



# **WOKINGHAM BOROUGH COUNCIL**

## **Audit Committee Annual Report 2020/21**

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

The Audit Committee reviews and monitors the Council's corporate governance, treasury management and risk management arrangements, the work of the Council's Internal Audit and Investigation team and the Council's work with its external auditors Ernst and Young. The Committee also monitors the implementation of the Council's complaints process.

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

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

The Audit Committee monitors the Council's internal controls and governance arrangements. The Shared Internal Audit and Investigation Service submitted quarterly progress reports to the Committee on its work and progress made against the approved 2020/21 Internal Audit and Investigation Plan throughout the municipal year.

In July 2020, the Committee considered the 2019/20 Internal Audit and Investigations Annual Report, which outlined the work that had been undertaken by Shared Internal Audit and Investigation during that period. Throughout the year, the Committee has in particular sought further information regarding those audits which had received a lower assurance rating. It was agreed that where any area in an audit had been identified as being less than 'satisfactory', either the key findings and recommendations of the internal audit or the audit report would be circulated to the Committee.

The 2020/2021 Annual Audit and Investigation Plan in Year Review was presented to the Committee in September 2020. As a result of the pandemic the audit activity for the remainder of the year had been refocused to make best use of resources and prioritise the most significant areas of the audit plan.

The Committee considered the Internal Audit & Investigation strategy for 2021/22; and the Q1 2021/22 at its extraordinary meeting in February 2021, noting the need for flexibility in the existing climate. It was noted that during 2021/22, audit planning and allocation of activity would be undertaken on a quarterly basis.

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

The Audit Committee received and reviewed the draft Wokingham Borough Council Audit Results Report Year ended 31 March 2020, at its extraordinary meeting in February, and will receive the final report at a meeting in March.

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**

One of the Committee's key roles is the consideration of the Council's risk management arrangements.

When considering the Corporate Risk Register the Committee invited different Directors to give an insight into risks and particular challenges in their areas and what action was being taken to mitigate these risks. Members considered and made suggestions as to how individual risks, such as climate emergency, were being managed and mitigated, particularly in light of the pandemic.

The Committee considered the refreshed Risk Management Policy and Guidance and suggested that there could be more included around how the Executive Members challenged the relevant Directors on individual risks.

The Audit Committee agreed to continue to invite Directors to future meetings to provide an update on the risks in their areas in order to better understand how risk management was being undertaken across different areas of the Council.

**(c) Statement of Accounts**

The Audit Committee is required to approve the annual Statement of Accounts for 2019/20 on behalf of the Council.

The Committee was kept informed of the progress of the Statement of Accounts and considered a draft version at an extraordinary meeting in February. Members will receive the final Statement of Accounts at an extraordinary meeting in March. When considering the Statement of Accounts, the Committee will take 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.

**(d) Corporate Governance**

A key priority of the Committee is to review the Council's arrangements for corporate governance and to consider any required actions to ensure compliance with best practice.

At its extraordinary meeting in February 2021, as part of its consideration of the draft Statement of Accounts, the Committee considered the Annual Governance Statement (AGS). This followed an initial review of the draft AGS in July 2020. When considering the final version, the Committee will consider the improvements and exceptions identified by the process and if they are satisfied that the Annual Governance Statement reflects the Council's risk environment and actions required to improve it.

During this year, the Committee considered, and agreed on behalf of the Council, the updated Local Code of Governance and the Anti-Fraud and Anti-Corruption Policies. The review of these policies is an element of good governance.

**(e) Treasury Management**

In July 2020, the Committee considered the Treasury Management outturn report 2019-20, which summarised treasury management operations during the year. Members sought further clarification around various elements including property investments, external borrowing, and the investment balance.

The Committee received the Treasury Management Mid-Year Report 2020-21 in November 2020. Members asked questions around a number of issues including the likely impact of Covid on the Council's debts levels, the speed of debt levels reducing and indebtedness levels.

Members received the Treasury Management Strategy 2021/24 at its February 2021 meeting and recommended the Strategy to Council for approval.

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

At its June 2020 meeting the Committee received the 2019-20 annual report regarding complaints and compliments. Members were advised that there had been a slight increase in the number of complaints received at Stage 1 and Stage 2, and also the number of complaints investigated by the Ombudsman. However, this was not a cause for concern. Most cases referred to the Ombudsman had not been upheld. Members asked what lessons would be learned in respect of those few complaints which had been upheld by the Ombudsman.

The Committee received the Quarter 3 complaints summary at its meeting in February 2021.

**2. FORWARD LOOK**

Early in the new municipal year, the Committee plans to undertake a review of its effectiveness comparing current practices against CIPFA guidance on Audit Committees. This will help inform training and development needs and provide a roadmap for further development and improvement.