

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 6 JUNE 2018 FROM 7.00 PM TO 8.30 PM**

Committee Members Present

Councillors: Chris Smith (Chairman), David Chopping (Vice-Chairman), Daniel Sargeant, Imogen Shepherd-DuBey and Oliver Whittle

Also Present

Madeleine Shopland, Democratic & Electoral Services Specialist

Julie Barker, Audit & Investigation Senior Specialist

Michael Bateman, Customer Relations Officer

Manjeet Gill, Interim Chief Executive

Andrew Moulton, Assistant Director Governance

Bob Watson, Lead Specialist - Finance

Helen Thompson, Ernst and Young

Malcolm Haines, Ernst and Young

1. ELECTION OF CHAIRMAN 2018/19

RESOLVED: That Councillor Chris Smith be elected Chairman for the 2018-19 municipal year.

2. APPOINTMENT OF VICE CHAIRMAN FOR 2018-19

RESOLVED: That Councillor David Chopping be appointed Vice Chairman for the 2018-19 municipal year

3. APOLOGIES

An apology for absence was received from Councillor Anthony Pollock.

4. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 7 February 2018 were confirmed as a correct record and signed by the Chairman.

5. DECLARATION OF INTEREST

There were no declarations of interest submitted.

6. PUBLIC QUESTION TIME

There were no Public questions.

7. MEMBER QUESTION TIME

There were no Member questions.

8. EXTERNAL AUDIT PROGRESS REPORT

The Committee received an update on the progress of External Audit.

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

- The external audit would be undertaken between 25 June and 20 July. The results would be considered at the Committee's meeting on 25 July.
- Payroll had been tested for months 1 to 9.
- Members were assured that although it was a compressed timescale the 31 July deadline should be achieved.

RESOLVED: That the External Audit Progress Report be noted.

9. EXTERNAL AUDIT ANNUAL FEE 2018-19

The Committee was updated on the External Audit Fee for 2018-19.

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

- For the 2018/19 financial year PSAA had set the scale fee for each audited body that had opted into its national auditor appointment scheme. Following consultation on its Work Programme and Scale of Fees, PSAA had reduced the 2018/19 scale audit fee for all opted in bodies by 23% from the fees applicable for 2017/18.
- As the audit for 2017/18 had not yet been completed, the audit planning process for 2018/19 would continue as the year progressed. Fees would be reviewed and updated as necessary.
- The indicative audit fee would be billed in four quarterly instalments of £20,331.
- Members were informed that the appointment of an auditor to certify the Council's 2018/19 housing benefit subsidy claim was not covered by the PSAA appointment.
- Councillor Smith questioned whether Ernst & Young were confident that what needed to be delivered to sign off the opinion could be achieved for the reduced fee. Helen Thompson commented that it would be challenging but deliverable. Should significant issues arise with regards to value for money, further conversations would need to be had.

RESOLVED: That the External Audit Fee 2018-19 be noted.

10. UPDATE ON COMPLAINTS AND COMPLIMENTS

The Customer Relations Officer updated the Committee on complaints and compliments.

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

- The total number of corporate complaints had remained consistent with the last 2-3 financial years.
- Stage 1 complaints received this year had increased by 8.5% compared with 2016-17, but had decreased by 9.1% in comparison with 2015-16.
- Stage 2 complaints this year had remained consistent with the volumes received in the previous two financial years.
- It was noted that between April 2017 and March 2018, 89 Stage 1 corporate complaints had been received, of which 20 had been escalated to Stage 2. 30 Children's Services Social Care Complaints had been received, of which 9 had been dealt with at early resolution, 11 were received at Stage 1 and 2 were escalated to Stage 2. 11 had been out of scope.
- In response to a question from Councillor Shepherd-DuBey, the Customer Relations Officer explained how a complaint could be escalated from Stage 1 to Stage 2.
- Councillor Whittle asked what constituted a complaint. The Customer Relations Officer explained the difference between a 'service request' and a 'complaint.'
- It was confirmed that complaints from councillors were processed in the same way as those received from residents.
- The Committee asked who decided whether a matter was a complaint or not. The Customer Relations Officer commented that it could depend on how the enquiry

was received. He would liaise with the relevant service area. The Committee asked whether there was a policy document on how such decisions were made.

