



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held in David Hicks 1 - Civic Offices, Shute End, Wokingham RG40 1BN on **WEDNESDAY 7 JUNE 2023 AT 7.00 PM**

A handwritten signature in black ink, appearing to read 'Susan Parsonage', written in a cursive style.

Susan Parsonage
Chief Executive

Published on 30 May 2023

Note: Non-Committee Members and members of the public are welcome to attend the meeting or participate in the meeting virtually, in line with the Council's Constitution. If you wish to participate either in person or virtually via Microsoft Teams please contact Democratic Services. The meeting can also be watched live using the following link: -
https://youtube.com/live/JE_1fMjnedM?feature=share

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.

Our Vision
<i>A great place to live, learn, work and grow and a great place to do business</i>
Enriching Lives
<ul style="list-style-type: none"> • Champion excellent education and enable our children and young people to achieve their full potential, regardless of their background. • Support our residents to lead happy, healthy lives and provide access to good leisure facilities to enable healthy choices for everyone. • Engage and empower our communities through arts and culture and create a sense of identity for the Borough which people feel part of. • Support growth in our local economy and help to build business.
Providing Safe and Strong Communities
<ul style="list-style-type: none"> • Protect and safeguard our children, young and vulnerable people. • Offer quality care and support, at the right time, to reduce the need for long term care. • Nurture our communities: enabling them to thrive and families to flourish. • Ensure our Borough and communities remain safe for all.
Enjoying a Clean and Green Borough
<ul style="list-style-type: none"> • Play as full a role as possible to achieve a carbon neutral Borough, sustainable for the future. • Protect our Borough, keep it clean and enhance our green areas for people to enjoy. • Reduce our waste, promote re-use, increase recycling and improve biodiversity. • Connect our parks and open spaces with green cycleways.
Delivering the Right Homes in the Right Places
<ul style="list-style-type: none"> • Offer quality, affordable, sustainable homes fit for the future. • Ensure the right infrastructure is in place, early, to support and enable our Borough to grow. • Protect our unique places and preserve our natural environment. • Help with your housing needs and support people, where it is needed most, to live independently in their own homes.
Keeping the Borough Moving
<ul style="list-style-type: none"> • Maintain and improve our roads, footpaths and cycleways. • Tackle traffic congestion and minimise delays and disruptions. • Enable safe and sustainable travel around the Borough with good transport infrastructure. • Promote healthy alternative travel options and support our partners in offering affordable, accessible public transport with good transport links.
Changing the Way We Work for You
<ul style="list-style-type: none"> • Be relentlessly customer focussed. • Work with our partners to provide efficient, effective, joined up services which are focussed around our customers. • Communicate better with customers, owning issues, updating on progress and responding appropriately as well as promoting what is happening in our Borough. • Drive innovative, digital ways of working that will connect our communities, businesses and customers to our services in a way that suits their needs.
Be the Best We Can Be
<ul style="list-style-type: none"> • Be an organisation that values and invests in all our colleagues and is seen as an employer of choice. • Embed a culture that supports ambition, promotes empowerment and develops new ways of working. • Use our governance and scrutiny structures to support a learning and continuous improvement approach to the way we do business. • Be a commercial council that is innovative, whilst being inclusive, in its approach with a clear focus on being financially resilient. • Maximise opportunities to secure funding and investment for the Borough. • Establish a renewed vision for the Borough with clear aspirations.

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors

Sam Akhtar
Peter Harper
Jordan Montgomery

Rachel Burgess
Mike Smith

David Davies
Stephen Newton

ITEM NO.	WARD	SUBJECT	PAGE NO.
1.	None Specific	ELECTION OF CHAIR 2023-24 To elect a Chair for the 2023-24 municipal year.	
2.	None Specific	APPOINTMENT OF VICE CHAIR 2023-24 To appoint a Vice Chair for the 2023-24 municipal year.	
3.		APOLOGIES To receive any apologies for absence	
4.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 1 February 2023 and the Minutes of the Extraordinary Meeting held on 13 March 2023.	5 - 26
5.		DECLARATION OF INTEREST To receive any declarations of interest	
6.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
7.		MEMBER QUESTION TIME To answer any member questions	
8.		AUDIT PROGRESS UPDATE To receive an update on the progress of the audit.	Verbal Report

9.	None Specific	CORPORATE RISK REGISTER To receive the Corporate Risk Register.	27 - 52
10.	None Specific	2022/23 ANNUAL INTERNAL AUDIT AND INVESTIGATION REPORT To receive the 2022/23 Annual Internal Audit and Investigation Report.	53 - 84
11.	None Specific	ANNUAL GOVERNANCE STATEMENT 2022/23 AND LOCAL CODE OF CORPORATE GOVERNANCE To consider the Annual Governance Statement 2022/23 and Local Code of Corporate Governance.	85 - 124
12.	None Specific	FORWARD PROGRAMME 2023-24 To consider the forward programme for the remainder of the municipal year.	125 - 128

Any other items which the Chairman decides are urgent

A Supplementary Agenda will be issued by the Chief Executive if there are any other items to consider under this heading

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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 1 FEBRUARY 2023 FROM 7.00 PM TO 9.15 PM**

Committee Members Present

Councillors: Rachel Burgess (Chair), Maria Gee (Vice-Chair), David Davies, Tahir Maher, Mike Smith and Mike Drake

Also Present

Madeleine Shopland, Democratic & Electoral Services Specialist

Helen Thompson, Ernst and Young (online)

Hannah Lill, Ernst and Young (online)

Graham Cadle, Assistant Director Finance (online)

Graham Ebers, Deputy Chief Executive

Andrew Moulton, Assistant Director Governance

Mark Thompson, Chief Accountant (online)

Jackie Whitney, Head of Customer Excellence (online)

Sarah Zama, Head of Digital (online)

45. APOLOGIES

Apologies for absence were submitted from Councillors Peter Harper and John Kaiser.

46. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 30 November 2022 were confirmed as a correct record and signed by the Chair.

The Chair noted that the majority of actions identified had been completed. She provided an update from the Head of Internal Audit and Investigations and confirmed that additional information on how the risks were being addressed, would be provided in the Q3 report. There were no overdue high risk recommendations, and the community assets item would be considered in the 2023/24 Internal Audit programme.

47. DECLARATION OF INTEREST

There were no declarations of interest submitted.

48. PUBLIC QUESTION TIME

There were no Public questions.

49. MEMBER QUESTION TIME

There were no Member questions.

50. UPDATE ON 2020/21 STATEMENT OF ACCOUNTS

The Committee received an update on the 2020/21 Statement of Accounts.

During the discussion of this item, the following points were made:

- Helen Thompson, EY, introduced Hannah Lill who would be primarily focusing on the 2021/22 and 2022/23 audits, but would also be assisting with the close out of 2020/21.
- It was hoped that the 2020/21 accounts would be closed out for the Committee's March meeting.

- Members were advised that some progress had been made regarding the infrastructure issue. The statutory override had come into effect on 25 December 2022. Also, in December CIPFA had issued an update to their Code of Accounting Practice, and then a bulletin which provided guidance to Councils, the preparers of the accounts, and auditors. EY had been looking at what the required approach should be, and talking to Officers on how to progress. Revised disclosures would need to be included in the draft Financial Statements. The depreciation methodology would also need to be considered. Members were reminded that this was a temporary solution up to 31 March 2024. It was anticipated that CIPFA would make a decision on how to take the infrastructure assets matter forwards for 2024/25.
- With regards to the Pensions Fund, a letter of assurance had still not been provided by the auditor of the Pension Fund. A meeting was due to take place with Deloitte on 9 February. Work regarding any possible options and alternatives, was ongoing. However, those identified to date came with additional financial costs or time implications, and relied on the cooperation of other bodies.
- Outside of the infrastructure and pensions issues, time had been set aside with Officers to go through the updated Audit Results report. This would be presented at the Committee's next meeting.
- The Assistant Director commented that Officers were continuing to push for resolution of the pensions matter. He emphasised that closing with a qualification prior to the resolution of the pensions issue, was not a very viable option.
- The Chair commented that it would be useful if the report presented at the Committee's March meeting included possible options and the impacts of these.
- Councillor Gee commented that she sat on the Advisory Panel to the Committee that looked at the Berkshire Pension Fund. It appeared that there was no problem with the Pension Fund accounts and that they were waiting for sign off from the administering authority, Royal Borough Windsor and Maidenhead Council. She questioned what would happen if this did not occur. Helen Thompson commented that the work had been completed but that the letter sent had included a caveat, and this had not yet been removed. Some other Committees had written to the Public Sector Audit Appointments, questioning the delay.
- Councillor Gee commented that the minutes of the last Berkshire Pension Fund committee meeting stated that 'Deloitte are the Pension Fund and RBWM's auditors, and have advised that there are no material changes required to the Pension Fund Annual Report for 2021/22.' She agreed to send the link to the minutes to Helen Thompson.

