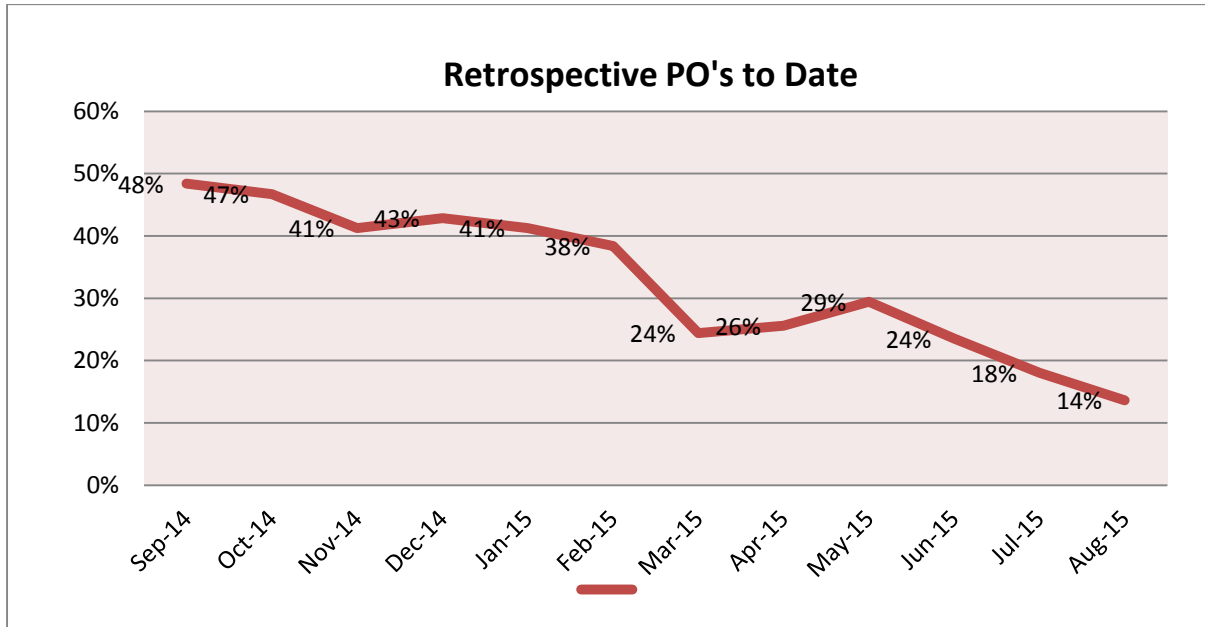
List of Background Papers

Contact Robert Stubbs	Service Finance & Resources
Telephone No 01189746559	Email rob.stubbs@wokingham.gov.uk
Date 10 June 2015	Version No. 1.0

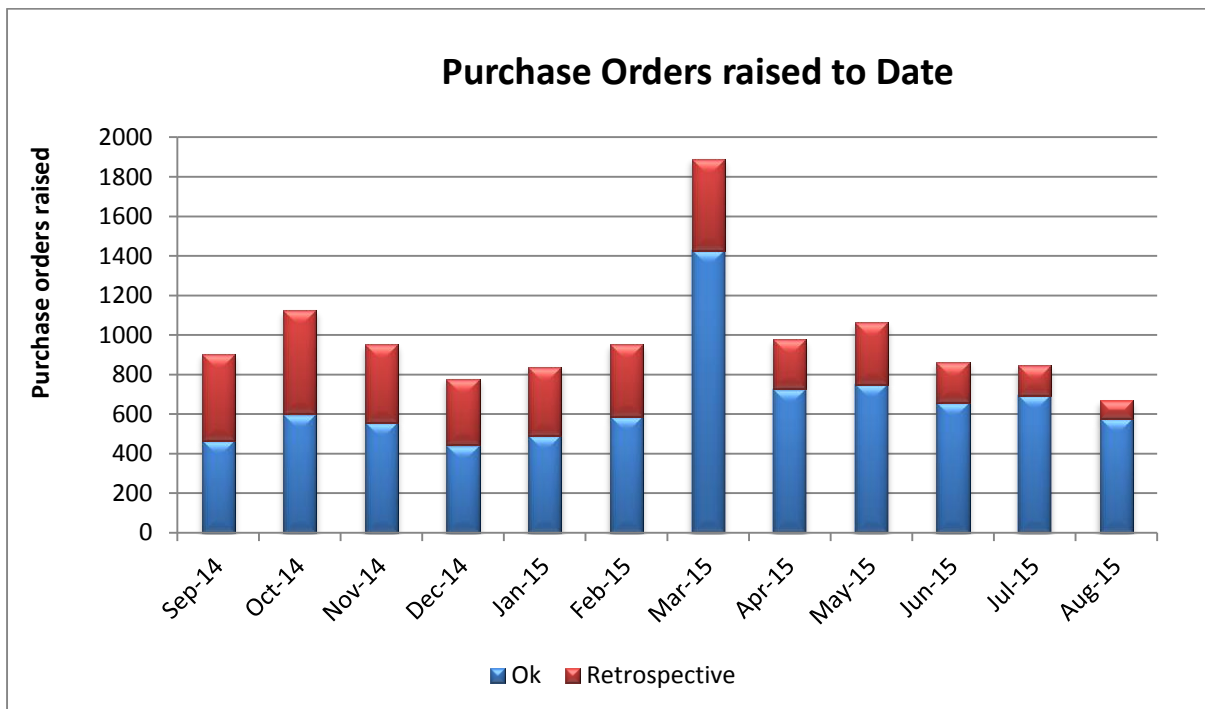
Retrospective Purchase Orders – Detailed Information

Retrospective Purchase orders – Incidence to date (post system Change)