- Councillor Whittle questioned whether the number of complaints overall was decreasing. The Customer Relations Officer reiterated that the number of complaints compared to the total interactions, was very low.
- Members asked about the impact of the 21st century council programme and was informed that there was greater input from customer services in resolving issues as the first point of contact.
- It was noted that 10 complaints had been escalated to the Local Government Ombudsman/Housing Ombudsman. 1 had been upheld, which had related to a school transport appeal, 3 had been partially upheld and 6 had not been upheld.

RESOLVED: That the update on complaints and compliments be noted.

11. TREASURY MANAGEMENT OUTTURN 2017-18

The Lead Specialist Finance presented the Treasury Management Outturn Report 2017-18 which detailed the Treasury Management operations during 2017/18.

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

- It was noted that the Council had adhered to all the agreed prudential indicators during 2017/18.
- The investment return for 2017/18 was £1.3m. The Lead Specialist Finance explained that the Council tended to restrict external investments to other local authorities. The security of the investment was of key importance.
- Councillor Whittle asked why an investment broker was used for external investments when officers could go directly to those authorities with who they may have developed a relationship who may be willing to lend. The Lead Specialist Finance commented that officers could potentially contact other known local authorities regarding investments and if this was unsuccessful, make use of a broker. The broker fee tended to be with the lending authority.
- Councillor Chopping asked about short term loans and the council owned companies.

RESOLVED: That

- 1) the Treasury Management Outturn Report 2017-18 be noted;
- 2) the actual 2017/18 prudential indicators within the report, be noted;
- 3) the report be recommended to Council for approval.

12. ANNUAL GOVERNANCE STATEMENT 2017/18

Members received the Annual Governance Statement 2017-18.

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

- The Annual Governance Statement had been produced by the Corporate Leadership Team following consideration of a number of Management Assurance Statements produced by the Directors and some Assistant Directors. These had been signed by the relevant Director and Executive Lead Member to provide accountability and assurance to the Chief Executive and Leader of the Council.

- It had been concluded that the Council's governance arrangements were fit for purpose.
- A number of exceptions had been identified. An action plan around these exceptions had been produced. Members requested an update report on the exceptions identified, in six months' time.
- Councillor Whittle commented that reference should be made to the impact on budget and resources that increasing demand in adult and children's services would have. The Assistant Director Governance commented that the Annual Governance Statement had been produced at a certain point in time. He agreed to feed the Committee's proposal back to the Corporate Leadership Team.

RESOLVED: That the Annual Governance Statement be approved prior to its inclusion in the final Statement of Accounts subject to reference being made to increasing costs in People Services as a result of increasing service demand.

13. UPDATE ON INTERNATIONAL FINANCIAL REPORTING STANDARD 15

The Committee was updated on International Financial Reporting Standard 15 (IFRS 15) by the Lead Specialist Finance.

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

- IFRS 15 provided guidance on accounting for revenue from contracts with customers.
- The Lead Specialist Finance advised that there would be some impact to the Council with regards to disclosures and contracts. However, largescale changes were not anticipated for local authorities.
- Members were informed that there would be an item regarding standards not yet adopted within the Statement of Accounts.
- An update on accounting policies would be taken to the Committee's February 2019 meeting.

RESOLVED: That the update on International Financial Reporting Standard 15 be noted.

14. EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Committee considered a report on the External Quality Assessment of Conformance to the Public Sector Internal Audit Standards.

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

- The Shared Internal Audit Service had been created in 2014. A self-assessment was completed annually.
- The Public Sector Internal Audit Standards (PSIAS) required periodic self-assessments and an assessment by an external person at least every five years.
- The overall conclusion had been that the service generally conformed to the requirements of PSIAS and the Local Government Application Note.
- The Committee noted the summary of observations, recommendations and suggestions. There had been one incident of non-compliance around the Internal Audit Charter. An updated Charter would be presented at the next Committee meeting. Members felt that it was reassuring that only one 'red' had been identified.
- Members thanked the Audit and Investigation Senior Specialist and the team for their hard work.

