



# **WOKINGHAM BOROUGH COUNCIL**

## **Audit Committee Annual Report 2021/22**

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

The Audit Committee is required to provide to those charged with governance, independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes, in place. In addition, the Committee monitors the implementation of the Councils' complaints process.

The effectiveness of the Committee was considered earlier in the year. This annual report forms an important assessment of the added value that the Committee has brought to the Council through its work in 2021/22 which is set out below.

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

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

The Audit Committee monitors the Council's internal controls and governance arrangements. In the previous municipal year, it had been agreed that the Shared Internal Audit and Investigation Service would move to a quarterly planning cycle rather than an annual one, due to the pressures of the pandemic. The Committee received the Quarter 2 work programme in July. The Committee received the internal audit work programme for the full year and progress made to September 2021, in September 2021, as work arrangements began to normalise once more.

The Committee considered the 2021/22 Internal Audit and Investigation Work Programme update to 31 October 2021, at its November meeting. Members noted that a number of audits of key corporate risks, including the Council's Governance Arrangements, were being undertaken.

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

Members were updated and asked questions about the work of the Council's external auditors, Ernst & Young, throughout the year.

### **(b) Risk Management**

The Committee has continued to review the Corporate Risk Register at each Committee meeting as part of its role in monitoring the Council's risk management arrangements. Directors were invited to highlight the corporate risks which were specific to their area and what measures were being put in place to mitigate against these risks. Members considered and challenged how individual risks were being managed and mitigated against and suggested where they felt improvements could be made.

Going forwards the Committee will continue to invite the Directors to future meetings to update on the risks in their areas, to enable the Committee to best understand the Council's approach to risk management. It will review the Council's Risk Management Guidance and Policy in the near future.

### **(c) Statement of Accounts**

The Audit Committee is required to approve the annual Statement of Accounts for 2020/21 on behalf of the Council. The Statement of Accounts will be considered at an extraordinary meeting in March 2022.

Officers have kept the Committee up-to-date on the progress of the Statement of Accounts. Members will consider if the appropriate accounting policies have been followed and if they have concerns arising from the audit or the financial statements which Full Council should be informed of.

**(d) Corporate Governance**

Reviewing the Council's arrangements for corporate government and considering any required actions to ensure compliance with best practice, is a key function of the Audit Committee.

At an extraordinary meeting in March 2022, the Committee will consider an update on the 2020/21 Annual Governance Statement, as part of its consideration of the Statement of Accounts. Members will consider any improvements and exceptions identified during the process and determine if they are satisfied that the Annual Governance Statement reflects the Council's risk environment and any necessary actions required to improve it.

**(e) Treasury Management**

In September 2021, the Committee considered the Treasury Management outturn report 2020-21, which detailed the Council's treasury management operations during the 2020/21 financial year and highlighted the balances at the year end. Members sought further clarification around various elements including adhering to the prudential indicators, the internal funded borrowing move between the Mid-Year and the Outturn report, and asset valuation.

In November 2021, the Committee considered received the Treasury Management Mid-Year Report 2021-22 and recommended to Full Council for approval. The Mid Year report was at the 30 September 2021 and gave a summary of where the Council was with its Prudential Indicators and the likely outturn at the end of the financial year in terms of level of debt, level of borrowing, and the return on investments. Members asked questions on and sought clarification on issues including revaluation losses, and losses on sales and capital expenditure.

In February 2022 the Committee considered and recommended the Treasury Management Strategy 2022-25, to Council.

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

The Committee received the 2020-21 annual report on corporate complaints and compliments, at its meeting in July 2021.

**(g) Self-Assessment – review of the effectiveness of the Audit Committee**

In September 2021, the Committee undertook a self-assessment against CIPFA's best practice which provided detailed guidance on the features of an effective local authority audit committee. The Committee found substantial evidence of compliance against best practice but identified five areas for further development – this included

the appointment of an independent member to the Committee which is recommended to full Council in March 2022.

## **2. FORWARD LOOK**

Early in the new municipal year, the Committee plans to undertake a review of its training and development needs as part of the self-assessment referred to above. This will provide a roadmap for further development and improvement.