



# **WOKINGHAM BOROUGH COUNCIL**

## **Audit Committee Annual Report 2018/19**



**Foreword by Councilor Chris Smith, Chairman of  
the Audit Committee**

This report details the work undertaken by the Audit Committee during the 2018/19 municipal year.

An effective Audit Committee is vital in what continues to be financially challenging times for local government.

This year the Committee has monitored whether the Council's systems of governance, internal control and risk management are effective and enable the Council to achieve its objectives. As part of this the Committee has helped to shape the refreshed Corporate Risk Register.

I would like to thank the Members of the Committee for their work this year and Officers for their support to the Committee.

**Chris Smith  
Chairman, Audit Committee  
March 2019**

## **1. ROLE OF THE AUDIT COMMITTEE**

The Audit Committee's main responsibilities are to monitor the Council's corporate governance and risk management provisions, the work of internal audit and investigations and the Council's work with its external auditors Ernst and Young.

### **(a) Internal and External Audit**

#### ***Internal Audit***

The Audit Committee oversees the Council's internal controls and governance arrangements. As part of this, the Committee received quarterly progress reports on the work and performance of the Shared Internal Audit and Investigation Service and also Ernst & Young, the Council's external auditor.

In June 2018 the Committee reviewed the Annual Report 2017/18 – Shared Audit and Investigation Service, which highlighted the work undertaken during that period.

During 2018/19, the Committee received quarterly updates on progress against the approved 2018/19 Internal Audit and Investigation Plan.

In February 2019 the Committee approved the 2019/20 Audit and Investigation Plan, noting the proposed internal audit and investigation activity for the forthcoming year, as well as setting up a Task and Finish Group to look at the governance arrangement for the Council Tax Reduction Scheme.

An external assessment against the CIPFA/IIA Public Sector Internal Audit Standards, conducted by CIPFA, awarded the Shared Audit and Investigation Service the highest category of opinion for the work of the Internal Audit Service. As part of the external review, actions had been identified in relation to amending the Internal Audit Charter to address areas for improvement against the revised Public Sector Internal Audit Standards. The Committee approved the amended Internal Audit Charter at its July 2018 meeting.

#### ***External Audit***

During the municipal year, the Audit Committee received and reviewed the External Audit Annual Audit Letter, the External Audit Annual Plan and the Audit Results Report. Members noted the External Audit Opinion on the Council's Statement of Accounts.

### **(b) Investigations**

The Audit Committee has been kept informed of the work of the Council's Investigations team. At its February 2019 meeting, when considering the 2019/20 Internal Audit and Investigation Plan, the Committee noted the focus on fraud awareness, proactive fraud drives and investigation of fraud and malpractice.

The Council received an update with regard to the Regulation of Investigatory Powers Act (RIPA) in that no new investigations were undertaken in 2017/18 that required RIPA surveillance approval. Similarly there have been no applications for surveillance under RIPA for 2018/19 to date (February 2019).

**(c) Risk Management**

The review of the Council's risk management arrangements is one of the Audit Committee key roles.

The Committee requested that the Corporate Risk Register be refreshed to ensure that it was easier to understand. At an extraordinary meeting in September 2018, the Committee fed into the refresh process and considered whether the most significant risks to the Council had been identified and were being managed appropriately. In addition Members made recommendations for improvements such as individual risks being allocated to the relevant overview and scrutiny committee or the Audit Committee for continued oversight.

The Director of Adults Services and Director of Children's Services were invited to the Committee's November 2018 and February 2019 meetings respectively to explain the key risks in their areas and to provide Members with assurance regarding the actions being taken to mitigate these risks.

The Committee will continue to invite Directors so they can better understand risk management in each directorate as such.

The Committee has invited the Chief Executive and Director Locality and Customer Services to future meetings to outline the primary risks in their areas of responsibility.

**(d) Statement of Accounts**

The Audit Committee is required to approve and the Chairman of the Audit Committee to sign, the audited Statement of Accounts by 31 July each year. This was the first year that the deadline for the submission of the Financial Statements had shifted from 30 September to 31 July and the Council was able to meet the accelerated deadline.

When considering the Statement of Accounts the Committee took into account whether the appropriate accounting policies had been followed and if they had any concerns arising from the audit or the financial statements which they felt that Council should be informed of.

**(e) Corporate Governance**

One of the Audit Committee's responsibilities is to consider the Council's arrangements for corporate governance and agreeing any necessary actions to ensure compliance with best practice.

At its meeting in June 2018, the Committee considered the Annual Governance Statement 2017-18 and approved it on behalf of the Council 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.

A number of exceptions were identified and an action plan around these produced. The Committee sought confirmation that the actions were being undertaken and in November 2018 received an update on the progress of the issues previously highlighted within the 2017/18 Annual Governance Statement process.

**(f) Treasury Management**

The Audit Committee is responsible for agreeing the Council's Treasury Management Strategy and policies prior to making recommendations to the Executive and Council. The Treasury Management Strategy is approved annually and forms part of the budget setting process.

In June 2018 the Committee considered the Treasury Management outturn report 2017-18 which was presented to Members for the purpose of monitoring and review, in accordance with Council's treasury management practices.

Having reviewed the Treasury Management mid-term report at its November 2018 meeting the Audit Committee recommended it to Council for approval.

The Committee received the Treasury Management Strategy 2019/22 – 2021/22 at its meeting in February 2019 and recommended it to Council via Executive subject to the inclusion of information regarding a range of scenarios on the Council's likely borrowing levels.

**(g) Council's Corporate Complaints process**

As part of its role in complimenting the work of the Standards Committee in relation to the promotion of good governance, the Audit Committee received an update on the Council's corporate complaints process and compliments received during 2017-18. Members sought assurance over the number of complaints received overall and were informed that compared to the number of interactions, the number of complaints was very low. The number of Stage 2 complaints had remained consistent with the previous two financial years.

**(h) 21<sup>st</sup> Century Council - governance arrangements**

Internal Audit undertook an audit of the 21<sup>st</sup> Century Council programme. The Audit Committee was updated on emerging findings from this audit in order to receive assurance regarding the governance arrangements in place for the delivery and management of the 21<sup>st</sup> Century Council programme.

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