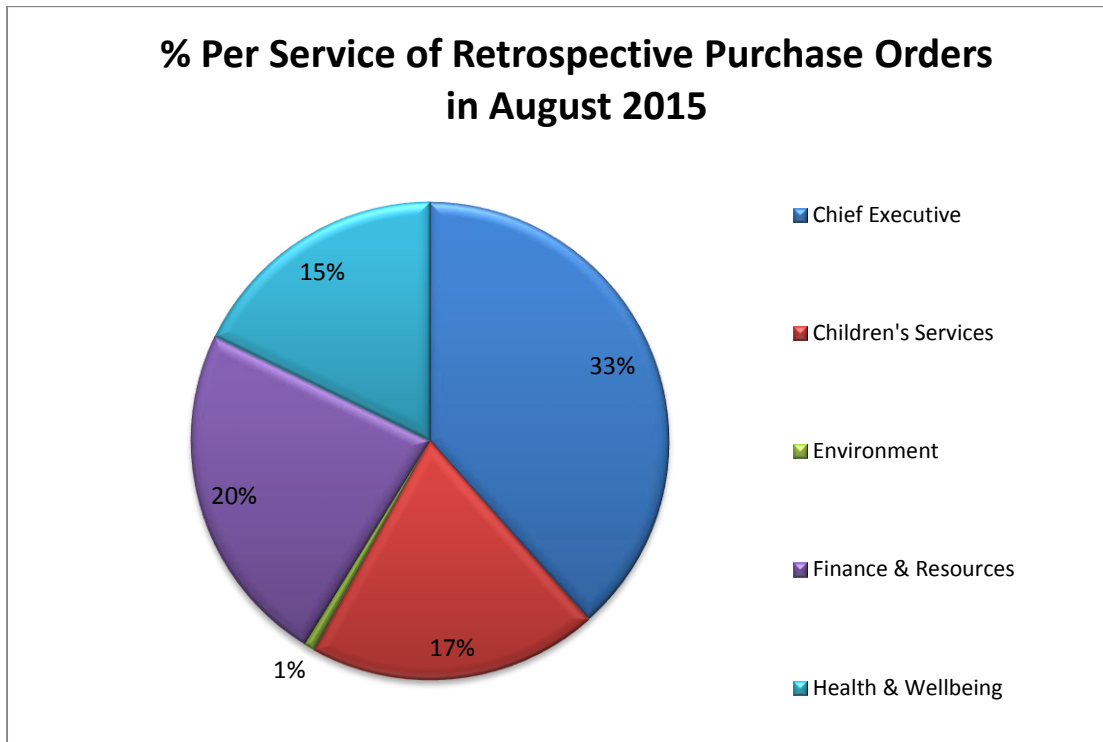
Retrospective purchase orders have reduced since the issues identified with the implementation of the new financial system and continue to do so.



The table below shows the levels of total purchase orders raised since September 2014 broken down between those raised correctly and those raised retrospectively. Work is continuing across the council to reduce this practice.

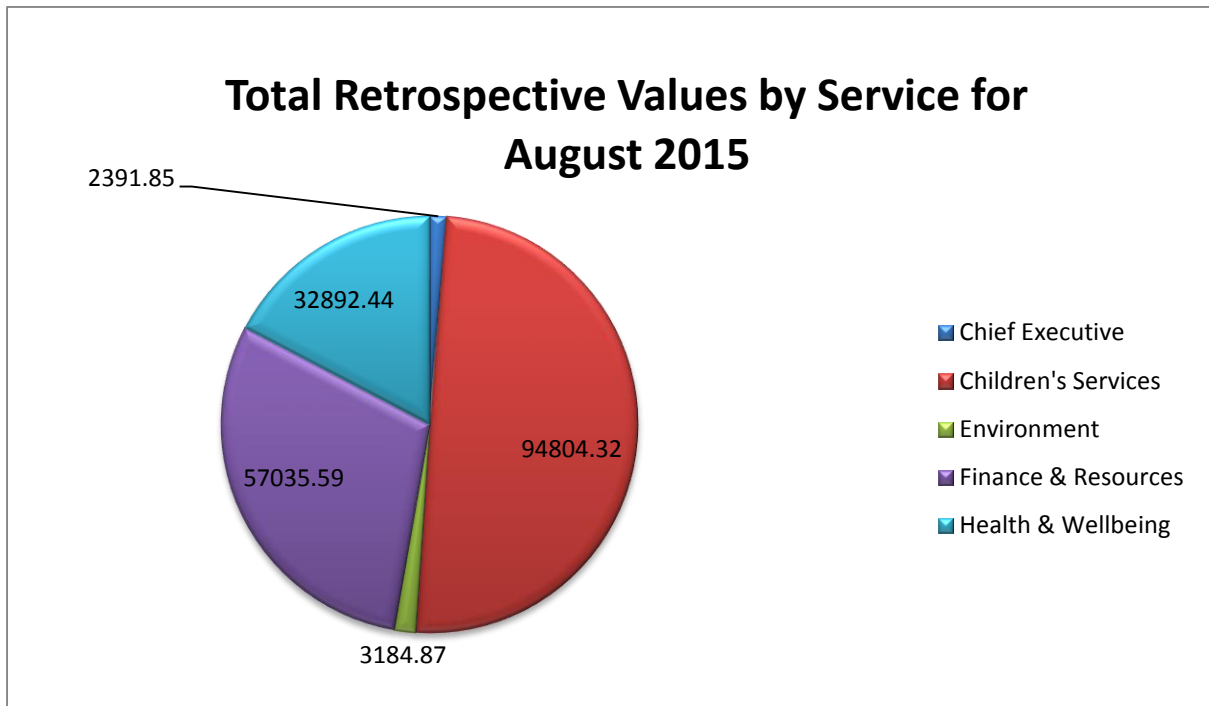


The chart and table below shows the percentage of RPO's by service during the month of August 2015.



Service Unit	Aug-15			Aug Total
	OK	Retrospective	% Retrospective	
Chief Executive	8	4	33%	12
Children's Services	200	41	17%	241
Environment	146	1	1%	147
Finance & Resources	114	29	20%	143
Health & Wellbeing	104	19	15%	123
Grand Total	572	94	14%	666

The chart below details the total value of purchase orders raised retrospectively by each service.



The table below shows the numbers and values by service in ranges between £0 and £5000+

	August-15								Aug Total	
Service Unit	£0 - £500		£501 - £1000		£1001 - £5000		£5001 +			
	Retrospective	Amount	Retrospective	Amount	Retrospective	Amount	Retrospective	Amount	Retrospective	Amount
Chief Executive	2	£632.00	1	£736.13	1	£1,023.72	0	£0.00	4	£2,391.85
Children's Services	24	£4,396.91	6	£4,385.79	8	£13,072.40	3	£72,949.22	41	£94,804.32
Environment	0	£0.00	0	£0.00	1	£3,184.87	0	£0.00	1	£3,184.87
Finance & Resources	17	£2,016.83	4	£2,509.42	7	£17,509.34	1	£35,000.00	29	£57,035.59
Health & Wellbeing	13	£3,308.94	3	£2,641.00	1	£3,592.50	2	£23,350.00	19	£32,892.44
Grand Total	56	£10,354.68	14	£10,272.34	18	£38,382.83	6	£131,299.22	94	£190,309.07

The table below identifies those orders and suppliers where the value of the invoice was greater than £5,000.