- The Assistant Director Governance stated that the assessment would assist in the service winning further external business.
- An action plan had been produced. Councillor Smith commented that many of the proposed completion dates were July and August. He requested an update on the completion of the actions at the November committee meeting.
- Councillor Whittle questioned whether the Royal Borough of Windsor and Maidenhead Council Audit Committee would also receive the report and was informed that they would.

RESOLVED: That the results of the external assessment of the Shared Audit and Investigations against the Public Sector Internal Audit Standards, be noted.

15. INTERNAL AUDIT OF 21ST CENTURY COUNCIL PROGRAMME

The Committee was updated on the Internal Audit of the 21st Century Council Programme.

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

- The Assistant Director Governance commented that Internal Audit work had been conducted on various aspects of the 21st century council programme; governance, risk management, finance and the IT work stream programme management. This had been part of a rolling programme of audit work that would continue over the lifetime of the project.
- The Executive and Overview and Scrutiny Committees also monitored the progress of the 21st century council programme.
- An audit opinion category 2 – Substantially Complete and Generally Effective (the second highest of the four Audit Opinions) had been assigned as a result of the audit review.
- Members asked that the results of the audit be sent to the relevant Executive Member and Deputy Executive Member if not already done so.

RESOLVED: That the internal audit memorandum summarising the conclusion from the audit of the 21st Century Council programme be noted.

16. CORPORATE RISK REGISTER

The Interim Chief Executive presented the Corporate Risk Register.

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

- The Interim Chief Executive indicated that the picture was broadly the same as when she had last updated the Committee.
- Members were advised that there were risks around financial constraints.
- The 21st century council programme was discussed. Lessons had been and continued to be learnt as the programme progressed.
- With regards to People Services, demand for children and adult services was greatly increasing. This was a national problem.
- Discussions regarding efficiencies were being had with partners.
- Members questioned how the risk level was decided. The Assistant Director Governance indicated that within each Directorate there was a Directorate Risk Register which was agreed by the relevant Director in consultation with the relevant Assistant Directors and Executive Member. The Corporate Risk Register was managed by the Corporate Leadership Team in conjunction with the Executive Members.

- The Assistant Director Governance explained how risks were identified.
- The Interim Chief Executive indicated that the Corporate Risk Register would be reviewed. The Committee asked that training on risk management be provided prior to a future meeting. The Chairman requested a timetable for the review of the risk register and that the Committee be able to comment on the refreshed Corporate Risk Register. An additional committee meeting would be arranged if required.

RESOLVED: That the risks and mitigating actions of the Council's Corporate Risk Register as set out in the report, be noted.

17. ANNUAL REPORT 2017/18 - SHARED AUDIT & INVESTIGATION SERVICES

The Committee received the Annual Report 2017/18 – Shared Audit and Investigation Services.

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

- The report detailed the work of the team during 2017/18 which had also been reported on a quarterly basis.
- During the year Internal Audit had undertaken audits of key financial systems in order to complement the work of External Audit.
- The Assistant Director Governance advised Members that approximately 80% of the approved 2017-18 Internal Audit Plan had been completed and that the work outstanding was predominantly complete.
- Progress against the plan had been affected by an officer being seconded to the 21st Century Council programme and another resulting vacancy from the end of quarter one.
- Savings achieved by Investigations were noted.
- The Committee discussed the Debtor and Housing Rents audits. It was noted that a lot of work was being undertaken in these areas to make improvements, the results of which the Committee would be informed of.
- With regards to council tax collection, Councillor Whittle proposed that less time be given before non-payment was chased up.
- The Lead Specialist Finance commented that sundry debtors were now contacting those with outstanding payments by phone as well as by letter.

RESOLVED: That the 2017/18 Shared Audit and investigation Service Annual Report be noted.

18. FORWARD PROGRAMME 2018-19

The Committee considered the Forward Programme 2018-19.

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

- The Internal Audit Charter would be taken to the Committee's July meeting.
- A number of items would be taken to the Committee's November meeting:
 - Corporate Risk Register training and review;
 - Update on International Financial Reporting Standard 15;
 - Update on progress made against the exceptions identified within the Annual Governance Statement;

- Update on progress made against actions identified within the External Audit Quality Assessment of Conformance to the Public Sector Internal Audit Standards action plan.
- Changes to accounting policies would be presented at the Committee's February meeting.

RESOLVED: That the forward programme be noted.