



# **WOKINGHAM BOROUGH COUNCIL**

## **Audit Committee Annual Report 2019/20**

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

The Audit Committee's key responsibilities are to review and monitor the Council's corporate governance, treasury management and risk management arrangements, the work of the Council's Internal Audit and investigations teams and the Council's work with its external auditors Ernst and Young.

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

#### ***Internal Audit and Investigations***

The Audit Committee monitors the Council's internal controls and governance arrangements. The Committee received quarterly progress reports on the work and performance of the Shared Internal Audit and Investigation Service.

In June 2019, Members considered the Annual Report 2018/19 – Shared Audit and Investigation Service, which detailed the work undertaken by Internal Audit and Investigations during that period.

Throughout the municipal year Members have received quarterly reports, keeping them updated on progress made against the approved 2019/20 Internal Audit and Investigation Plan.

The Committee considered the outcome of the internal audit of the governance arrangements and processes for setting the 2019/20 Council Tax reduction scheme at its meeting in June 2019. This audit had been requested by Members following consideration of changes to the scheme earlier in the year. In addition, the Committee also received an update on the internal controls in place to manage Housing Rent arrears efficiently and effectively. This followed a request for further information on the progress relating to the two independent reports on rent arrears management, together with updated financial information on the collection of housing rents.

At its November 2019 meeting the Committee requested more information, such as the recommendations, about those audits that had received the third audit opinion ('range of Risk mitigation Controls is incomplete and risks are not effectively mitigated'), to provide assurance on work being undertaken to improve the direction of travel.

In February 2020, the Committee approved the 2020/21 Audit and Investigation Plan, noting the proposed internal audit and investigation activity for the forthcoming year.

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

The Audit Committee has received and reviewed the External Audit – Audit Results Report 2018/19.

Members were advised that the production of the Annual Audit Letter and External Audit Plan had been delayed due to the delay in producing the External Audit opinion.

**(b) Risk Management**

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

The Corporate Risk Register was considered at every meeting. Different Directors were invited to each meeting to discuss the key risks within their areas and to provide Members with assurance regarding the actions being taken to mitigate these risks. The Committee considered how the individual risks were being managed and made some recommendations for improvements. For example, Members had requested that Climate Emergency be included as a risk on the Corporate Risk Register following the Council's declaration of a Climate Emergency.

In the next municipal year, the Audit Committee will continue to invite Directors to provide an update on the risks in their areas in order to better understand risk management across the Council.

**(c) Statement of Accounts**

The Audit Committee is required to approve the annual Statement of Accounts on behalf of the Council.

Members were updated on the progress of the Statement of Accounts throughout the municipal year. When considering the Statement of Accounts the Committee took into account whether the appropriate accounting policies had been followed and if they had concerns arising from the audit or the financial statements which they felt that Council should be informed of.

At its February 2020 meeting the Committee were informed that while the accounts were complete from a Council position, there remained some audit issues around the pension fund information. Members agreed to approve the delegation of signing on behalf of the Audit Committee, the Statement of Accounts and also the letter of representation from the Council to their Auditors, Ernst & Young (EY) to the Vice Chairman upon receiving assurance from EY that they represent a true and fair view of the Council's finances and are free from material error, subject to there being no significant changes prior to signing.

**(d) Corporate Governance**

Considering the Council's arrangements for corporate governance and agreeing any required actions to ensure compliance with best practice is one of the Committee's key priorities.

At its meeting in July 2019, the Committee approved the Annual Governance Statement 2018/19 on behalf of the Council prior to its inclusion in the final Statement of Accounts. Members considered the improvements and exceptions identified by the process.

As part of its role in complementing the work of the Standards Committee in relation to the promotion of good governance, the Audit Committee received briefings on equalities and data protection at its September 2019 meeting.

**(e) Treasury Management**

The Audit Committee considered the Council's Treasury Management Strategy and policies prior to making recommendations to the Executive and Council that they be approved.

Members reviewed and monitored the Treasury Management outturn report 2018-19 in June 2019, which summarised treasury management operations during the year.

The Committee received the Treasury Management mid-term report, which summarised the treasury management activities during the first six months of 2019/20, in February 2020. Members were informed of the forecast outturn saving of £500k (an over achievement on investments £390k, and saving on debt charges of £110k).

Having reviewed the Treasury Management Strategy 2020/21 the Committee recommended it to Council for approval. Members recommended that in future, greater consideration be given to ethical and climate emergency investments.

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

In September 2019, the Committee received an update on the Council's corporate complaints process and compliments received during the year. Members were advised that the number of Stage 1 complaints received had increased slightly compared to the last two financial years. However, this was not a cause for concern. The number of complaints that had been escalated to Stage 2 and the Ombudsman remained steady. The Committee made a number of suggestions to improve the readability of future annual reports.