Row Labels	SupplierID(T)	Cost Centre(T)	Order Num	Sum of Amount
Children's Services	Calcot Services For Children	Children's Homes Purchasing	8016038	£14,257.14
Children's Services	HCL RS Locums	Neighbourhood - Ambleside	8015969	£9,652.08
Children's Services	Royal Borough of Windsor & Maidenhead (RBWM)	Joint Arrangements - Adoption Advisory Service	8016039	£49,040.00
Children's Services Total				£72,949.22
Finance & Resources	Royal Borough of Windsor & Maidenhead (RBWM) Payroll ONLY	Superannuation	8015470	£35,000.00
Finance & Resources Total				£35,000.00
Health & Wellbeing	Optalis Limited	Adult Social Care Assessment	8016110	£18,000.00
Health & Wellbeing	Bournemouth University	MH Community Mental Health Team	8016070	£5,350.00
Health & Wellbeing Total				£23,350.00
Grand Total				£131,299.22

Agenda Item 23.

TITLE	Corporate Risk Register Refresh – August 2015
FOR CONSIDERATION BY	Audit Committee on 28 September 2015
WARD	None Specific
STRATEGIC DIRECTOR	Andy Couldrick, Chief Executive

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision making. Effective ERM is therefore an integral part of the council's control environment and helps demonstrate the effective use of resources and sound governance. The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant business risks.

RECOMMENDATION

- Audit Committee is asked to consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR. This was reviewed and updated following the May Corporate Risk Register refresh process.

Given the changing operating environment for the council Audit Committee should consider whether the risk appetite for each risk remains reflective of current conditions.

SUMMARY OF REPORT

As part of the Corporate Risk Register (CRR) refresh service Risk Champions facilitated their refresh by meeting with Strategic Directors in order to update the risk register. As a result an update has been obtained over the control of each risk since the last refresh. This report summarises those changes and the refreshed CRR is presented to Audit Committee for your consideration and comment. The updated CRR is attached to this report.

Background

The roles and responsibilities of Members and Officers with respect to Risk Management are detailed in the Council’s Enterprise Risk Management Policy (ERMP) which was approved by the Audit Committee. The ERMP states that CLT is responsible for identifying and managing the Council’s risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.

The Audit Committee is required to seek confirmation that the Council’s strategic risks are being proactively managed. Strategic risks are essentially those risks that might occur and could prevent the Council from achieving its objectives as detailed in its Vision, Priorities and Corporate Plan.

Analysis of Issues

No significant changes have been made to the Corporate Risk Register as part of this refresh.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other financial information relevant to the Recommendation/Decision

There are no financial implications to be noted as a result of this refresh. However there are risks within the register that should they materialise, would have a significant financial impact on the authority.

Cross-Council Implications

A risk is an unexpected event or action that can adversely affect the Council’s ability to achieve its objectives and successfully execute its strategies. Risk Management is about managing opportunities and threats to objectives. Therefore good risk management will assist the Council in delivering its services and achieving its priorities.

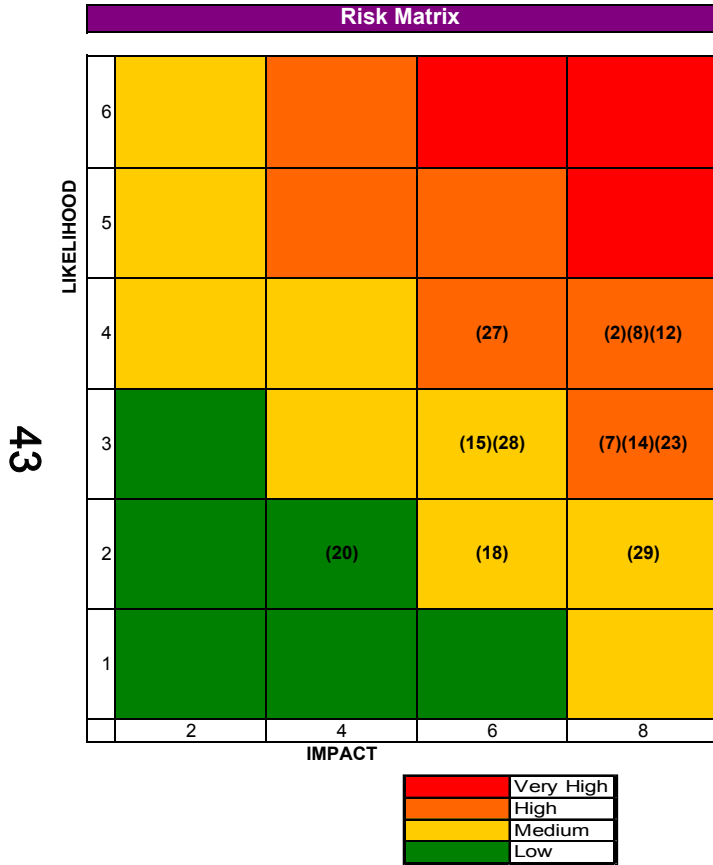
List of Background Papers

Previous Corporate Risk Register papers to Audit Committee Enterprise Risk Management Strategy and Policy
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Contact Julie Holland	Service Governance and Improvement Services
Telephone No 0118 974 6630	Email Julie.Holland@wokingham.gov.uk
Date 11 September 2015	Version No. V1

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CORPORATE RISK REGISTER



Risk No	Risk Description	Date of Entry
(1)	Risk of the organisation not buying into a shared agenda	Removed - May 12
(2)	Risk of inability to match supply and demand for school places	Nov-09
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed - Sep 11
(4)	Risk of Partnership working stagnating due to changes at a national level	Removed - Jun 12
(5)	Risk of delivering a tight budget in a sustainable way	Removed - Sep 11
(6)	Risk that the savings element of Transformation does not deliver	Removed - Mar 12
(7)	Risk of serious or significant harm to a vulnerable child or young person with whom the council is working	Apr-10
(8)	Risk of serious harm or death of a vulnerable adult for whom the Borough has a responsibility for	Apr-10
(9)	Risk of Transformation drawing focus and resource away from the 'day job'	Removed - Mar 12
(10)	Risk that a business continuity incident occurs and the organisation fails to respond effectively	Removed - Jan 13
(11)	Risk of the loss of critical data and the impact on service delivery	Removed - Sep 11
(12)	Risk that essential transport infrastructure needs a significant short term investment for repairs	Nov-09
(13)	Risk that the benefits and outcomes of the transformed organisation are not understood by key stakeholders	Removed - Mar 12
(14)	Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning	Aug-14
(15)	Risk of proposed changes to services, policies or contracts becoming subject to Judicial Review	Mar-11
(16)	Risk of potential loss of economies of scale from the use of alternative delivery vehicles	Removed - Sep 12
(17)	Risk of a residential care home provider failing leading to potential harm/ death of residents	Removed - Jan 12
(18)	Risk of a significant fine and reputational damage due to loss of confidential/ sensitive data	Sep-11
(19)	Risk that infrastructure requested by the council will not be provided	Removed - May 15
(20)	Risk that the council does not have buy-in to successfully implement the corporate vision and priorities	May-12
(21)	Risk that changes to the Standards regime cause confusion over statutory requirements	Removed - Jan 13
(22)	Risk that the public health transition fails	Removed - Jan 13
(23)	Risk of Health and Safety Failure Leading to Death or Serious Injury	Sep-12
(24)	Risk of challenge regarding delegated Executive decisions	Removed - Jun 13
(25)	Risk that a decision regarding the changes to decision making is not reached	Removed - Jul 14
(26)	Risk that Change and Improvement does not deliver intended outcomes	Removed - Sep 14
(27)	Risk of failure of Health and/or Social Care system	Sep-13
(28)	Risk that Council is unable to cope with increased burdens associated with the Social Care Act	Sep-14
(29)	Risk of a disruption to services and internal business	May-15