RESOLVED: That the update on the 2020/21 Statement of Accounts be noted.

51. WOKINGHAM BOROUGH COUNCIL AUDIT PLANNING REPORT YEAR ENDED 31 MARCH 2022

The Committee received the Wokingham Borough Council Audit Planning Report Year ended 31 March 2022.

During the discussion of this item, the following points were made:

- The Plan could change on receipt of a full updated set of draft financial statements for 2021/22, and also on completion of the work for 2020/21.
- Members were advised that 2021/22 was the last year that Helen Thompson could be the auditor for Wokingham Borough Council under the PSAA rotation requirement. This left a year between EY completing the audits and the audits

being handed over to KPMG. To manage this EY had put two partners on the audit. Helen Thompson would largely run 2021/22 but Janet Dawson would be the signing partner, who would then sign 2022/23, working with Hannah Lill on that audit.

- Hannah Lill highlighted the high level overview of the 2021/2022 audit strategy.
- Misstatements due to fraud or error (management override) was identified on all audits and there was no change in this from the prior year.
- Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure continued to be identified as a significant risk and a fraud risk. EY believed that the risk of manipulation was most likely to manifest in the incorrect capitalisation of revenue expenditure through either inappropriate additions to Property, Plant and Equipment (PPE) and Investment Property (IP) or incorrect classification of expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS), as there was an incentive to reduce expenditure which is funded from Council Tax.
- Valuation of Land & Buildings in PPE and IP continued to be a significant risk.
- A number of areas had been identified as areas of audit focus, including the Pension Liability Valuation and the Going Concern Disclosure, Accounting for Public Finance Initiative (PFI), Group Accounting, and Cash and cash equivalents.
- Due to recent guidance, there was a heightened focus on Going Concern Disclosure.
- With regards to Group Accounting, there had been changes in the Group structure during the 2021/22 financial year, and these needed to have been accounted for appropriately, and that the consolidation of the financial statements had been undertaken correctly.
- With regards to Cash and Cash equivalents, the Council had a number of imprest bank accounts within its portfolio that were not reconciled on a regular basis in prior years, resulting in unexplained differences between the Council's accounting records and statements from the relevant financial institutions. Whilst these differences had not been material, there was a need to perform reconciliations on these accounts to ensure appropriate record keeping and prevent any undetected irregularities.
- Hannah Lill outlined the approach to the auditing of the Groups.
- Members were advised that the level of tolerable error was reducing from 75% to 50%, due to the number of issues and misstatements identified with the 2020/21 audit. Sample sizes were likely to be bigger and further testing would be required.
- Hannah Lill outlined the audit timetable.
- Mike Drake asked whether Officers would present the going concern assessments and cash flows to the Committee. The Chief Accountant stated that there was a statement around going concern in the Accounting Policy. A lot of information was provided to EY as part of their going concern review, including cash flow for 12 months in the future from the date it was expected that the accounts would be signed. Helen Thompson added that it was less common for public sector Audit Committees to see a going concern paper. The Chair agreed to discuss providing a going concerns paper to the Committee, with Officers.
- Mike Drake went on to ask whether the imprest bank accounts were now regularly reconciled. It was confirmed that they were up to date and reviewed regularly. Mike Drake also sought comment on the reducing level of tolerable error. The Assistant Director Finance responded that in terms of the adjustments impacting the level of checking, Officers would accept that the number of differences had been large, the material nature of the value and outcome of those, had not been significant. He

emphasised that there had been investment in the internal Finance Team, which was now in place.

- The Chair queried why the risk around going concern remained unchanged given the poor financial climate nationally. Helen Thompson responded that largely there was a presumption that local authorities remained a going concern. Practice Note 10 issued by the Financial Reporting governed the consideration of going concern for all public sector bodies stated that if services were to continue then the entity was a going concern.
- In response to a question from Councillor Maher regarding Value for Money, Hannah Lill stated that under the previous code EY had given had an opinion regarding Value for Money, but under the current code of audit practice EY reported by exception.
- Councillor Gee asked about the governance arrangements with regards to the subsidiaries. She expressed concern regarding the possible impact of national changes to Adult Social Care and turbulence in the housing market, on the Council subsidiaries. Councillor Gee noted that the subsidiaries had different auditors and questioned whether they should have the same auditor as the Council. The Deputy Chief Executive stated that the companies were in the Internal Audit Plan. With regards to the auditors there had been a value for money consideration, but he would welcome consistency. However, it was down to the companies to appoint their own auditors.

RESOLVED: That the Wokingham Borough Council Audit Planning Report year ended 31 March 2022 be noted.

52. CORPORATE RISK REGISTER REVIEW

The Committee received the Corporate Risk Register.

During the discussion of this item, the following points were made:

- There was one new risk, Risk 20 Website replacement. The Committee had previously asked that this be looked at.
- Some risks had decreased. The risk around cyber security had increased.
- Councillor Gee expressed disappointment that the Director Children's Services and Executive Member Children's Services were not present to discuss the risk relating to the Safety Valve programme. The Deputy Chief Executive commented that the Director and Executive Member would likely come to the Committee following the conclusion of the submission stage.
- Councillor Gee sought an update on the Safety Valve programme. The Deputy Chief Executive explained that the Dedicated Schools Grant (DSG) had been growing at an increasingly alarming rate over the last 3-4 years, and would have a £16million accumulated deficit by the end of the year. The increase had started following a change in regulations around how money within the DSG could be used, and extending the age of those eligible for SEND support to 25 years old. Under the Safety Valve programme, the Council was required to project forwards 5 years, based on specific evidence. The Deputy Chief Executive commented that left unchecked it would have moved to approximately a £90million deficit. It was noted that the Statutory Override which ring fenced the DSG was only temporary. As Chief Finance Officer he was pleased that the Council had become part of the Safety Valve programme, and stated that whether the Council was successful or not in terms of securing financial support, the work undertaken already had been very

- beneficial. He went on to highlight the importance of earlier support, a higher level of self-sufficiency, early intervention and prevention, and partnership working.
- With regards to the Safety Valve risk, the Chair commented that there was a current deficit of £10million rising to £40million in 5 years, but without the Safety Valve mitigations it would be £90million. The Safety Valve programme aimed to balance the budget. The Deputy Chief Executive confirmed that unchecked with no mitigations the deficit would escalate to approximately £90million. With mitigations, the accumulated deficit would reduce to £40million. In year 6 of the Safety Valve programme it was hoped the Council would have a balanced budget and there would be no further addition to the deficit.
 - Councillor Gee expressed concern if the Council was unsuccessful in securing funding under the Safety Valve programme and the impact that it could have on the Council's General Fund balance. The Deputy Chief Executive responded that he would expect by year 6 that the Statutory Override would no longer be in place and that the deficit would sit on the balance. How much time the Council would have to respond to this was currently unknown. He went on to outline that the financial plans presented to Overview and Scrutiny showed that for each of the next 3 years an additional 1% of council tax would go into an equalisation fund, which would help to pay for the mitigations not charged to the DSG, and form a fund that could contribute to the deficit. The Deputy Chief Executive felt more assured that the recovery plan was in place.
 - The Chair requested that the Director Children's Services and Executive Member Children's Services be invited to a future Committee meeting once the status of the Safety Valve programme had been confirmed.
 - Councillor Smith sought further information around the website replacement project risk and asked for a more precise timeframe. The Head of Digital indicated that the project had moved into the design phase. Research had been carried out and concepts created based on this. The design phase would be followed by development and delivery. For the next 3 months the content would be built into the website and the relevant content from the existing platform, migrated to the new platform. Build for a contingency site was scheduled for the end of February, and the concept would be tested mid March.
 - Councillor Smith questioned when user testing would begin for the website replacement project, and was informed that the majority of user research had been completed. Additional user testing would take place in May/June. Around 300 users had helped to map out the key user journeys, and this had helped to build the architecture of the site.
 - In response to a question from Councillor Smith, the Head of Digital stated that the 'beta' version of the website would be delivered mid May depending on the success of the content upload.
 - Councillor Maher asked about design. He also asked whether work was being undertaken internally or externally, and if externally if there was anything in the contract which stated that the project must be delivered on time. Members were informed that the Council was working with an external company to support the work, and that they were aware of the tight timescales. The concept and design for the Homepage was in process of being signed off and it was hoped that the additional templates would be signed off by mid February.
 - Members were informed that robust governance arrangements were in place for the website replacement project.
 - Councillor Maher questioned whether the website would be built on internal or external services, and was informed that it would be built on external servers, but that a contingency version would be built on the internal servers.

