



# **WOKINGHAM BOROUGH COUNCIL**

## **Audit Committee Annual Report 2015/16**

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

The Audit Committee plays a key role on behalf of the Council in ensuring there is effective governance (direction and control) in the Council. It fulfils this role by obtaining assurance over the key areas of governance, risk management and internal controls. It does this by receiving reports from External Audit, Internal Audit, Investigations, Risk Management and the Corporate Complaints Team. The Committee reviews the Accounts, Annual Governance Statement and the Treasury Management Strategy and policies. The Committee co-ordinates its activity with Overview and Scrutiny to compliment and strengthen this key area of governance. The Audit Committee used all of this work from different resources to inform a view on the effectiveness of the Council's governance, risk management and internal control.

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

In order to undertake its role of monitoring the Council's governance arrangements and internal controls, the Committee regularly reviews the activity of Internal Audit and the Council's External Auditors, Ernst & Young.

The Committee has considered both internal and external audit plans, received a number of progress updates and challenged internal and external audit performance, requesting further information, when required to provide Members with assurance.

In addition in February 2016 the Committee received and approved amendments to the following policies:

- Anti-Fraud and Anti-Corruption Policy;
- Whistleblowing Policy;
- Anti-Money Laundering Policy;
- Prosecution and Sanction Policy; and
- Anti-Bribery Policy.

### **(b) Prevention and Detection of Fraud and Corruption**

The Committee has been kept updated on the work of the Investigations Team within the Shared Audit & Investigation Service, throughout the municipal year. Members noted that the work undertaken by the Investigation Team included re-active investigations as well as the development of pro-active fraud drives on high risk areas such as Council Tax Reductions, Council Tax Discounts, Business Rates and Housing Tenancy.

### **(c) Risk Management**

The Committee regularly monitored the effectiveness of the Council's risk management arrangements, receiving updates on the Corporate Risk Register at each meeting. Members requested further detail and context regarding a number of 'Further Actions to Mitigate Risk' and made suggestions to improve the readability of the Corporate Risk Register.

The adoption of the Enterprise Risk Management Policy and Guidance was recommended in December 2015.

**(d) Approval of Accounts**

The Committee is tasked with approving the annual statement of accounts. In particular the Committee must consider whether appropriate accounting policies were followed and whether there were concerns arising from the financial statements or from the audit that Council needed to be informed of.

The annual statement of accounts was approved in September 2015. Having considered the annual statement of accounts, Members sought assurance on the Council's preparedness regarding the Highway Network Asset project and requested an update for its February 2016 meeting. The Committee was satisfied that the Council was on target to implement the Highways Network Asset valuation requirement for the financial year 2016/17 in line with the required timetable.

Members also received Ernst & Young's annual report on the work they had carried out to discharge their statutory audit responsibilities together with any governance issues identified from the external audit of the accounts.

**(e) Corporate Governance**

The Committee noted the production of the Council's Annual Governance Statement for 2014/15 and approved it on behalf of the Council prior to its inclusion in the final Statement of Accounts. The required action to ensure compliance with best practice in corporate governance was noted.

Councils were required to make appropriate arrangements for certain grant claims and government returns to be audited; Teachers Pensions Return, Pooling of Housing Capital Receipts Return and Providing External Assurance on Sub-Contracting Controls. The Committee received a report regarding the Certification of Claims and Returns – Claims and Returns organised by Local Authorities at its February 2016 meeting.

**(f) Treasury Management**

One of the Committee's key responsibilities is to agree the Treasury Management Strategy and Policies prior to recommendations being made to the Executive and Council.

The Committee received the Treasury Management Strategy 2016/17 at its meeting in February 2016, prior to its approval by Council. The Treasury Management Annual Report 2014/15, which covered the treasury activity during 2014/2015 and the actual Prudential Indicators for 2014/15, was considered at the June 2015 meeting. Members received the Treasury Management Mid-Year Report 2015/16 in December 2015.

**(g) Retrospective Purchase Orders**

The Committee continued to receive frequent updates on retrospective purchase orders and the action being taken to reduce their occurrence. Members noted that this remained a high priority and was embedded within the monthly budget monitoring process.

**(h) Corporate Complaints process**

Members were updated in February 2016 on the implementation of the Council's corporate complaints process.

**(i) Audit Committee and Overview and Scrutiny**

As per the Audit Committee Handbook, the Chairman of the Audit Committee has met twice with the Chairman of the Overview and Scrutiny Management Committee, to discuss both of the Committee's Work Programmes and ensure that there is not duplication and to raise issues of mutual concern.

**3. CONCLUSION**

The Committee is of the view that the Council's risk management arrangements, systems of internal control and governance arrangements are suitable to ensure the achievements of its objectives.

**Guy Grandison**  
**Chairman, Audit Committee**  
**March 2016**