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Risk Register for:	Corporate Risk Register	Previous Review	01/06/15	Updated on	03/09/2015
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Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
45 <u>(2)</u>	<p>Rising local population and demographic change exacerbated by uncertain additional numbers of children realised through new build results in a risk to ensuring sufficient places near parents' homes. There are sufficient places in 14/15 and current projects to add further capacity in 15/16. Thereafter, there are two risks:</p> <p>(1) the possibility of free schools outside the strategic planning framework;</p> <p>(2) the availability of infrastructure contributions from developers to meet basic need requirements (and availability of identified school sites for larger developments) The cost of new academies and possibly free schools on the DSG is high in comparison to our own schools and places a risk to the security of funding to other schools and central services from the DSG.</p>	<p>Insufficient places, Reputation damage, Quality of education affected, Resources lost to council due to development of free schools /academies, impact on family stress if children not educated locally/split siblings. Impact on road congestion, Infrastructure affected, Perceived as less attractive place, Increased demand for transport and associated cost pressures</p>	JR	CHT	H	Active development of new Arborfield secondary school
	<p><i>Risk of inadequate infrastructure and capacity, along with the associated effect on learning and achievement.</i></p> <p><i>Risk of excess provision created by the creation of academies and free schools.</i></p>		Risk Appetite	Direction of Travel		L

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(7)	WBC has a duty to care for the needs of, and to provide safeguarding services for the most vulnerable children and young people in the Borough. The changing economic circumstance needs careful consideration and monitoring in order to ensure that there is minimal impact on the management of this risk.	Avoidable harm to a vulnerable child, Damage to reputation, Litigation, Low staff morale - loss of staff, unstable workforce - poor outcome for children, unmanageable budget., Recruitment and retention problems, Removal of senior managers and impact on continuity of delivery for children and families, Impact of being judged inadequate by Ofsted could lead to statutory/government intervention.	Officer Lead	Executive Lead	H	Ongoing improvements to internal quality assurance activity.
	JR		CHT	Risk Appetite		Direction of Travel
	<i>A failure to follow procedures, equip the workforce with the right skills and training, or to deliver appropriate resources or services in a timely way raises a risk of serious or significant harm to a vulnerable child or young person with whom the council is working.</i>		L	—		
(8)	WBC has a duty to care for the needs of, and to provide safeguarding services for the most vulnerable adults in the Borough. It is vital to ensure continued focus on safeguarding systems (duty, response, QA of provider sector, procedure and strategy - Safeguarding Adults Partnership Board and interagency working, workforce training) The ongoing public sector finance constraints when set against continued demographic pressures requires careful judgement to ensure essential services remain sustainable - continued pressure to hold fees may result in workforce recruitment problems and/or provider failure.	Damage to reputation, possible external intervention, litigation, low staff morale, recruitment and retention problems, removal of senior managers.	Officer Lead	Executive Lead	H	Review of Quality Assurance and professional standards commenced, led by the Director
	SR		JMS	Risk Appetite		Direction of Travel
	<i>There is a risk of failure to safeguard vulnerable adults, either through systematic failure of duty of care, or an individual failure leading to the serious harm or death of a vulnerable adult.</i>		L	—		

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(12)	Programmed and proactive investment and maintenance in infrastructure has been deferred and affected by the current financial situation. This is potentially a risk with regard to highways infrastructure. <i>Risk that repair on bridge / road needs a significant short term investment.</i>	Impact on transport infrastructure, possible health and safety issues, traffic Problems, adverse publicity / reputation damage, serious injuries or death's, significant financial cost, financial impact on other areas of council.	Officer Lead	Executive Lead	H	Works planned for Loddon Flyover.
			HT	JK		Advanced protection of parapets at railway crossings to be reviewed.
			Risk Appetite	Direction of Travel		Formalised program of inspections
			M	—		Forward plan of capital works
(14)	The Council has significant investment aspirations including Strategic Development Locations (SDL's), Town Centre Regeneration, school rebuilds and housing provision. This is in the context of limited resources and a complex funding source. The Council needs to ensure it guards against any unmet critical needs and prioritise its aspirations over the long term. <i>Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning</i>	Insufficient school places, Financial shortfall, Negative PR, Loss of rental income, Scheme slippage / downsizing,	Officer Lead	Executive Lead	H	A project planned to make best use of Council's assets.
			GE	AP		Meeting the Council's strategic capital requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan.
			Risk Appetite	Direction of Travel		Resource planning for Strategic Development Locations (SDL) infrastructure needs.
			H	—		

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(15)	Proposed changes to council service delivery, policies or contracts become subject to Judicial Review by interest groups such as parish councils, county councils, residents groups, developers and landowners etc.	The degree of influence that the council can exert over corporate proposals is reduced leading to poor quality & undesirable outcomes, financial cost and staff time required to defend actions becomes unsustainable, reputational damage, delays in the implementation of change.	Officer Lead	Executive Lead	M	Improved communication and joint working with Parish and Town councils. Town and Parish working group, Clerks Forum and Neighbourhood Plan support
			AC	KB		
	Risk Appetite		Direction of Travel	Improved community engagement - SDL Forums regularly meeting - interest groups, residents and developers.		
	L		—			
<i>Proposed changes to services, policies or contracts are quashed or set aside which reduces the influence the council can exert over corporately important projects.</i>						
(18)	The Council holds information of a confidential and sensitive nature. There have been past breaches of information security and it is an area under intensive scrutiny from the Information Commissioner. The primary risk is likely to concern paper based documents.	Imposition of a substantial fine, reputational damage/ bad media coverage, breach of contract and payment of damages, loss of future business, increased number of complaints, loss of trust from partner organisations/contractors.,	Officer Lead	Executive Lead	M	Continuing IGG programme of work & SIRO updates to CLT
			GE	PJ		
	Risk Appetite		Direction of Travel			
	L		—			
<i>Loss of confidential or sensitive data, leading to a significant fine and reputational damage for the council, with a potentially damaging impact on the resident/ customer to which the information relates.</i>						