- Mike Drake was pleased to see the risk level of several risks reducing. He questioned that if the specific mitigating actions were carried out the risk would reach the target level of risk. The Assistant Director Governance explained that the Council's needed to improve in making a connection between the current and target risk, and the gap between them being addressed through the mitigating actions.
- The Chair queried why the Climate Emergency risk had reduced when it was still unlikely that the Council would meet its target of being carbon neutral by 2030. The Deputy Chief Executive stated previously the scoring had taken a more worldwide perspective regarding climate change into account. The positive movement of the risk related to the Council's delivery against its own Climate Emergency Action Plan.
- Members questioned why the risk around voter ID had reduced when the issue remained outstanding. The Assistant Director Governance commented that the risk was still significant but some mitigations had taken place. Some additional funding had been provided, guidance had been produced, and a national campaign to raise awareness had begun.

RESOLVED: That the Corporate Risk Register Review be reviewed and that it be determined that the strategic risks were being actively managed.

53. AUDIT COMMITTEE EFFECTIVENESS AND ACTION PLAN

The Committee received the Audit Committee Effectiveness and Action Plan.

During the discussion of this item, the following points were made:

- The Chair took the Committee through the report. A significant amount of work had been undertaken on the overall assessment and the terms of reference. Some actions for improvement, such as the appointment of an Independent Member, had already been taken.
- The Committee was asked whether they agreed with the self-assessment. Mike Drake noted that Requires Significant Improvement had been selected for the question *Has the committee maintained its advisory role by not taking on any decision-making powers?*. He questioned if this was because the Committee had been taking decisions that it should not have been. The Chair commented that the Committee had taken some decisions such as approving the Treasury Management Strategy, which it was now less appropriate for an Audit Committee to take. The Assistant Director Governance indicated that the latest CIPFA guidance had been published in autumn, so the rating was not intended as a criticism of current or historic practice. However, the guidance had now changed, and the Committee would take on more of a scrutiny role than previously, advising the decision makers.
- Councillor Smith noted that the Committee had been marked as Does not comply with the following questions - *Has the committee met privately with the external auditors and head of internal audit in the last year?*, *Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?*, and *Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?* The Chair commented that the Committee had not privately met with the Head of Internal Audit or external audit, but choose to do so. The Assistant Director Governance stated that an evaluation of skills had not been carried out recently. There was more that could be done around skills, training and how Members were selected to sit on the Committee.

- Councillor Gee questioned whether the Chair should be an Independent Member. It was suggested that the Chair not be part of the ruling Group.
- The Committee considered the proposed actions. Members agreed that it should be recommended that an additional Independent Member be appointed as per good practice.
- The Committee considered the proposed changes to the Committee's terms of reference.
- Mike Drake questioned whether the voting arrangements should be clarified in the terms of reference. The Assistant Director Governance indicated that it was referred to elsewhere but could be clarified. Councillor Davies suggested that a reference be included as to where the information could be found elsewhere in the Constitution.
- It was clarified that the Executive would agree the Treasury Management Strategy. Councillor Gee questioned which Committee would agree the Statement of Accounts in the future. The Chair commented that the Committee could still request reports such as the Statement of Accounts and the Treasury Management Strategy, for review and to make recommendations, but would no longer approve them.
- Councillor Gee questioned the value of the Committee reviewing the Treasury Management Strategy.
- Helen Thompson commented that she welcomed a conversation around the approval of the accounts. The Committee approving the accounts were those charged with governance, and would therefore receive the reports from the external auditors. The Assistant Director Governance commented that the CIPFA guidance had stated that the accounts should not be approved by the Audit Committee but agreed to look into this further.
- Councillor Smith questioned whether the section relating to the duration of the meeting should be aligned with the Full Council meeting procedures.
- Mike Drake felt that Committee had a role in looking at the Financial Statements.

RESOLVED: That

- 1) the annual assessment of the Committee's effectiveness at Appendix A based on the October 2022 CIPFA guidance on local authority audit committees be reviewed and agreed;
- 2) the associated action plan at Appendix B be reviewed and agreed including:
 - a) Approving the recruitment and appointment of a second independent member of the Committee for the 2023/24 municipal year;
 - b) Recommending to Council the proposed constitutional changes to the Audit Committee's terms of reference as set out at Appendix C, with the exception of the approval of the Financial Statements removal and the checking of internal consistencies with other areas of the Constitution.

54. LEARNING FROM COUNCIL'S WITH SEVERE FINANCIAL CHALLENGES

The Committee received a report regarding learning from Council's with severe financial challenges.

During the discussion of this item, the following points were made:

- Members were advised that the Council was a learning organisation and that CIPFA had produced a report on learning from Council's with severe financial challenges, and any actions that other councils may need to take.
- An action plan had been produced.
- The Deputy Chief Executive emphasised that leadership weakness, inadequate governance and weak financial management and lack of reserves were common themes of Councils that had experienced severe financial challenges.
- In response to a question from Mike Drake around the presentation of budgets to the Audit Committee, the Deputy Chief Executive indicated that currently the different components of the draft budget was presented to and scrutinised by the Corporate and Community Overview and Scrutiny Committee.
- Councillor Gee expressed concern that the CIPFA financial resilience index was from 2019, and questioned how useful it now was. The Deputy Chief Executive stated that it was updated each year. The historical graph had been referenced because it was the first time that the index had been produced, and the only time that a comparison against all local authorities had been provided. He was clear of the trajectory since that time.
- Councillor Smith expressed concern regarding question 8 *Does the Audit Committee have sufficient oversight of Council owned companies?* and question 9 *Do senior officers and Members have the skills to govern and oversee Council owned companies?*, and felt that the Committee did not know the answer to these. Whilst the companies were included in the Internal Audit Plan 2023/24, the audits had not yet taken place. The Assistant Director Governance indicated that the 2023/24 Internal Audit Plan would be presented at the next Committee meeting, and that Members could request that it be moved up the plan should they have particular concerns around this area.
- Councillor Gee commented that she had concerns around the companies and felt that their budgets should be scrutinised by the Council. Members were informed that previously the companies' performance had been reported to the Executive, with the budget monitoring. It was intended to provide a half year performance and a forecast for year end, going forwards.
- The Chair indicated that she would circulate an additional lessons learnt report from Internal Audit to the other Committee members.

RESOLVED: That

- 1) the CIPFA report be considered;
- 2) the suggested actions for the Audit Committee be considered.

55. TREASURY MANAGEMENT STRATEGY 2023-2026

The Committee received the Treasury Management Strategy 2023-26.

During the discussion of this item, the following points were made:

- The Assistant Director Finance advised the Committee of the proposal to change the minimum credit rating from High to Upper Medium. The Council had worked with external experts on this and the rating was still within recommended safety limits. This change would allow greater flexibility and for the Council to manage its cash more robustly.
- The Chair asked why the change in credit rating had not been undertaken before. The Assistant Director Finance indicated that this area was kept under constant review.

