

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 28 SEPTEMBER 2016 FROM 7.00 PM TO 8.20 PM**

**Committee Members Present**

Councillors: David Lee (Chairman), Norman Jorgensen (Vice-Chairman), Charles Margetts and Oliver Whittle

**Also Present**

Madeleine Shopland, Principal Democratic Services Officer  
Graham Ebers, Director of Finance and Resources  
Debra Evans, Senior Financial Accountant  
Julie Holland, Service Manager Business Improvement  
John Ogden, Head of Finance  
Jonathan Ross, Group Finance Service Manager  
Adrian Balmer, Ernst & Young

**17. APOLOGIES**

Apologies for absence were submitted from Councillors David Chopping and Beth Rowland.

**18. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 15 June 2016 were confirmed as a correct record and signed by the Chairman.

**19. DECLARATION OF INTEREST**

There were no declarations of interest submitted.

**20. PUBLIC QUESTION TIME**

There were no Public questions.

**21. MEMBER QUESTION TIME**

There were no Member questions.

**22. WOKINGHAM BOROUGH COUNCIL AUDIT RESULTS REPORT - ISA (UK AND IRELAND) 260 FOR THE YEAR ENDED 31 MARCH 2016**

The Committee received the Wokingham Borough Council Audit Results Report – ISA (UK and Ireland) 260 for the year ended 31 March 2016.

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

- Materiality thresholds were discussed.
- The following audit risks were identified during the planning phase of the audit;
  - Better Care Fund;
  - IFRS 13/IPSAS 16 Valuation;
  - Risk of management override;
  - Revenue and Expenditure Recognition;
- Adrian Balmer thanked the Head of Finance and his team for their hard work.
- Members were pleased to note that there were no reportable corrected or uncorrected audit differences.
- Ernst and Young expected to conclude that the Council had put in place proper arrangements to secure value for money in its use of resources.

- Members asked how the Council's performance compared with that of other councils and how this could be evidenced. It was agreed that Ernst and Young would bring a presentation on the Value for Money profiles to the next Audit Committee.
- With regards to external confirmations, Members were informed that all requested confirmations had now been received.

**RESOLVED:** That the Wokingham Borough Council Audit Results Report – ISA (UK and Ireland) 260 for the year ended 31 March 2016 be noted.

### **23. FINANCIAL STATEMENTS 2015/16**

The Committee received the Financial Statements 2015/16.

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

- Members had been briefed previously on the draft financial statement. The Director of Finance and Resources advised that since that briefing there had been a reclassification of expenditure movements relating to three lines in the cash flow and minor typos had been corrected. The description of the purpose of Wokingham Housing Limited had also been updated. The updated sections of the accounts were circulated to Members.

**RESOLVED:** That the financial statements and letter of representation for 2015/16 be approved.

### **24. RETROSPECTIVE PURCHASE ORDERS**

The Head of Finance presented a report regarding retrospective purchase orders.

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

- Reporting for the latest month (August 2016) stood at 9%. However, some improvements could still be made.
- The use of procurement cards for low value transactions where appropriate needed be encouraged more. Members questioned how many procurement cards there were across the Council and were informed that there were 40 and that it was one card per card holder.
- In response to Member questions it was explained that the majority of the total retrospective value for Finance and Resources related to contributions to the Berkshire Pension Fund.
- Councillor Margetts questioned whether the value of retrospective purchase orders was decreasing. The Head of Finance indicated that he would come back on this.
- Members noted that the largest Retrospective Purchase Order had been valued at £257,808 and was raised against West Berkshire Council. This had related to the Trading Standards Shared Service.

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

### **25. CORPORATE RISK REGISTER UPDATE**

The Director of Finance and Resources presented the Corporate Risk Register update for September 2016.

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

- It was noted that there had been no major changes made to the Risk Register since it had last been considered by the Committee.
- The Director of Finance and Resources clarified that risks retained their reference number after other risks had been removed.
- Councillor Whittle referred to issues with Southfield School and questioned how this would be monitored and if it would be included on the Corporate Risk Register. The Director of Finance and Resources commented that if the Director of Children's Services and the Corporate Leadership Team had growing concerns they could elevate risks to the Corporate Risk Register.
- In response to a question from Councillor Whittle regarding how often the Corporate Risk Register was reviewed, the Service Manager Business Improvement explained that every quarter services were asked to review their risk register. Directorate registers which sat under the Corporate Risk Register were also reviewed by the Corporate Leadership Team. Risks could be elevated to the Corporate Risk Register and also removed from the register.
- Councillor Margetts asked about the development of risk registers for the 21st Century Council programme and who and how often would be updated on this. He was informed that Executive would be updated on a quarterly basis.
- With regards to the following existing control for Risk 7; 'Implementation of agreed recommendations from Children's Services Safeguarding internal audit and quality assurance reports', Councillor Lee questioned whether the Committee should receive a list of all external reviews.
- Councillor Lee went on to question what was being done with regards to the recruitment and retention of social workers both for children's and adults' services. The relevant Directors and Executive Members would be asked to respond to this question.
- With regards to the Care Act, 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 would be asked to respond to this question.

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

## **26. INTERNAL AUDIT AND INVESTIGATIONS Q1 PROGRESS REPORT 2015/16**

Members received the Internal Audit and Investigations Progress Report which detailed the work of the team from the 1 April 2016 to 30 June 2016.

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

- Progress on the Internal Audit Plan had been affected due to a number of audits that had been deferred to later in the year at the request of management.
- A member of the team was currently on maternity leave and temporary cover would be brought in to help with the usually busier periods of Q3 and Q4.
- In light of the 21<sup>st</sup> Century Council Project, the Service Manager – Shared Audit and Investigation Service would discuss the Internal Audit Plan with Directors to determine whether any changes were required.
- The Service Manager Business Improvement highlighted that there had been two audits during this period which had been awarded the audit opinion '3'; Capital Programme, Accounting, Finance and Resources Expenditure Monitoring and

Contract Management. Councillor Lee requested that in future if audits were given the audit opinion '3' or '4' Members be provided with information on the scope of the audit and work undertaken, for further information.

- The Service Manager Business Improvement highlighted the performance of the Investigations Team. It was noted that the line in the table titled 'Investigation Team Activity' relating to Procurement should be removed. The Team was also undertaking external work. In addition a proactive drive regarding the new homes bonus had been undertaken. It was clarified that the Council received the new Homes Bonus when the new homes were occupied.

**RESOLVED:** That the Internal Audit and Investigation Progress Report be noted.

## **27. INTERNAL AUDIT CHARTER**

The Committee received the updated Internal Audit Charter which had been amended to bring it in line with the updated Public Sector Internal Audit Standards (PSIAS). Members were informed that the Internal Audit Charter was reviewed annually and that the changes made were minor.

**RESOLVED:** That the Internal Audit Charter with the changes highlighted be agreed.

## **28. FORWARD PROGRAMME**

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

The Committee discussed the possible process for appointing the Council's External Auditor in future. It was agreed that the Committee would receive a report about the various options and the pros and cons and potential costs of each, at the December meeting. What options the other Berkshire authorities were considering would also be highlighted.

**RESOVLED:** That the Forward Programme be noted.