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(20)	<p>There needs to be clarity and agreement on how the vision and priorities will be interpreted and delivered. The vision and priorities need to be articulated through the corporate and service plans. The service and resource planning is being redesigned so it will align to the vision and priorities of the council enabling us to deliver on our priorities.</p> <p><i>The council does not deliver its vision and priorities.</i></p>	<p>Organisational dissonance, disharmony across organisation, lack of clarity, different objectives / targets, delivery affected, fall behind neighbours, non-compliance with legislation.</p>	Officer Lead	Executive Lead	L	<p>Following Council approval of the Council Plan this will inform Service Plans for each area.</p>
			AC	KB		
			Risk Appetite	Direction of Travel		
			L	—		

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(23)	If the council fails to protect the health and safety of its employees and other persons who come into contact with the services provided by the authority there is a risk of serious injury or death.	Unlimited fine, Custodial Sentence, Publicity Order (Corporate Manslaughter only), Remedial Order (Corporate Manslaughter and HSWA), Removal of key staff, Reputational damage, Service delivery loss due to depleted resources, Damage to individuals wellbeing, An avoidable death or injury.	Officer Lead	Executive Lead	H	Annual historical benchmarking review of all Corporate Manslaughter and relevant Health and Safety cases in order to identify the key risk areas
	AC		KB	Health and Safety staff to attend the Risk Management Group in order to strengthen the link between both practices		
			Risk Appetite	Direction of Travel		Risk Champions to facilitate the creation of Health and Safety risks on all Service Risk Registers
	<i>There is a risk that a health and safety failing could result in an intervention by a relevant enforcement agency and potential enforcement action or conviction.</i>		L	—		Health and Safety training to be included in the Management Induction Programme for all new managers
						Training for managers and staff who procure and manage contracts to ensure that the Council as a client discharges its H&S duties.
						#REF!
(27)	Degree and scale of change to the health and social care system will destabilise or cause wholesale system failure. Health and social care integration requires complex changes to pathways, accountabilities and funding - risk to governance and systems in the migration (e.g. patient/client information, lack of clarity as to case management responsibility and agency response). Changes to Better Care Fund performance criteria could lead to unfunded liabilities for the council. Push to shift health care to community base and be less dependent on in-patient acute care could lead to additional pressure on social care budgets that might not be adequately compensated by savings, either because savings are targetted to community health services, acute services, or not realised.	Poor service in health and social care systems, negative impact on population health, more costly interventions required, failure to meet legal responsibilities, reputational damage.	Officer Lead	Executive Lead	H	Local health and care integration project.
	SR		JMS			
			Risk Appetite	Direction of Travel		
	<i>Risk of failure of local health and/or social care system such that residents receive inadequate or unsafe response.</i>		L	—		
	<i>Unsustainable additional financial pressure on adult social care budgets</i>					

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(28)	<p>The Care Act 2014 introduces profound and far reaching new duties on Local Authorities with regard to the wellbeing of the whole resident population, including from April 2015: -</p> <ul style="list-style-type: none"> - information, advice and practical support to all residents regardless of means - assessing all qualifying need, whether or not currently met through informal care - assessing carer need within a much broader definition of 'carer' and making arrangements to meet qualifying need <p>From April 2016: -</p> <ul style="list-style-type: none"> - funding support to any person who has expended £72000 on his/her care arrangements regardless of means - Eligibility assessment and setting up of Individual Care Accounts to determine when any individual reaches the £72k care cap <p><i>The scale of the new duties and the systems required to support them pose a risk that the council will fail to meet demand. The uncertainty with regard to the cost of the reforms and the degree to which government will fund them places the council at risk of unsustainable budgetary pressures</i></p>	<p>Failure to meet new duties/demand, Unsustainable budget pressure, Reputational damage., Inability to recruit/retain assessment staff.</p>	Officer Lead	Executive Lead	M	Local Care Act implementation programme
			SR	JMS		Challenge to DoH funding determination
			Risk Appetite	Direction of Travel		15/16 funding gap met from additional contribution via BCF, adult social care baseline growth and reserves
			L	—		
(29)	<p>The Council ICT is provided by Northgate Information Systems and the contract reaches a break point in Dec 2015. The Council intention is to have a new solution for ICT supply, a mix of private sector providers and in house provision. The plans for this Mixed Economy solution are well advanced and are of good quality but it is not possible to absolutely guarantee implementation without some consequences at this stage.</p> <p><i>If plans fail then the Council risks severe disruption to services and internal business.</i></p>	<p>Interruption of services, Inability to complete internal functions such as payments, Need to expend resources to carry out remedial action, Need to pay suppliers for emergency ICT services, Damage to reputation.</p>	Officer Lead	Executive Lead	M	Contained with project plans
			GE	PJ		
			Risk Appetite	Direction of Travel		
			L	—		

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TITLE	Internal Audit and Investigation Progress Report to August 2015
FOR CONSIDERATION BY	Audit Committee on 28 September 2015
WARD	None Specific
DIRECTOR	Catherine Hickman, Service Manager – Shared Audit & Investigation Service (and Head of Internal Audit)

OUTCOME / BENEFITS TO THE COMMUNITY

The Internal Audit and Investigations Progress Report details the work of the team from the 1 April 2015 and 31 August 2015. This is an update on the progress towards the formation of the Head of Internal Audit opinion which forms part of the Annual Governance Statement. It provides assurance through the Audit Committee to Council and the wider public that the Council is managing its key risks and identifies any weaknesses identified in the governance, risk management and internal control environment. This assurance supports the Council in the achievement of its vision, priorities, principles and objectives and provides for better and improved outcomes for our residents.

RECOMMENDATION

The Audit Committee is asked to note the Shared Internal Audit and Investigation Progress Report (attached)

SUMMARY OF REPORT

The report summarises the work completed by Internal Audit and Investigations during the period and enables the Committee to discharge its oversight function in relation to these activities.

The report provides the opportunity for the Service Manager, Shared Audit and Investigation Service to provide details of the work undertaken this financial year and highlight any areas of weakness the Committee should be aware of.

Background

This progress report fulfils two functions for the Audit Committee:

- It enables the committee to hold the Service Manager, Audit and Investigation Service to account for the performance of internal audit and investigations.
- It facilitates the Audit Committee in holding management to account for managing weaknesses identified during the course of internal audit and investigation activities.

Analysis of Issues

The Committee should ensure that it receives the coverage, performance and results of Internal Audit and Investigation activity and any other appropriate additional assurances.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A

Other financial information relevant to the Recommendation/Decision

Not applicable

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

Not applicable

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

None

Contact: Catherine Hickman	Service: Service Manager - Shared Audit and Investigation Service.
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Date 7 th September 2015	Version No. v1

Shared Audit & Investigation Service
Wokingham Borough Council Performance Report
2015/16 to 31 August 2015
CLT 8 September 2015

2015/16 Interim Progress Report (to 31 August 2015)

Introduction

This report summarises the work of the Shared Audit & Investigation Service to 31 August 2015.