- Councillor Davies asked for an example of an investment in the upper medium range, which would not have been previously possible. The Assistant Director Finance commented that the change in rating would increase the number of organisations that the Council could use.
- Mike Drake stated that the list of loans and their maturity dates, was helpful.
- With regards to the table on the General Fund, on page 157 of the agenda, Mike Drake questioned how 2023/24 and 2024/25 figures agreed. The Assistant Director Finance agreed to check this.
- Councillor Smith added that on p158 it referred to the General Fund Capital Programme having an estimated shortfall of £28million over three years, but that this was not reflected in the tables. The Chief Accountant explained that the £28million was the difference between the table setting out the Capital Programme budget and the table setting out how the Council proposed to fund this, and was the capital funding gap across the three years. Officers would check the figures and report back to Members.
- With regards to Minimum Revenue Provision (MRP), Councillor Gee felt that the Council's MRP approach did not comply with the understanding of the current statutory guidance which stated that all debt associated with investing should be provided for. The Council did not charge on the loan capital in WBC Holdings and only provided 10% of assets that could be disposed of for appreciation, a maximum 15 years asset life. Thurrock Council which had experienced severe financial challenges now provided for everything.
- The Deputy Chief Executive commented that MRP was a complex and fluid area. He clarified that there was not a statutory requirement to provide in the way stated in the Thurrock Council statements. The current statutory provision sat under the prudential code, which referred to a prudent provision determined by the Section 151 Officer. The new prudential code which would be enacted in April 2023 still stated this. The Deputy Chief Executive commented that his biggest concern around changes to MRP was around Strategic Development Locations and forward funding the infrastructure to unlock the development. Under the most extreme interpretation this would no longer be possible. However, the Government, during the consultation process, which had begun over 2 years ago, had indicated that it did not want to generate unintended consequences for Councils, particularly around development, regeneration, and housing provision. Members were reminded that there had been two consultations over two years, and that no new regulations had come in during that period. The earliest any changes would be made would be April 2024.
- In response to a question from Councillor Gee regarding MRP and capital loans, the Deputy Chief Executive re-emphasised that Treasury Management advisors and the Council's External Auditors were satisfied with the Council's approach.
- Councillor Smith referred to a table detailing expenditure type and the WBC MRP charging policy (p162 of the agenda) and stated that it would be helpful to have information on any departures from Department for Levelling Up, Housing and Communities principles.
- The Assistant Director Finance added that at the March 2022 committee meeting a report on the closing of the accounts. The report contained confirmation from the Council's External Auditors that they were satisfied that the Council was acting within the arrangements for MRP.
- The Chair took the Committee through items on the agendas for the next Committee meeting on 13 March.

RESOLVED: That the Committee supports the Treasury Management Strategy 2023-2024 and recommends to Council to:

- 1) approve the Treasury Management Strategy as set out in Appendix A including the following additional appendices;
 - Prudential Indicators (Appendix B)
 - Annual Investment Strategy 2023/24 (Appendix C)
 - Minimum Revenue Provision (MRP) policy (Appendix D)

ACTION	OFFICER
The Chair commented that it would be useful if the report presented at the Committee's March meeting included possible options and the impacts of these. – Statement of accounts	Assistant Director Finance/EY
Invite the Director Children's Services and Executive Member Children's Services to a Committee meeting following the conclusion of the submission stage (Safety Valve)	Audit Committee
Helen Thompson commented that she welcomed a conversation around the approval of the accounts. The Committee approving the accounts were those charged with governance, and would therefore receive the reports from the external auditors. The Assistant Director Governance commented that the CIPFA guidance had stated that the accounts should not be approved by the Audit Committee, but agreed to look into this further.	Assistant Director Governance/EY
The Chair indicated that she would circulate an additional lessons learnt report from Internal Audit to the other Committee members.	Chair, Councillor Burgess
With regards to the table on the General Fund, on page 157 of the agenda, Mike Drake questioned how 2023/24 and 2024/25 figures agreed. The Assistant Director agreed to check this. (Treasury Management)	Chief Accountant/Assistant Director Finance
Councillor Smith added that on p158 it referred to the General Fund Capital Programme having an estimated shortfall of £28million over three years,	Chief Accountant/Assistant Director Finance

<p>but that this was not reflected in the tables. The Chief Accountant explained that the £28million was the difference between the table setting out the Capital Programme budget and the table setting out how the Council proposed to fund this, and was the capital funding gap across the three years. Officers would check the figures and report back to Members.</p>	
<p>Councillor Smith referred to a table detailing expenditure type and the WBC MRP charging policy (p162 of the agenda) and stated that it would be helpful to have information on any departures from Department for Levelling Up, Housing and Communities principles.</p>	<p>Chief Accountant/Assistant Director Finance</p>

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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 13 MARCH 2023 FROM 7.00 PM TO 8.45 PM**

Committee Members Present

Councillors: Rachel Burgess (Chair), Maria Gee (Vice-Chair), David Davies, Mike Smith and Mike Drake

Also Present

Madeleine Shopland, Democratic & Electoral Services Specialist
Helen Thompson, Ernst and Young (online)
Hannah Lill, Ernst and Young (online)
Michael Bateman, Complaints Manager Children's Services (online)
Graham Cadle, Assistant Director Finance (online)
Graham Ebers, Deputy Chief Executive and Director of Resources and Assets
Catherine Hickman, Head of Internal Audit and Investigations
Andrew Moulton, Assistant Director Governance
Daneet Penny, Customer Relations Officer (online)
Mark Thompson, Chief Accountant (online)
Jackie Whitney, Head of Customer Excellence (online)
Clare Mundzar, Customer Relation Manager (online)

56. APOLOGIES

Apologies for absence were submitted from Councillors Peter Harper and Tahir Maher

57. DECLARATION OF INTEREST

There were no declarations of interest submitted.

58. PUBLIC QUESTION TIME

There were no Public questions.

59. MEMBER QUESTION TIME

There were no Member questions.

**60. WOKINGHAM BOROUGH COUNCIL AUDIT RESULTS REPORT YEAR ENDED
31 MARCH 2021**

The Committee received the Wokingham Borough Council Audit results report year ended 31 March 2021.

During the discussion of this item, the following points were made:

- Helen Thompson, EY, stated that the Committee had seen a previous version in March 2022. It had since been updated.
- The audit work was near completion. The pension fund issue remained outstanding, however, the auditors of the pension fund had provided a clear timescale for the completion of their work and the receipt of the required letter. It was anticipated that the letter would be received by 29th March, which gave a short window to complete the outstanding work for the end of March.
- The work around infrastructure assets had been completed. EY were satisfied that the updated disclosures in the financial statements were appropriate and were in line with the statutory instrument and the CIPFA amendments.

- There had been updates to the section regarding Property, Plant and Equipment where work had been completed in all areas.
- The schedule of errors had been updated.
- With regards to errors identified, Mike Drake sought assurance that the appropriate accounting procedures were in place and that staff had received sufficient training. The Assistant Director Finance commented that improved resourcing of the team had been identified as well as improved processes and quality assurance. Covid had had an impact on the work. Measures had been put in place to give confidence that the errors would be reduced, and lessons learnt.
- In response to a question from Mike Drake regarding unadjusted misstatements, Helen Thompson clarified that there had been three judgemental differences, which was where there was a difference between the valuation on land and buildings (one in Property, Plant and Equipment, and one in Investment Property). The third difference was a projected difference relating to the classification of capital receipts in advance. An error had been identified in testing but was considered not to be material. It was noted that the Goodwin Impact related to pension liabilities. Mike Drake asked whether Officers stood by the assumptions they had used in the first two instances. The Deputy Chief Executive stated that the differences could be classified in two ways; one around the efficiency of the work required to find and correct differences given the magnitude, which would be part of the lessons learnt. Secondly, the two relating to land valuations represented a difference of opinion between valuers.

RESOLVED: That the Wokingham Borough Council Audit results report year ended 31 March 2021 be noted.

61. STATEMENT OF ACCOUNTS 2020-2021

The Committee received the Statement of Accounts 2020-21.

During the discussion of this item, the following points were made:

- In response to a question from Councillor Davies regarding infrastructure assets, the Assistant Director Finance commented that CIPFA had introduced an interim arrangement and the Council had worked with EY to meet these. The full long-term requirement was still awaited. Once in place the Council would work to meet them. Helen Thompson added that the long-term solution remained unclear. Whilst EY had recommended that the Council considered the accounting records, there was a balance between doing that and spending time on looking backwards. It had been agreed that from this point onwards that the Council would keep more specific records in relation to the expenditure on infrastructure assets incurred.
- Councillor Gee thanked Officers for following up why the Pension Fund had not signed off its accounts. She commented that the Committee had been asking about the issue for some time and that it seemed that the issue had arisen because the Royal Borough of Windsor and Maidenhead Council had not signed off its accounts. Councillor Gee expressed concern about this, and questioned whether this was a risk which had not been taken into account. Helen Thompson stated that the pension fund accounts were largely completed but could not be completed because they were linked with the accounts of the administering body, RBWM. Officers had been aware of this. The Deputy Chief Executive referred to the caveated wording provided by Deloitte. He understood that Deloitte would be able to provide the required wording even if RBWM's accounts remained unsigned. Councillor Gee was of the view that there was still an outstanding risk.

