

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 25 JULY 2018 FROM 7.00 PM TO 7.45 PM**

**Committee Members Present**

Councillors: David Chopping (Vice-Chairman, in the Chair), Daniel Sargeant and Imogen Shepherd-DuBey

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Helen Thompson, Ernst and Young  
Andrew Moulton, Assistant Director Governance  
Jonathan Ross, Senior Specialist - Finance  
Bob Watson, Lead Specialist - Finance  
Preeti Malik, Ernst & Young

**19. APOLOGIES**

Apologies for absence were submitted from Councillors Chris Smith and Oliver Whittle.

**20. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 6 June 2018 were confirmed as a correct record and signed by the Vice Chairman.

**21. DECLARATION OF INTEREST**

There were no declarations of interest submitted.

**22. PUBLIC QUESTION TIME**

There were no Public questions.

**23. MEMBER QUESTION TIME**

There were no Member questions.

**24. EXTERNAL AUDIT - AUDIT RESULTS REPORT 2017/18**

The Committee considered the External Audit – Results Report 2017/18.

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

- This year the deadline for the submission of the Financial Statements had shifted from 30 September to 31 July.
- Helen Thompson, Ernst & Young, thanked Officers within the Council and Ernst & Young for their support and hard work to help with the completion of the audit.
- The materiality levels, which had been based on the draft Financial Statements, had been updated.
- Helen Thompson updated the Committee on the status of items listed in the report as 'Outstanding Matters:'
  - Property, plant and equipment and investment property – work was nearly complete on this area. A call with the valuer would be taking place the next day;
  - Short Term Debtors and Creditors – work regarding debtors was complete and work regarding creditors was nearing completion;
  - Borrowing – this had been completed;

- Officers Remuneration and Exit Packages – work on this area had been completed;
- Annual Governance Statement – this was completed and no issues had been identified;
- Cash Flow Statement – further work would be undertaken in this area in future;
- Earmarked Reserves – the final evidence had recently been received. No issues were anticipated;
- Group Accounts – these were completed
- There was little work which remained outstanding.
- It was likely that the audit opinion would be signed off on Tuesday 31 July.
- Helen Thompson indicated that one adjustment had been identified regarding creditors. An adjustment had since been made. Jonathan Ross, Senior Specialist – Finance explained that the best estimate available had been included at the time of publication. Once it had been worked through it had been found that it had been on the capital adjustment account and not creditors. Helen Thompson confirmed that Ernst & Young were satisfied with the adjustment made.
- There was one unadjusted audit difference arising from the audit. This was in relation to IAS 19 Asset values. This was for £6.726m which was just below the materiality level. Councillor Sargeant commented that he felt that it was not necessary to request a revised actuarial valuation and that the estimate received was legitimate.
- Two other adjustments had been made which were below the reporting threshold.
- It was anticipated that an unqualified value for money conclusion would be issued. It was likely that the financial challenges facing local government and councils would be further considered in the audit for the next financial year.
- Subject to completion it was anticipated that an unqualified opinion on the Financial Statements would be issued. Following this, the External Audit – Audit Results Report 2017/18 would be updated and circulated to the Committee members.
- Councillor Chopping asked what penalties if any, Councils that missed the 31 July deadline for the submission of the financial statements would face. Helen Thompson indicated that there was no legal or financial penalties and it was more around reputational risk. The missing of the deadline would also be highlighted in a report produced by the Public Sector Audit Appointments.

**RESOLVED:** That the External Audit – Audit Results Report 2017/18 be noted.

## **25. FINANCIAL STATEMENTS 2017/18**

Jonathan Ross, the Senior Specialist –Finance took the Committee through the Financial Statements 2017/18.

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

- The draft financial statements for 2017/18 had been issued by the Chief Financial Officer on 31 May 2018 and had previously been circulated to the Audit Committee. With the external auditors' work continuing, changes had been made which had been highlighted to the Members. Further changes to the draft statements were likely until the end of the audit.
- The Financial Statements were consistent with the Outturn Report produced in May.
- Members were informed that the General Fund position remained unchanged.
- The Committee agreed that the Chairman would sign the accounts once they had been fully finalised. The Deputy S151 Officer would make any further necessary

amendments that might arise prior to this and inform Members of the Committee of any changes.

**RESOLVED:** That the Financial Statement 2017/18 and letter of representation be approved subject to authority being given the Deputy S151 Officer to make any further necessary amendments in consultation with members of the Audit Committee.

## **26. INTERNAL AUDIT CHARTER**

Members considered the Internal Audit Charter.

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

- As part of the effectiveness of internal audit external review conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) there were actions identified in relation to amending the Internal Audit Charter to bring it in line with the Public Sector Internal Audit Standards (PSIAS) that were revised in 2017.
- Andrew Moulton, Assistant Director Governance brought Members' attention to changes made:
  - Paragraph 5 – Addition of the Shared Audit and Investigation Service (SAIS) Mission Statement;
  - Para 5 – Clarification that the Assistant Director, Governance performed the Chief Audit Executive function for both Wokingham Council and the Royal Borough of Windsor and Maidenhead Council;
  - Paragraph 18 –Reference to the core principles of internal audit and other mandatory guidance and the replacement of the term 'board' with the 'Audit Committee;'
  - Paragraph 12 – Amendment of the audit charter and the audit protocol between the Shared Audit and Investigation Service and Wokingham Borough Council, to set out the potential impairment to the Chief Audit Executive's independence and objectivity from directly managing a range of services that the SAIS may review, and how and where the SAIS would report the results of audits carried out in these areas.
- Councillor Sargeant questioned why reference was not made to Internal Audit's involvement in code of conduct work. Andrew Moulton indicated that there was a separate Whistleblowing Policy and other Anti-Fraud policies which were included in the Council's Constitution. These were periodically reviewed by the Audit Committee. However, reference could also be made within the Internal Audit Charter.

**RESOLVED:** That the Internal Audit Charter, with the changes highlighted and also discussed at the meeting, be approved.

## **27. 2018/19 INTERNAL AUDIT AND INVESTIGATION Q1 PROGRESS REPORT**

Andrew Moulton, Assistant Director Governance presented the 2018/19 Internal Audit and Investigation Q1 Progress Report.

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

- There were ten audits carried forward from 2017/18, three were at final report stage and seven at draft report stage. For 2018/19 audits there were thirteen that were work in progress and there was one grant certification.

- Members were updated on the Housing Rents audit follow up work. It was noted that considerable progress had been made to address the concerns raised the previous year. However, despite the work that had been done, the audit opinion remained third of four due to the amount of debt involved and the lack of reduction since the previous audit. Bob Watson, Lead Specialist – Finance indicated that the level of rent arrears was slowly reducing. The present focus was on reducing conversions from short term to long term arrears. Members requested an update on the progress made against the Housing Rents audit and whether progress made was sustainable, at the Committee’s February meeting.

**RESOLVED:** That the 2018/19 Internal Audit and Investigation Q1 Progress Report be noted.

## **28. FORWARD PROGRAMME 2018/19**

The Committee considered the Forward Programme.

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

- Helen Thompson advised that the 2018/19 Audit Plan scheduled for the November meeting should be taken to the Committee’s February meeting.
- Andrew Moulton advised that the extraordinary meeting in September would be focusing on the Corporate Risk Register so it would not be presented at the November meeting.
- Bob Watson indicated that the Update on Financial Reporting Standard 15 would be taken to the Committee’s February meeting.
- An update on the progress made with regards to the housing rents audit work would be presented at the Committee’s February meeting.
- It was agreed that the November meeting would start at 6.30pm.

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