Internal Audit

Performance against Audit Plan to 31 August 2015

Appendix A(l) presents progress made against the 2015/16 Internal Audit Plan to 31 August 2015. At the end of August 2015 progress on the plan was slow mainly due to a number of audits were deferred to later in the year at the request of management. The flexibility and resilience of the Shared Audit and Investigation Service (SAIS) has enabled resources to be deployed elsewhere to enable the channelling of required resources to the deferred audit reviews later in the year at WBC.

- Based on audits undertaken up to the end of August of this year, assurances can be given that most key controls are in place and are operating effectively, with the majority of residual risks being reduced to an acceptable level and reported findings being predominately of a medium impact. Where appropriate, managers have revisited their controls to ensure they are sufficiently robust and operating as described.

- Contingency days to date have been spent on unplanned work requested by management in the following area: Schools Admissions.

Development of New Systems / Special Projects

- Internal Audit has attended the Information Governance Group to advise on information security and governance issues. Progress has been made on Information Asset Register and the deletion of data. The group has been working on the management action resulting from the Information Commissioners Office's (ICO) Information Risk Review.

Advice on Demand

- Internal audit has been requested to provide a view on how to deal with legacy debts in Housing Rents. This will help ensure that there is a clear audit trail for these following the move to Northgate Rents system.
- Internal audit has been requested to provide advice related to the robustness of controls over receipting of goods in WISER.
- Internal audit has been requested to analyse data in relation to the number of cheques issued by WBC.

Plan completion

- 80% of audits planned to start up to end of August 2015 have done so.

Other information

- Internal audit has successfully recruited two part time staff to replace an existing full time vacancy at auditor level.
- We have had exam success with one of the team successfully completed their Certified Practitioner of the Institute of Internal Auditors (CPIIA) studies and a member of the team completed their first two exams out of five for the CPIIA level.

Investigations

- The investigations team performance up to the end of August 2015 covers the financial savings in the following areas:

Area of work	August 2015	15/16 total
Council Tax Reduction Scheme (CTRS)	£1,052	£1,052
Council Tax - discount/exemption	£0	£0
NNDR - discount/exemption	£0	£0
Social Care/Direct Payments	£179,349	£179,349
Procurement	£0	£0
Housing	£18,000	£18,000
Other	£1,283	£1,283
Total	£199,684	£199,684

- The social care/direct payment relates to a single case. After a long and complex investigation we have been able to prove that an individual had been in receipt of a personal budget to which they were not entitled since 2004. A civil case is being prepared by legal.
- There are 71 CTRS ongoing investigations in WBC.
- The investigations team conduct a range of other investigations. There is one ongoing Disciplinary investigation, one completed investigation referred by the Monitoring Officer and the team are reactively responding to any referrals of blue badge misuse.
- As well as the investigation of fraud the investigation team have a series of proactive drives to identify suspicious cases for further investigation. The table identifies the current status of the proactive fraud work.

Update on the status of Proactive Drive – Status

Area of Drive	Comments
WBC CTRS compliance	ongoing agreed new way of working
WBC Highways Infrastructure	In progress
WBC NNDR exemptions drive	Planning in progress - delivery Q3
WBC Housing Tenancy	ongoing delivery of property returns
WBC Fraud Awareness	Delivery of training to Tenant services

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SHARED AUDIT AND INVESTIGATION SERVICE			
PROGRESS OF WOKINGHAM BOROUGH COUNCIL INTERNAL AUDIT PLAN 2015/16 (to 31 August 2015)			
AUDIT TITLE	DIRECTORATE	STATUS	OPINION
<u>2014/15 Audits Carried Forward</u>			
<u>Key Financial Systems</u>			
Housing Rents	Finance & Resources	FINAL	Limited
Capital Programme (Allocation, Accounting & Budgetary Control)	Finance & Resources	FINAL	Reasonable
Council Tax & NNDR	Finance & Resources	FINAL	Reasonable
Treasury Management	Finance & Resources	FINAL	Reasonable
BACS	Finance & Resources	FINAL	Reasonable
Bank Reconciliations	Finance & Resources	FINAL	Reasonable
Main Accounting	Finance & Resources	FINAL	Reasonable
Payroll	Finance & Resources	FINAL	Reasonable
Creditors	Finance & Resources	FINAL	Reasonable
Debtors	Finance & Resources	FINAL	Limited
<u>Internal Audit Assurance Work</u>			
Corporate Governance	Cross Cutting	FINAL	Exempt
Effectiveness of Internal Audit	Cross Cutting	FINAL	Exempt
Effectiveness of Audit Committee	Cross Cutting	FINAL	Exempt
Risk Management	Cross Cutting	FINAL	Reasonable
Major Corporate Projects	Governance & Improvement	FINAL	Reasonable
<u>Risk Based Internal Reviews linked to CRR</u>			
School Place Provision - Corporate Risk 2	Children's Services	FINAL	Reasonable
Safeguarding Vulnerable Adults - Corporate Risk 8	Health & Wellbeing	FINAL	Reasonable
Safeguarding Vulnerable Children - Corporate Risk 7	Children's Services	FINAL	Reasonable
Delivery of Key Objectives - Corporate Risk 14	Finance & Resources	FINAL	Reasonable
Strategic Infrastructure Provision - Corporate Risk 19	Environment	FINAL	Reasonable
Health and Social Care Failure - Corporate Risk 27	Health & Wellbeing	FINAL	Reasonable
<u>Internal Audit Consultancy & Advisory Work</u>			
Facilitating the AGS	Cross Cutting	FINAL	Exempt
<u>2015/16 Audits</u>			
CS Health & Safety (Corporate Manslaughter)	Children's Services	DRAFT	
Procurement Cards	Finance & Resources	DRAFT	
Leisure Trust - C-Salt	Environment	DRAFT	
Judicial Review	Cross Cutting	WIP	
IT Gateway Audit	Finance & Resources	WIP	
Business Continuity Planning	Cross Cutting	WIP	
Health & Safety (Corporate Risk)	Cross Cutting	WIP	
Adult Social Care - Personal Budgets	Health & Wellbeing	WIP	
Housing Repairs and Adaptation	Health & Wellbeing	WIP	
Contract Auditing	Cross Cutting	WIP	
School Admissions	Children's Services	DRAFT	
<u>Consultancy</u>			
Waingels School	Finance & Resources	FINAL	

Audit Opinion - Legend

Outstanding	A cost effective control system is in place commensurate with the risks facing the activity. Compelling evidence is found to corroborate the conclusion that the control systems are operating as expected.
Good	A system of control is in place that is designed to assist in the achievement of service objectives. Strong evidence is available to support the conclusion that controls are operating as expected.
Reasonable	A system of control is in place that is designed to assist in the achievement of service objectives although there may be opportunities to improve controls. Some evidence is available to support the conclusion that controls are operating as expected.
Limited	A system of control is in place but omits one or more key elements from its design. Alternatively, the auditor may be unable to find any firm evidence that a system is operating as expected. There is a quantifiable risk that service objectives will not be achieved and/or a serious loss (financial or otherwise) will be suffered by the Council.
Nil	Key features of internal control are missing from the system. The effect of this is to create a strong likelihood that service objectives will not be achieved and/or a serious loss (financial or otherwise) will be suffered by the Council.
Exempt	Exempt from classification

Agenda Item 25.

