

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 5 DECEMBER 2016 FROM 7.00 PM TO 8.30 PM**

**Committee Members Present**

Councillors: David Lee (Chairman), Norman Jorgensen (Vice-Chairman), Prue Bray, David Chopping and Oliver Whittle

**Also Present**

Madeleine Shopland, Principal Democratic Services Officer  
Sheldon Hall, Senior Auditor  
Catherine Hickman, Service Manager Shared Audit & Investigation Service  
Martin Jones, Planning Accountant  
Andrew Moulton, Head of Governance and Improvement Services  
John Ogden, Head of Finance  
Stuart Rowbotham, Director of Health and Wellbeing  
Michael Bateman, Customer Relations Officer  
Janet Day, Complaints Officer – Children’s Services

**29. APOLOGIES**

Apologies for absence were submitted from Councillor Charles Margetts, Adrian Balmer (Ernst & Young) and Helen Thompson (Ernst & Young).

**30. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 28 September 2016 were confirmed as a correct record and signed by the Chairman.

The Head of Finance updated the Committee on retrospective orders. Retrospective purchase orders were at 7%.

Councillor Lee requested that the information provided regarding the retention and recruitment of social workers be resent to Committee members.

Councillor Lee queried whether the possible impact of Equity Release Schemes on the amount individuals could fund their care, had been considered. The Director of Health and Wellbeing commented that this was not likely to be a large issue in the Borough.

**31. DECLARATION OF INTEREST**

There were no declarations of interest submitted.

**32. PUBLIC QUESTION TIME**

There were no Public questions.

**33. MEMBER QUESTION TIME**

There were no Member questions.

**34. EXTERNAL AUDIT ANNUAL AUDIT LETTER 2015/16**

The Committee considered the External Audit Annual Audit Letter 2015/16.

It was noted that the deadline for preparing the financial statements in future would be moving forward. Audit Committee meetings would be scheduled around this change.

**RESOLVED:** That the External Audit Annual Audit Letter 2015/16 be noted.

**35. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOKINGHAM BOROUGH COUNCIL**

The Committee considered the Independent Auditor's Report to the Members of Wokingham Borough Council.

**RESOLVED:** That the Independent Auditor's Report to the Members of Wokingham Borough Council be noted.

**36. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

Members received the Local Government Audit Committee Briefing.

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

- Councillor Whittle questioned when the clawback proposal for public sector payoffs would come into effect. The Director of Health and Wellbeing indicated that these provisions were being deferred.
- In response to a question regarding business rate collection, the Head of Finance commented that Wokingham had a higher than average collection rate.
- With regards to reporting on gender pay gap, the Service Manager Business Improvement would be asked to consider whether this needed to be included in the Corporate Risk Register
- It was suggested that the Leader and Chief Executive be sent copies of the Local Government Audit Committee briefings for information.

**RESOLVED:** That the Local Government Audit Committee Briefing be noted.

**37. CORPORATE COMPLAINTS UPDATE**

The Committee received the Corporate Complaints update.

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

- Between Q1 and Q2 14 corporate complaints were resolved at early resolution. 39 Stage 1 corporate complaints had been received, of which 7 had been escalated to Stage 2. 18 Children's Services Social Care complaints had been received, 2 of which were out of scope. 8 complaints had been received via the Local Government Ombudsman (LGO) or the Housing Ombudsman (HO). The majority of the complaints escalated to the HO or the LGO related to school transport appeals.
- Environment and Health and Wellbeing had had the highest number of complaints.
- Processes and decisions were the most common cause of complaints.
- With regards to Children's Social Care complaints, the Complaints Officer – Children's Services explained that there were more stages in the complaints resolution process and that it was a statutory process. She took Members through a summary of complaints during Q1 and 2. No complaints had been escalated to Stages 2 or 3 in 2016.
- The Customer Relations Officer clarified that there had been amendments to the corporate complaints process that year by the introduction of an early resolution stage.