- Mike Drake commented that the narrative was out of date in parts and also some of the comments in some of the notes. In addition, there were a number of rounding differences. Helen Thompson indicated that officers were aware of the casting errors, and these were being looked at. The Assistant Director Finance commented that an explanatory paragraph would be added to the narrative.
- Mike Drake went on to state that in some of the notes, figures were provided for the Council but not for the Groups. Helen Thompson indicated that the CIPFA guidance suggested that certain of the notes did not require the Groups as well as the single entity. However, the notes would be rechecked.
- Mike Drake sought clarification regarding the reference to unfunded pensions. The Chief Accountant explained that with regards to the pension, what was considered in terms of funded and unfunded, was the value of the future liabilities versus the assets of the pension fund. The Council would make an annual contribution, as part of the budget, towards the pension deficit. Officers agreed to come back with further details around the reference to the unfunded pension element.
- Mike Drake suggested that a definition of the comprehensive income and expenditure statement be included in the list of definitions. The Assistant Director Finance indicated that this could be added.
- The Chair commented that limited progress had been made with bank reconciliations, and sought assurance that those controls would be put back in place and would be carried out regularly. The Assistant Director Finance explained that this would be carried out more regularly so should not be an issue going forwards. Councillor Gee added that there was a difference which was adjusted for of £0.62million. She questioned the impact of this and whether income would be impacted or whether it represented a move between the balance sheets. The Chief Accountant explained that part of the difference related to where the Council had taken deposits from tenants for the Town Centre development. Previously the income had not been recognised in the Council's ledger because it was being held on behalf of the tenant. However, following further work with the auditors it had been agreed that this should be recognised in the accounts, so an adjustment to cash balances and creditors had been made. There had been no impact on income or the bottom line.
- Councillor Gee requested written confirmation that the finance team was adequately resourced. The Assistant Director Finance commented that additional resources were now in place and staff were being trained.
- Councillor Gee stated that she had attended the RBWM Pension Committee that day and that the next valuation had been received and there had been some adjustments. She questioned whether this needed to be reflected in the accounts. The Assistant Director Finance responded that the Council had not been formally issued with the updated pension position, but once this was received any necessary adjustments or reflections could be made. Helen Thompson indicated that the issue had been known but not how significant it might be or not be in terms of the change in the triennial valuation. There needed to be consistency in the way it was treated.
- Mike Drake asked about the collection fund. The Assistant Director Finance referred to the impact of Covid and the increase in the number of grants given. A grant had been given but in accounting terms sat in separate reserves.
- Councillor Smith referred to the comprehensive income statement and the difference in the 2019/20 and 2020/21 figures for Adult Social Care and questioned the reason behind this. The Chief Accountant referred to increased expenditure as a result of Covid and Covid grants, and also increased demand overall. Officers could undertake further analysis and feed back. The Deputy Chief Executive added

that the gross figures for Corporate Services and Children Services had reduced. There had been some restructuring where a number of services had previously been considered under a different category. Councillor Smith suggested that this could be clarified within the accounts. Mike Drake suggested that it be covered in the narrative report should the changes not be material. Helen Thompson added that 2019/20 had been restated. A significant number of grants around Adult Social Care had been received.

- Councillor Smith highlighted some inconsistencies in the presentation of figures.
- Councillor Smith questioned how unusable reserves had increased by 33% in a year and was informed that this related to increases in property valuations. It was noted that there was a note which referred to the breakdown of unusable reserves. Officers agreed to provide further analysis.
- Mike Drake asked about the entries posted for infrastructure assets. Officers commented that no changes had to be made in terms of the accounting journals. Helen Thompson indicated that the specific entries were included within the accounts in the note around new infrastructure assets. Mike Drake commented that further explanation would be helpful.
- Councillor Gee proposed that recommendation 1 be amended to read 'latest draft statement of accounts.' This was accepted. She also stated that there a lot of updates to be made and questioned whether the Committee should approve the delegation. The Chair was of the view that any proposed amendments discussed were not material, although assurance was still sought regarding the pension fund. She would be satisfied with the delegation.

RESOLVED: That

- 1) the latest draft statement of accounts for 2020-21 (Appendix A) be noted. These should be considered alongside the audit results report presented by our External Auditors, Ernst & Young (EY);
- 2) delegation for the signing of the 2020-21 accounts to the Chair of the Audit Committee, in consultation with the Chief Finance Officer, on the basis of the remaining assurances from the auditor of Berkshire Pension Fund being received with no further significant impact on the accounts, be approved.

62. FORMAL COMPLAINTS REPORT – 9 MONTH SUMMARY APRIL – DECEMBER 2022

The Committee received an update on formal complaints.

During the discussion of this item, the following points were made:

- Over the three quarters 69% of complaints submitted had been resolved without formal escalation. Across all stages 30% of complaints were upheld, 54% not upheld and 16% were undecided.
- Compared to the end of Q4 2021-22 complaints had increased by an average of 7%. This was mainly due to the rise in Stage 1 complaints, which was in turn the result of a new Housing Complaints policy being implemented in May 2022 that removed the option of informal resolution. The policy change combined with seasonal factors had seen Housing Services make up 40% of all complaints received, compared to an average of 25-35%.
- Of the 465 complaints that did not formally escalate, 85% were attributed to Place and Growth.

- During Q1-3 unforeseen spikes could be seen. In November 2022 there was a focus in the national media around poor mould management by a social housing company which had resulted in the death of a toddler. This had prompted concerns from tenants and an increase in service demand, which in turn had led to an increase in complaints as the service had struggled to meet the increased demand.
- Those complaints upheld tended to relate to delays in addressing or completing a request for service. When a customer found a decision unsatisfactory, they sometimes confused this with poor performance. These complaints then tended to escalate but were usually not upheld. However, they offered opportunities for improving the management of customer expectations.
- During the period covered by the report several long standing Ombudsman cases had reached a decision in favour of the complainant. Recommendations had centred on ensuring that statutory timeframes were met for Education, Health and Care Plans, a review of how health assessments were sourced, and improved staff training to ensure that those with neuro diverse conditions received the appropriate level of understanding and assistance.
- When a complaint was unlikely to be resolved informally it was beneficial to signpost the complainant to the Stage 1 process.
- Councillor Davies asked whether analysis had been done regarding whether there would have been an increase if early resolution had still been in place. The Customer Relations Manager stated that this was difficult to judge as the Housing Ombudsman had indicated that early resolution and an informal process was no longer possible. It was likely that levels would have remained at a similar level.
- In response to a Member request for further details around seasonal factors, the Customer Relations Officer referred to the period cold weather in December and the national media focus on poor mould management.
- Mike Drake asked how the Council compared with other Councils. Whilst some benchmarking work had been carried out, it was difficult to make comparisons because of the different complaints structures in place.
- Councillor Gee complimented the readability of the report.
- Councillor Smith referred to the equality monitoring data. He felt that 18-65 years old was too large a category. He questioned whether there was data available regarding the breakdowns of complainants per type of complaint. The Customer Relations Manager indicated that this age band was being reviewed. The detail had not been broken down by type of complaint but this was something which would be looked at.
- The Committee discussed complaints which were received whilst the situation being complained about, was still live.

RESOLVED: That the formal complaints report – 9 months summary April-December 2022 be noted.

63. 2022/23 INTERNAL AUDIT AND INVESTIGATION Q3 PROGRESS REPORT

The Committee considered the 2022/23 Internal Audit and Investigation Q3 Progress Report.

During the discussion of this item, the following points were made:

- The report detailed the work of Internal Audit and Investigations up to the end of December 2022.
- No new audits had been completed in Quarter 3 that had attracted the lowest categories of audit opinion.

- The team were on track to achieve the majority of the Internal Audit Plan by the end of the financial year, with minimal carry over to the next year.
- High risk concerns and follow up activity were shared with the Chair of the Audit Committee.
- To the end of December there had been 8 high risk concerns. 2 were due to be implemented and had been implemented. The due date had not arisen for the remaining 6. In response to a Member question, the Head of Internal Audit and Investigation explained the table detailing the high risk concerns, in more detail.
- Appendix Ai detailed the audits in progress to the end of December. Where there had been activity since the last Committee meeting, these had been highlighted.
- The Chair noted that the team had had a post frozen during the year, and questioned whether this would have any impact on the ability to give an opinion. The Head of Internal Audit and Investigation indicated that other assurance mechanisms had also been taken into account, such as the Peer Review work and Safety Valve project.

RESOLVED: That the 2022/23 Internal Audit and Investigation Quarter 3 Progress Report (activity to 31 December 2022) be reviewed and scrutinised.

64. 2023/24 DRAFT INTERNAL AUDIT PLAN, STRATEGY AND INTERNAL AUDIT CHARTER

The Committee considered the 2023/24 Draft Internal Audit Plan, Strategy, and Internal Charter.