TITLE	Internal Audit Charter
FOR CONSIDERATION BY	Audit Committee on 28 September 2015
WARD	None Specific
DIRECTOR	Catherine Hickman, Service Manager Shared Audit & Investigation Service (and Head of Internal Audit)

OUTCOME / BENEFITS TO THE COMMUNITY

The Internal Audit Charter describes the purpose, authority, responsibilities and other relationships of the councils' Internal Audit Service. As such it is a key document in respect to the council's internal control, risk management and corporate governance framework.

RECOMMENDATION

The Audit Committee is asked to consider and approve the Internal Audit Charter (Attached).

SUMMARY OF REPORT

This is the annual review of the Internal Audit Charter.

Background

Internal Charter sets out to communicate key information around the following areas:

- The purpose or authority of internal audit and it's definition
- The role, purpose and function of internal audit with a stress on the independence of the department to preserve objectivity
- The objectives of internal audit and the scope of the audit function
- The professional standards and ethics to be followed by the department and its employees
- Department responsibility including reference to the responsibilities retained by Council departmental management
- Audit style content and content including reference to a prepared audit protocol
- Audit resources and training
- Audit reporting

The Internal Audit Charter shall be subject to annual review and approval by the Audit Committee.

Analysis of Issues

The Internal Audit Charter provides the authority for the practice of Internal Audit in the council and is a key governance document in this respect. The Audit Committee should consider whether the Charter provides Internal Audit with the necessary authority to enable it to fulfil its responsibilities in providing independent and objective assurance to the Audit Committee.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other financial information relevant to the Recommendation/Decision

N/A

Cross-Council Implications (how does this decision impact on other Council services and priorities?)

None

Reasons for considering the report in Part 2

N/A

List of Background Papers

None

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Date 08 September 2015	Version No. 1

Wokingham Borough Council

INTERNAL AUDIT CHARTER

The Terms of Reference for the provision of the Internal Audit Service within the Shared Audit and Investigation Service at Wokingham Borough Council.

(This document revises and updates the previous Audit Charter approved by Audit Committee Reviewed annually. Last review undertaken September 2014)

INTERNAL AUDIT CHARTER

Introduction

1. The purpose of this Audit Charter is to set out the Terms of Reference for the provision of the Internal Audit Service within the Wokingham Borough Council. The Charter is reviewed on an annual basis to ensure that current needs are met. The latest review was undertaken in September 2015 and demonstrates how the Internal Audit Service complies with the Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013.

Authority

2. The Local Government Accounts and Audit Regulations 2015 requires every local authority to undertake effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
3. Under S151 of the Local Government Finance Act 1972, the S151 Officer is responsible for ensuring that proper arrangements exist for the management of the Council's financial affairs. Reliance upon Internal Audit is fundamental to the fulfilment of that responsibility.

Definition of Internal Auditing

4. In accordance with the PSIAS Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Role, Purpose and Function

5. The Internal Audit Service is delivered by the Shared Audit and Investigation Service (SAIS) a shared service between Wokingham Borough Council (WBC) and Royal Borough of Windsor and Maidenhead (RBWM) hosted by WBC. The SAIS provides Head of Internal Audit to the authority. This role is performed by the Service Manager, Shared Audit & Investigation Service
6. The Internal Audit Service provides:-
 - Senior Management and the Board with assurances on the adequacy of control within the Council's systems and activities.
 - the S151 Officer with the assurances required to discharge his statutory responsibilities.
 - a service to monitor the efficient and effective delivery of the Council's objectives.
 - evidence regarding compliance with the Council's Constitution, Corporate procedures and the Council's policies and objectives.
7. The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.
8. For the purposes of clarification, the Board for WBC is the Audit Committee and Senior Management is defined as those posts that are within the organisation at Head of Service level and above.

9. The Board is the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation.

Independence

10. The main determinant of the effectiveness of Internal Audit is that it is seen to be independent. To ensure this, Internal Audit operates within a framework that allows:-
- unrestricted access to the Head of Paid Service and Senior Management.
 - unrestricted access to Council Members reporting to Members.
 - reporting to Council Members
 - segregation from operations.
11. Every effort is made to preserve objectivity by ensuring that all audit members of staff are free from any conflicts of interest with regard to both audit and non audit activities.

Objectives of Internal Audit

12. As an independent appraisal function within the Council, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:
- Ensure compliance with the Accounts and Audit Regulations (England) Regulations 2015.
 - Deliver an annual internal audit opinion on the strength of the Council's governance arrangements and control environment and contribute towards the production of the Annual Internal Audit Report and the Annual Governance Statement.
 - Support managers with the management of risk including: -
 - In the delivery of services
 - Protection of assets from loss
 - Maintaining the reputation of the Council
 - Protecting the organisation from litigation
 - Meeting statutory obligations
 - Meeting corporate objectives
 - Being aware of environmental implications
 - Being alert to the risk of fraud or irregularity
 - Contingency planning
 - Provide managers with support and advice to encourage consultation and the adoption of best practice.
 - Perform testing of key systems to inform the work of the External Auditors.
 - Undertake projects to meet the current concerns of the Audit Committee, Head of Paid Service, Directors, Heads of Service, the Section 151 Officer and Monitoring Officer.
 - Undertake an annual review of the effectiveness of the Council's system of internal audit, required under the Public Sector Internal Audit Standards. The Service Manager, Shared Audit & Investigation Service arranges this work and the outcomes are presented to the Audit Committee.
 - Assist management with the provision of Consultancy work where appropriate, e.g. in the preparation for inspections, to implement best practice.

Scope of Internal Audit

13. The scope of Internal Audit allows for unrestricted coverage of the Council's activities and unrestricted access to all records (both electronic or otherwise), assets, personnel and premises and for obtaining such information and explanations it considers necessary to fulfil its responsibilities. These rights of access also apply to the Council's partner organisations and contractors.
14. In addition, Internal Audit, has unrestricted access to Members, the Head of Paid Service, Directors, Heads of Service, all other council employees, External Audit, suppliers and contractors.
15. Internal Audit work covers all systems and activities in all directorates and locations throughout the Council.