- The Complaints Officer – Children’s Services commented that there had been no overall increase in the number of Children’s Services Social Care complaints from the previous year.
- Councillor Bray questioned how persistent complainants were identified and dealt with. The Complaints Officer – Children’s Services stated that officers tried to work with people so that they did not become vexatious but that they may be informed that if the same complaint was raised again the correspondence would be acknowledged and filed but not responded to.
- When complaints related to staff conduct or a service which was not provided, Councillor Lee asked whether the relevant managers were informed so as to be able to help staff not repeat the mistake. He was notified that they were.
- There had been 73 formally received compliments, many of which related to the new grass cutting policy.
- Councillor Whittle asked how people could request for their complaint to be elevated if it was being dealt with at early resolution. The Complaints Officer - Children’s Services commented that the procedure was made clear when a response to a complaint was sent.

**RESOLVED:** That the Corporate Complaints update be noted.

### **38. GOVERNANCE ARRANGEMENTS FOR THE 21ST CENTURY COUNCIL PROGRAMME**

The Committee received a report regarding the governance arrangements for the 21<sup>st</sup> Century Council programme.

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

- Members were informed that the key features of the governance arrangements would be as follows:
  - Officer Programme Board chaired by the Chief Executive;
  - Member/Officer Management Group with sub groups focused on IT and Finance;
  - Existing decision making bodies such as the Executive, operated as per the Council’s Constitution;
  - A strong approach to risk management embedded in the programme at all levels.
- Councillor Bray asked why, now the business case had been approved, there was not an Opposition Member on the Member/Officer Management Group, as the 21<sup>st</sup> Century Council project was Council wide. She also expressed concern that the Sustainable Finance Group was one Member and other councillors as required, and commented that greater oversight was required. Councillor Lee agreed to feed back on this.
- The Head of Governance and Improvement Services explained that the Audit Committee would receive assurance on the governance arrangements and risk management.
- Members agreed that it was important that the Council’s IT system was successful and that Members were kept informed of any delays or issues with the implementation of the IT for the 21<sup>st</sup> century Council initiative.

**RESOVLED:** That the governance arrangements be noted.

### **39. CORPORATE RISK REGISTER REFRESH - NOVEMBER 2016**

The Director of Health and Wellbeing presented the Corporate Risk Register Refresh – November 2016.

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

- A number of changes had been made to the risk scores which were set out in the report.
- The Director of Health and Wellbeing explained the further actions to mitigate Risk 28 'Inability to cope with increased burdens associated with the change to eligibility criteria and other additional requirements of the Care Act' and agreed to make the wording clearer.
- Councillor Bray asked where the risk of IT failure sat within the Corporate Risk Register and was informed that it sat within Risk 20 'Risk that the Council, embarking on a major change programme, the 21st Century Council, fails to maintain service delivery standards, to deliver associated savings, or to effect the change, in structures and behaviours, to deliver the vision for the new Council's operating model' and also within the relevant departmental risk register.
- In response to a Member question the Head of Finance explained why Risk 14 'Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning' had been included on the Corporate Risk Register.
- Councillor Lee commented that he wanted to see areas which had been suggested for improvement. The Director of Health and Wellbeing commented that there was also a degree of self-monitoring.
- Councillor Bray asked that the colour code for the risk appetite column be amended so as to be easier to understand.
- Councillor Whittle asked why the issues around Southfield School were not included on the Corporate Risk Register and was informed that this was being managed at departmental level.

**RESOLVED:** That the Corporate Risk Register Refresh – November be noted.

### **40. RISK MANAGEMENT POLICY AND GUIDANCE**

The Risk Management Policy and Guidance was considered.

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

- The Policy and Guidance had been subject to a high level review and no changes were proposed following this review.
- In order to reduce the workloads of the Audit Committee and the Executive when there were no changes to review, it was proposed that the terms of reference of the Audit Committee be amended to read 'To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur.'

**RESOLVED:** That

1) the Enterprise Risk Management Policy and Guidance be considered.

2) it be recommended to the Constitution Review Working Group that the terms of reference of the Audit Committee be amended as set out in the report.

#### **41. TREASURY MANAGEMENT MID-YEAR REPORT 2016/17**

Members received the Treasury Management Mid-Year report 2016-17 which summarised Treasury Management operations during the first six months of 2016/17.