During the discussion of this item, the following points were made:

- The Internal Audit Strategy explained the approach to audit work over the coming year. Appendix A contained the work areas that had been proposed for the year. This would assist in informing the Head of Internal Audit in the audit opinion on the internal control risk management and governance framework.
- The Head of Internal Audit and Investigations advised how the Plan was produced.
- It was noted that the audits in the plan were also mapped to the Corporate Risk Register. Key risks to the Council were focused on.
- The Head of Internal Audit and Investigations drew Members' attention to the table which detailed the key corporate risks and the years in which they would be audited.
- The Plan needed to be remain flexible in order to address unforeseen factors.
- In terms of resourcing the Plan it was assumed that a Senior Auditor post that had been frozen, would be reinstated. A business case had been submitted for this and also an apprentice role. The business case for a Corporate Investigator had been approved recently and recruitment was due to start.
- The Internal Audit Charter, a terms of reference for Internal Audit, was presented annually alongside the Audit Plan, to ensure that the professional standards were still complied with. Changes made were minor.
- Councillor Gee questioned whether the team would be under resourced. The Head of Internal Audit and Investigations indicated that it would to resource the Plan presented. In answer to a further question from Councillor Gee as to whether the plan was necessary to ensure that everything was done satisfactorily, the Head of Internal Audit indicated that it was. Councillor Gee asked for confirmation when the posts were filled. The Committee agreed that it was important that the team had sufficient capacity.

- Mike Drake commented on the clarity of the report.
- Mike Drake queried whether the highest risks on the Corporate Risk Register should be audited every year. The Head of Internal Audit and Investigation referred to the planned audits around the budget and financial resilience and also cyber security. With regards to SEN assurance was being sought via the Safety Valve project.
- The Chair questioned whether Minimum Revenue Provision was part of the internal audit plan and was informed that it was not.
- Councillor Gee questioned whether Internal Audit should be situated under Finance. The Head of Internal Audit and Investigation indicated that she had monthly 1-2-1's with the Chief Executive and also met with the Chair of the Audit Committee to look at key areas of risk. The Deputy Chief Executive commented that complete and total independence was not possible.
- The Committee discussed non audit duties.

RESOLVED: That

- 1) the 2023/24 draft Internal Audit and Investigation Plan and Strategy be reviewed and scrutinised.
- 2) the 2023/24 Internal Audit Charter be approved.

65. CIPFA MANAGEMENT CODE

Members received a report regarding the CIPFA Management Code.

During the discussion of this item, the following points were made:

- The Deputy Chief Executive introduced the report and commented that there was a best code of practice. Whilst there was no requirement to undertake an assessment against it, the Council had done so to provide assurance that the financial management arrangements were safe and sound. It would also help to identify any improvements required.
- Having completed the self-assessment, the Internal Audit team had undertaken a more traditional audit approach. The second highest score had been achieved, which suggested that the picture was good overall but that there was room for improvement.
- Areas for improvement identified had included; A more formal approach to financial training would be put in place for all budget managers; Job descriptions to be reviewed to ensure they included more specific budget responsibilities and value for money responsibilities; and improved engagement on the budget setting with stakeholders.
- Councillor Gee commented that if the Council wanted to improve engagement with residents, documents needed to be more understandable and easy to read. The Deputy Chief Executive stated that it was a challenge to make financial documents easy to read but officers were trying to make improvements. The Medium Term Financial Plan was not the only way that the Council communicated to residents regarding its finances. Mike Drake suggested that more could be added to the narrative of the report to provide further context.
- The Chair requested that an update on areas for enhancement be provided at a future meeting in the new municipal year.

RESOLVED: That

- 1) The findings of the review and associated internal audit report be noted;
- 2) the actions identified to further improve the approach going forward be noted.

66. AUDIT COMMITTEE ANNUAL REPORT 2022-23

The Committee considered the draft annual Audit Committee Annual Report 2022-23.

Members felt that the report was very readable.

RESOLVED: That the draft annual report for 2022/23 be recommended to Council for approval.

ACTION	OFFICER
Mike Drake commented that the narrative [Statement of Accounts] was out of date in parts and also some of the comments in some of the notes. In addition, there were a number of rounding differences. Helen Thompson indicated that officers were aware of the casting errors, and these were being looked at. The Assistant Director Finance commented that an explanatory paragraph would be added to the narrative.	Chief Accountant/Assistant Director Finance
Mike Drake went on to state that in some of the notes, figures were provided for the Council but not for the Groups. Helen Thompson indicated that the CIPFA guidance suggested that certain of the notes did not require the Groups as well as the single entity. However, the notes would be rechecked.	EY
Mike Drake sought clarification regarding the reference to unfunded pensions...Officers agreed to come back with further details around the reference to the unfunded pension element.	Chief Accountant/Assistant Director Finance
Mike Drake suggested that a definition of the comprehensive income and expenditure statement be included in the list of definitions.	Chief Accountant/Assistant Director Finance
Councillor Smith referred to the comprehensive income statement and the difference in the 2019/20 and 2020/21 figures for Adult Social Care and questioned the reason behind this. The Chief Accountant referred to increased expenditure as a result of Covid and Covid	Chief Accountant/Assistant Director Finance

grants, and also increased demand overall. Officers could undertake further analysis and feed back.	
Councillor Smith highlighted some inconsistencies in the presentation of figures.	Chief Accountant/Assistant Director Finance
Councillor Smith questioned how unusable reserves had increased by 33% in a year and was informed that this related to increases in property valuations. It was noted that there was a note which referred to the breakdown of unusable reserves. Officers agreed to provide further analysis.	Chief Accountant/Assistant Director Finance
He questioned whether there was data available regarding the breakdowns of complainants per type of complaint. The Customer Relations Manager indicated that this age band was being reviewed. The detail had not been broken down by type of complaint, but this was something which would be looked at.	Customer Relations Manager
Committee to be informed when posts in Internal Audit and Investigation were filled	Head of Internal Audit and Investigation
The Chair requested that an update on areas for enhancement be provided at a future meeting in the new municipal year. [CIPFA Management Code]	Deputy Chief Executive

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TITLE	Corporate Risk Register
FOR CONSIDERATION BY	Audit Committee on 7 June 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the Council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The Council's Risk Management Policy and Guidance sets out the policy framework and formally guidance for officers to enable them to pro-actively identify and manage its risks.

RECOMMENDATION

The Audit Committee is asked to review the Corporate Risk Register (at Appendix A) to determine that strategic risks are being actively managed.

SUMMARY OF REPORT

The Corporate Risk Register has been revised by the officer Risk Management Group and Corporate Leadership Team and is shown at Appendix A.

The Council's top corporate risks are:

- Budget and financial resilience
- Health & Social Care Reform

The Chief Executive will present the report to the Committee.

Since the register was last reported to Audit Committee on 1 February 2023.

There is one new risk 21 Housing Needs.

We have removed risks:

- 16: Public transport following the success tender and announce of additional funding for buses
- 19: election administration following the successful elections.

One risk has increased Risk 13 – Safeguarding Adults

The overall risk position has been stable since February.

Background

The Council's Constitution sets out the remit of the Audit Committee as follows with regard to Risk Management.

Extract from Constitution (paragraph 4.4.3.2 (d))

- b) To monitor the effective development and operation of risk management in the council.
- c) To monitor progress in addressing risk-related issues reported to the committee

Analysis of Issues

The following changes have been made to the Corporate Risk Register since the register was last presented to the Committee on

2.1 Risk 4 – Uncontrolled Development - Update

Progress on the Local Plan Update (LPU) is ongoing. This includes expanding our evidence. National government launched a consultation on changes to national planning policy in December 2022. The government's response to the consultation is expected in Spring 2023 but is yet to materialise. A revised timetable for delivery of the LPU, known as the Local Development Scheme, is due to be considered by Executive in July 2023. Timely progress towards adopting the LPU early in 2025 will provide the Borough with increasing protection from uncontrolled development.

2.2 Risk 9 Cyber Attack – Update

The Council continues to strengthen its defences against the risk of successful cyber-attack and has retained Public Service Network (PSN) accreditation. This enables the Council to have assurance that the Council meets the standards of information security to access government data networks. However, this risk has not reduced due to the hostile cyber landscape.

2.3 Increase in Risk 13 Safeguarding Adults

There is risk associated with the change in legislation for Liberty Protection Safeguards (LPS) as the plans have not yet been confirmed and the demands on the system are not yet fully known. This risk has increased in likelihood due to the increasing pressures that are happening now (linked to risks 3- Workforce, and 7-Sustainability) impacting on workforce and this leading to a decrease in performance and delivery in this area.