Professional Standards and Ethics

16. The Service Manager, Shared Audit and Investigations Service has adopted the mandatory Public Sector Internal Audit Standards (PSIAS) which applies the IIA International Standards to the UK Public Sector. The objectives of these Standards are to;
 - Define the nature of internal auditing within the UK public sector
 - Set basic principles for carrying out internal audit in the UK public sector
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
17. All Internal Auditors will conform to the IIA's Code of Ethics and rules of conduct and the requirements of any other professional bodies for which they are a member. Internal Auditors also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life* ("Nolan Principles").
18. Instances of non-conformance to the PSIAS will be reported to the board (Audit Committee). More significant deviations for inclusion in the Annual Governance Statement.
19. Any offers of gifts or hospitality will be reported to the Service Manager Shared Audit & Investigation Service and an appropriate record made in accordance with the Council's gift and hospitality policy. Auditors must avoid the perception of any impairment to their objectivity and independence.

Responsibility

20. Internal Audit has no executive responsibility for the Council's systems of internal control other than an appraisal of their effectiveness with regard to Council objectives.
21. Internal Audit is not an extension of, or a substitute for, the functions of management. Responsibility for internal control rests fully with line managers, who should ensure that arrangements are appropriate and adequate. It is for management to address Internal Audit concerns or to accept the risk resulting from not taking action. However, it is the Shared Audit and Investigation Service responsibility to consider taking matters to higher levels of management or to Council Members if it is felt that the risk should not (or need not) be borne.

22. The internal auditor should have regard to the possibility of such malpractice and should seek to identify serious defects in internal control, which might permit the occurrence of such an event.
23. An internal auditor who discovers evidence of, or suspects, malpractice should report, through the Service Manager, Shared Audit and Investigation Service, firm evidence, or reasonable suspicions, to the appropriate level of management. It is a management responsibility to determine what further action to take.
24. The Service Manager Shared Audit & Investigation Service will use information from fraud activities to inform the annual audit opinion and the risk-based plan.
25. The Service Manager Shared Audit & Investigation Service will manage any conflict of interest from non-audit activities and details of these will be provided to the Audit Committee. This includes any advisory and non-audit services that SAIS provides to management.

Audit Style and Content

26. The primary task of Internal Audit is to review the systems of internal control operating throughout the Council and in doing this will adopt a predominantly risk-based approach to audit, aligned to the WBC Risk Register.
27. The Service Manager Shared Audit & Investigation Service will be required to manage the provision of a complete internal audit service to the Council which will include risk based compliance, computer and contract audit and in discharging this duty, the Service Manager, Shared Audit and Investigation will:
 - prepare an annual risk-based audit plan in consultation with the Head of Paid Service, Section 151 Officer, Directors, Heads of Service, client managers and External Audit for formal endorsement by the Audit Committee. This Plan will be regarded as flexible rather than as an immutable expression of audit policy.
 - ensure that current entries in the WBC Risk Register are reflected and included in the Audit Plan on a rolling basis and any significant changes to the Audit Plan to be brought to the attention of the Board.
 - ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure and a standardisation of documentation, as there may occasionally be a requirement to provide working papers, where requested.
 - ensure a system of computer audit within the Council is implemented and maintained.

Audit Resources and Training

28. Internal Audit resource will be determined by Members in consultation with the S151 Officer in order to enable him to discharge his statutory duties and will reflect the corporate needs of the Council. Resources will also reflect requirements needed to allow the S151 Officer to discharge his obligations. The Service Manager Shared Audit & Investigation Service must ensure that the internal audit function has appropriate resources in order to meet its objectives and to comply with the United Kingdom Public Sector Internal Audit Standards.

29. The staffing structure of the Service will comprise of suitably qualified posts with a mix of professional specialisms and skills to reflect the varied functions of the Service and the need to evaluate the efficiency and effectiveness of the complex range of processes undertaken by WBC. The Service Manager Shared Audit & Investigation Service will arrange, as and when necessary and/or if such specialisms cannot be provided in-house, for such expertise to be provided by external providers.
30. The Service Manager Shared Audit & Investigation Service will carry out a continuous review of the development and training needs of all audit personnel and will arrange appropriate in-service training. Internal Auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence.
31. All Internal Audit staff will receive an annual appraisal.

Audit Reporting

32. The Service Manager Shared Audit & Investigation Service reports directly to the Head of Governance and Improvement and shall reserve the right to report directly to the Head of Paid Service on any matters of concern.
33. Timely reporting is a key part of Internal Audit and reporting takes place: -
 - a. To the responsible Director, Head of Service and Unit/Service Manager/Head Teacher at the conclusion of each audit review setting out an overall opinion and the main concerns.
 - b. To the Chief Executive and External Audit at the conclusion of each audit review (School's audits are issued to the Chair of Governors).
 - c. To the Audit Committee on a quarterly and on an annual basis and to the CLT on a regular basis, reporting progress against the Audit Plan, summarising the outcome of audit reviews, to highlight where management have not responded to audit concerns, to identify the progress made by management in implementing the treatment of concerns and to emphasise any other key issues.
 - d. The annual report to the Audit Committee will also include an overall opinion on the strength of the governance arrangements and control environment (which will also contribute towards the production of the Annual Governance Statement) and a review of the Effectiveness of the system of Internal Audit, as required by the Accounts and Audit Regulations (England) Regulations 2015.

**WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME –
2015/16 MUNICIPAL YEAR**

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Tuesday 8 December 2015	1.	External Audit Annual Audit Letter 2013/14	Ernst & Young
	2.	Treasury Management Mid-Year Report 2015/16	Graham Ebers, Director of Resources
	3.	Shared Audit and Investigation Service Progress Report	Shared Audit and Investigation Service
	4.	Corporate Risk Register Update	Business Improvement
	5.	Enterprise Risk Management Policy and Guidance	Shared Audit and Investigation Service
	6.	Retrospective Purchase Orders	Rob Stubbs, Head of Finance

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 10 February 2016	1.	Certification of Claims and Returns – Annual Report 2014/15	Ernst & Young
	2.	Treasury Management Strategy 2016/17	Graham Ebers, Director of Resources
	3.	Corporate Risk Register Update	Business Improvement
	4.	Internal Audit Plan & Strategy Refresh 2016/17	Shared Audit and Investigation Service
	5.	Shared Audit and Investigation Service Progress Report	Shared Audit and Investigation Service
	6.	Retrospective Purchase Orders	Rob Stubbs, Head of Finance

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