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

- As the capital programme had reduced so had the Council's need to borrow externally.
- In the first six months external debt did not increase as the Council had taken the opportunity to use internal funds and other sources to fund the capital programme.
- With regards to the Council's investment portfolio Members questioned how the councils the Council invested with were assessed. It was explained that officers worked with Capita and received daily credit ratings. The Council did not invest with organisations outside the country which were rated less than AAA. The Planning Accountant commented that rates had dropped since Brexit.
- In response to a Member question regarding money from Commuted Sums, the Planning Accountant indicated that this information was contained in a separate document. The Capital Strategy would be presented at the Committee's February meeting.
- With regards to the Housing Revenue Fund loan portfolio, Members questioned why some loans were until 2077. The Head of Finance commented that the Council tried to match the loan to the lifespan of the asset where necessary. Also, a phased return on investments was preferred. The Planning Accountant informed Members that Capita and officers assessed whether taking out a new loan would give a greater return.

**RESOLVED:** That

- 1) the Treasury Management Mid-Year Report 2016-17 be noted.
- 2) the actual prudential indicators within the report be noted.
- 3) the report be recommended to Council for approval.

#### **42. INTERNAL AUDIT AND INVESTIGATION Q2 PROGRESS REPORT**

The Committee received the Internal Audit and Investigation Q2 Progress Report which detailed work from 1 April 2016 to 30 September 2016.

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

- The content of the Internal Audit Plan had been revised in light of the 21st century Council initiative. Five audits had been deferred.
- There had been no audit reviews which had received the third audit opinion category "Range of Risk Mitigation Controls is incomplete and risks are not effectively Mitigated" or the fourth audit opinion category "There is no effective risk management process in place" that had been completed to Final Report stage during quarter 2.
- Councillor Whittle questioned why the Housing Rents audit was still in draft and was informed that a target date for a counter measure was still awaited but that the audit was near completion.

- The Investigations Team performance up to the end of September 2016 was comprised of £17,177 actual overpayments that were potentially recoverable and £20,500 of notional savings which were the value placed on the fraud by the “Fighting Fraud and Corruption Locally” publication issued by the CIPFA Counter Fraud Centre and “Protecting the Public Purse.”

**RESOLVED:** That the Internal Audit and Investigation Progress report as set out in Appendix A to the report be noted.

#### **43. 2016/17 REVISED INTERNAL AUDIT PLAN**

Members received the 2016/17 revised Internal Audit Plan.

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

- Members were informed that the content of the 2016/17 Internal Audit Plan had been reviewed in light of work being undertaken in respect of the Council’s 21st Century Council initiative and the impact it would have on the originally agreed 2016/17 Internal Audit Plan.
- It was also noted that audit resource had been seconded to the 21st Century Council programme which would have some impact on the delivery of the Internal Audit Plan.
- Members noted audits which had been removed from the original plan and also where the number of audit days had increased or decreased.
- Councillor Bray asked what the audit of the 21<sup>st</sup> Century Council initiative would include and was informed that it was likely to cover aspects such as governance, financial status and risk management.

**RESOLVED:** That the amendments to the 2016/17 Internal Audit Plan in the light of 21st Century Council developments and discussions at CLT on 13 September 2016, be approved.

#### **44. AUDITOR APPOINTMENT 2018/19**

The Committee received a report regarding the Auditor Appointment 2018/19.

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

- The report set out the pros and cons of the two options for appointing the Council’s auditors for the five years commencing for the audit of the authority’s 2018/19 annual accounts.
- Option A proposed that the Council opt into the Public Sector Audit Appointments (PSAA) process. Under Option B if the Council did not opt into the PSAA process an independent auditor panel would need to be established either independently or in conjunction with other authorities.
- It was noted that some of the other Berkshire authorities such as Slough had already opted into the PSAA process.
- Members agreed that Option A was the preferred option.

**RESOLVED:** That it be recommended to Council that Option A, as set out in the report, be approved i.e. opting into the Public Sector Audit Appointment process.

#### **45. FORWARD PROGRAMME 2016-17**

The Committee considered the Forward Programme for the remainder of the municipal year.

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

- Members requested that Ernst & Young provide a report on the Value for Money profiles at the Committee's February meeting.
- Councillor Whittle had previously expressed concern regarding procurement. It was noted that the Community and Corporate Overview and Scrutiny Committee would be reviewing the impact of the new procurement regulations at a future meeting. It was suggested that Audit Committee members be invited to this meeting.
- Councillor Lee requested that it be made clear in the risk register which officers would be reviewing each risk and when.

**RESOLVED:** That the Forward Programme 2016-17 be noted.