2.4 Reduction in Risk 16 Public Transport

The risk to public transport has been effectively mitigated by the success retendering of local bus services. On the 17 May the government announced additional funding for buses outside of London reducing this risk further. We have therefore de-escalated this risk to the Place and Growth Risk Register.

2.5 Reduction Risk 19 Elections

Following the successful administration of the Borough, Town and Parish elections on the 4 May. This risk has been de-escalated to the Resources and Assets Directorate Risk Register. The successful national and local campaigns on voter identification meant that the election was able to run effectively. This risk will be kept under review by the Deputy Chief Executive and may need to be escalated later in the year. The 2024 borough election will be an all-out election on new ward boundaries (yet to be confirmed by the Local Government Boundary Commission for England) and combined with Police and Crime Commissioner elections. If a general election is also called to co-inside with these elections, they will also be on new parliamentary constituency boundaries and require Wokingham to count two constituencies for the first time.

2.6 Risk 20 Website Replacement - Update

The Website Replacement programme is making good progress. The programme has entered its Beta Phase on schedule: finalizing configuration and starting the deployment of the standard system settings, permissions and profiles. The risk remains yellow as the content load phase is a critical element and is not yet completed. Resources have been secured for this phase and the programme remains on track for delivery. Adopting a prioritised and agile approach to content load means that the pages residents use the most will be loaded first, and the others will then follow.

Contingency arrangements are in place should the new website not be ready for deployment to ensure residents are not impacted should there be slippage in the timetable for deployment.

This risk is a short-term nature and will be removed from the Corporate Risk Register following go-live in July.

2.7 New Risk 21 Housing Needs

Due to increasing need and complexity of housing needs in the borough combined with the pressures on the supply of affordable housing this risk has escalated from the Place and Growth risk register. This risk is particularly acute in specialist housing. The financial impact is felt across services including Adults and Children's. The Council has had a strong track record of maximising developer contributions and securing grants to deliver affordable housing. However increasing the supply of affordable housing is a medium to long term challenge. In the short term the Council is identifying opportunities to mitigate the impact through prioritisation of high impact delivery and in the medium term to develop a new Housing Strategy to respond to this risk. This risk is likely to be a medium term risk.

Other Risk Management Activity

2.8 The Risk Management Group has continued to work on embedding effective risk management with a focus on risk in programmes. This has included facilitating risk workshops to support identification and mitigation of programme risks.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

Effective risk management mitigates financial risks associated with the Council achieving its objectives.

Cross-Council Implications

Risk management influences all areas of the Council – effective risk management is one of the ways assurances is provided that the Council’s key priorities and objectives will be achieved.

Public Sector Equality Duty

An Equality Impact Assessment is not required on the Corporate Risk Register. The impact on Equality is assessed in the impact of each risk.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

The effective management of risk supports the achievement of this important priority

Reasons for considering the report in Part 2

N/A

List of Background Papers

[Protiviti global survey top risks 2023-2032](#)

Contact Paul Ohsan Ellis	Service Governance
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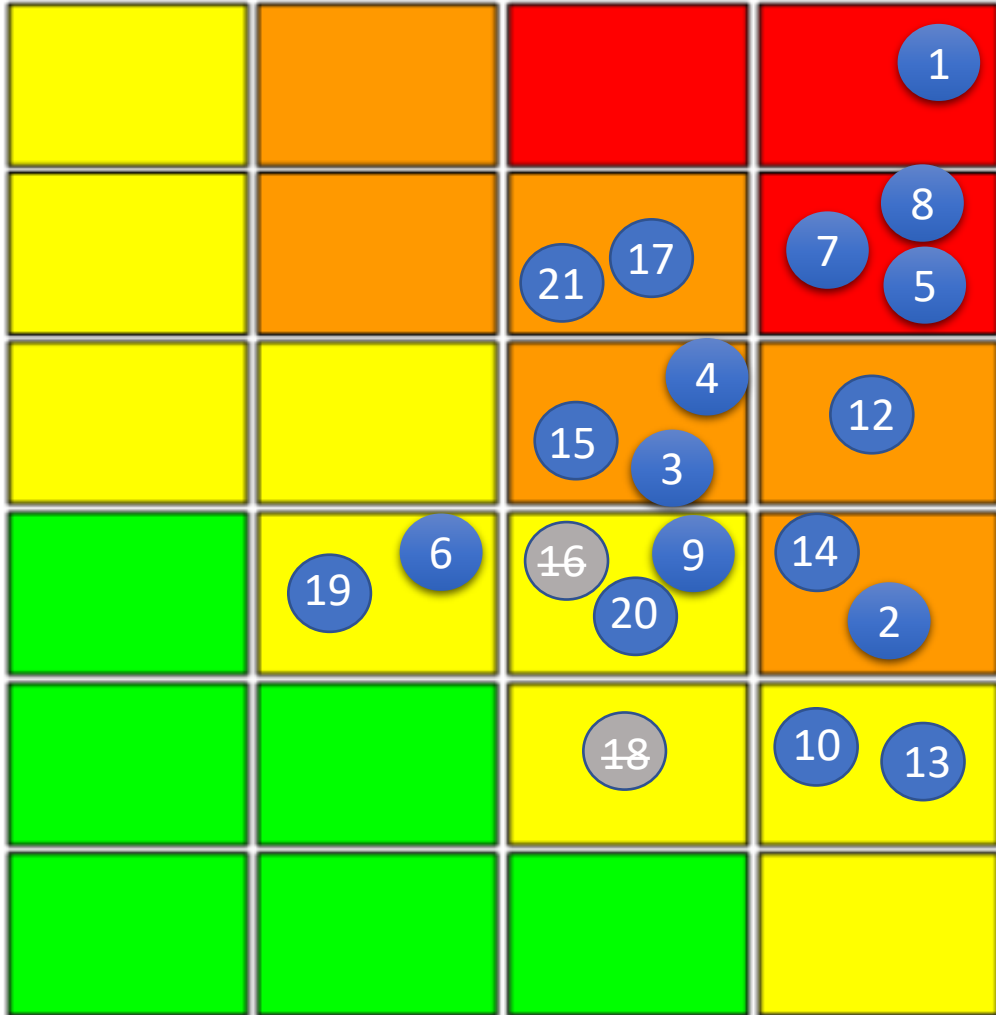
Appendix A - Corporate Risk Register
June 2023

Current Assessment	Very High	High	Medium	Low
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Impact

31

Likelihood



Ref	Risk
1	Budget & Financial Resilience
2	Corporate Governance
3	Workforce
4	Uncontrolled Development (Local Plan Update)
5	Outcomes & Costs for Children with SEND
6	Health & Safety
7	ASC Supplier Sustainability and Sufficiency
8	Cyber Security
9	Deliver Council's Climate Emergency Action Plan
10	Major Emergency Response (e.g. Pandemic)
12	Health & Social Care Reform
13	Adult Safeguarding
14	Children's Safeguarding
15	Inward migration
16	Public Transport
17	Education Provision Mainstream
18	Elections Act Implementation (Voter ID)
19	Information Governance
20	Website Replacement
21	Local Housing Needs



New

Key to Abbreviations

SC - Cllr Stephen Conway, Leader of Council and Executive member of housing

PB - Cllr Prue Bray, Deputy Leader and Executive member for children's services

CJ - Cllr Clive Jones, Executive member for business and economic development

RBF - Cllr Rachel Bishop Firth, Executive member for equalities, inclusion & fighting poverty

LF - Cllr Lindsay Ferris, Executive member for planning and the local plan

SK - Cllr Sarah Kerr, Executive member for climate emergency and residents services

IS - Cllr Ian Shenton, Executive member for the environment, sports and leisure

PF - Cllr Paul Fishwick, Executive member for active travel, highways and transport

DH - Cllr David Hare, Executive member for wellbeing and adult services

ISD - Cllr Imogen Shepherd-Dubey, Executive member for finance

SP Susan Parsonage, Chief Executive

GE Graham Ebers, Deputy Chief Executive & Director of Resources & Assets

~~SW~~ SW Sally Watkins, Chief Operating Officer (COO)

HW Helen Watson, Director of Children's Services

GF Giorgio Framalico, Director of Place & Growth

MP Matt Pope, Director of Adult Social Services

AM Andrew Moulton, Assistant Director Governance & Monitoring Officer

GC Graham Cadle, Assistant Director Finance

LL Louise Livingston, Assistant Director Human Resources and Organisational Design

TS Trevor Saunders, Assistant Director, Planning

JW Jackie Whitney, Strategic Lead Customer, Change and IT

RH Rhian Hayes, Assistant Director Economy and Housing

FH Francesca Hobson, Assistant Director Environment and Safety

Key Priorities (from Community Vision and Council Plan)

1. Safe, strong communities
2. Enriching lives
3. Right homes, right places
4. Keeping the Borough moving
5. A clean and green Borough
6. Changing the way we work
7. Be the best we can

Key Priority at Risk: Community Vision

Owner

Change

ISD

GE

None

1

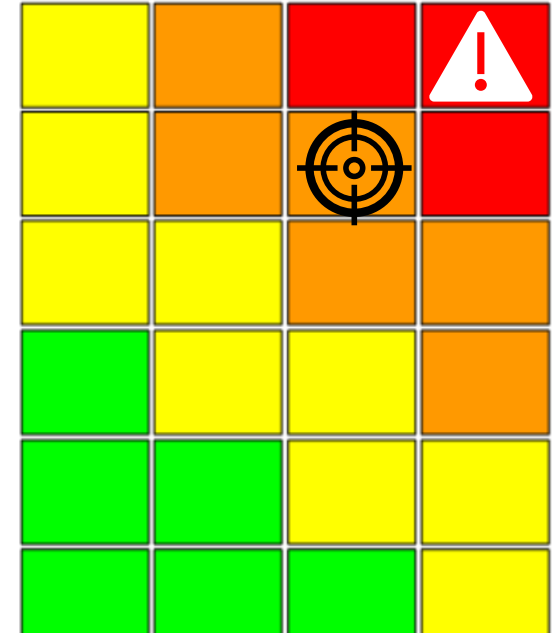
RISK: Budget and financial resilience

Due to increased costs (including inflation), loss of income, increased cost of borrowing or non-realisation of forecast savings and increased demand for services due to the cost of living there is a risk that the Council is unable to finance its current services resulting in a reduction in reserves and services.

Existing Controls:

- MTFP (inc CFO report on risk)
- Financial and Contract Regulations (section 12 & 13 constitution)
- Budget Monitoring (Revenue & Capital)
- Capital Strategy
- Treasury Management Strategy
- Commercialisation Strategy (July 21)

- CIPFA Resilience Assessment
- Internal Audit
- External Audit
- Overview and Scrutiny consideration of 23/24 budget



⚠️ Current Risk 🎯 Target 🏆 Risk on Target

33

Mitigating Actions

Active Monitoring of 2023/24 Savings and Income Targets

Owner

Date

All/GE

March 2024

Action plans to implement Internal and External Audit findings

GC

March 2024

Review of capital programme and associated monitoring (Gold Group)

GC

March 2024

Key Priority at Risk: Community Vision

2

RISK: Corporate Governance

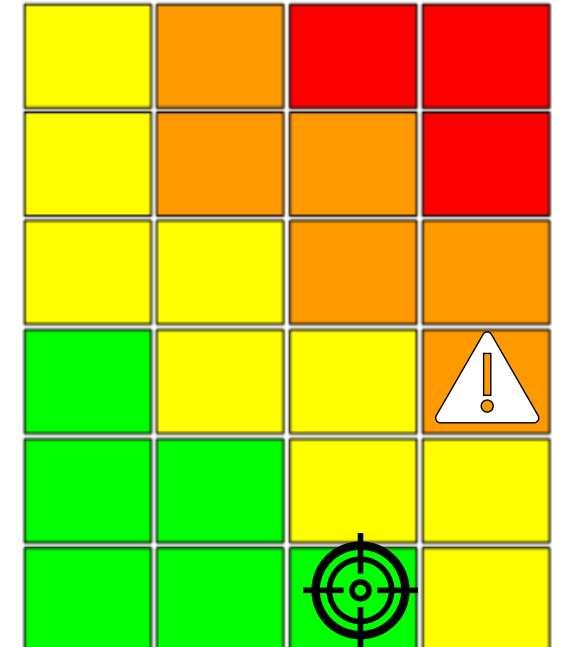
Governing effectively to ensure achievement of the Council's purpose and priorities within the resources available and achieving value for money. Without effective corporate governance, there is a risk that through unethical behaviour or ineffective decision-making, residents lose trust in the way the Council undertakes and carries out its duties.

Existing Controls:

- Community Vision and Corporate Delivery Plan
- Local Code of Corporate Governance
- Constitution (i.e. Council rules of procedure, conduct and compliance)
- Annual Governance Statement
- Performance framework
- Risk Management Policy & Guidance
- Internal Audit
- External Audit
- Standards Committee
- Overview & Scrutiny function
- LGA Corporate Peer Challenge & Follow up visit
- Governance Dashboard

34

Owner		Change	
SC	SP	None	



Warning Icon Current Risk Target Risk on Target

Mitigating Actions

Review and self-assessment against Local Code of Corporate Governance reported in the Annual Governance Statement 22/23

Owner

SP

Date

June 2023

Key Priority at Risk: Community Vision, Safe, Strong Communities & Enriching Lives

3

RISK: Workforce

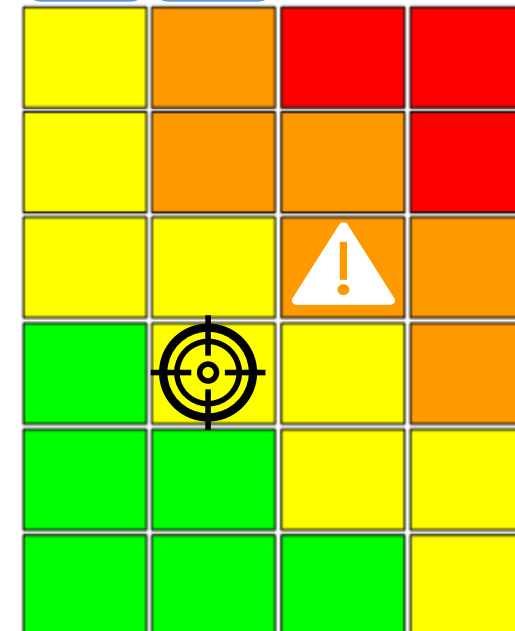
Due to the national challenges in recruiting permanent staff with the right levels of skills, competence and experience, there is a risk to the council's ability to deliver its community vision, which could, if not managed lead to fines and reputational risks

Existing Controls:

- Annual Performance Regime
- HR Hub
- Reward and Recognition
- Training Budgets
- Recruitment Specialists
- Corporate Agency Contract

- Workforce Dashboard and Establishment reporting
- IT systems (BWO, Applicant Tracking and Learning Management)
- Mandatory Training
- Learning & Organisational Development Functions

Owner		Change
RBF	SW	None



Current Risk
 Target
 Risk on Target

35

Mitigating Actions	Owner	Date
Engage with stakeholders to undertake HR policy review with implementation and training programme set up to support review	LL	Dec 23
Engagement with stakeholders to write the People Strategy	LL	Oct 23
Review of all Recruitment processes	LL	Sept 23
Leadership Learning programme in development	LL	Sept 23

Key Priority at Risk: Right Homes, Right Places

4

RISK: Uncontrolled Development - Local Plan Update

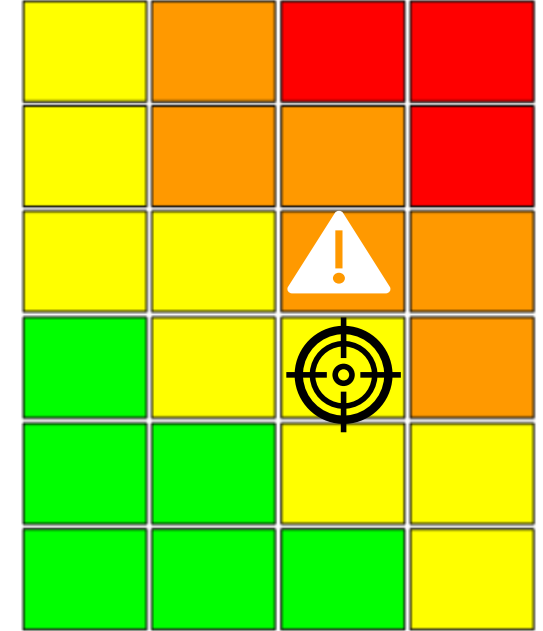
Without effective planning policies, there would be no real control or influence over where and how new housing and other types of development take place. This could lead to housing and other forms of development being allowed in poor locations, being of lower quality, and in places where infrastructure cannot be improved to help deal with the impacts.

Existing Controls:

- Timetable for adoption of new Local Plan in place but needs to be reviewed
- Resources allocated and kept under review
- Cross party planning policy working group reconstituted following election of new administration

- O&S regular update on LPU progress
- Revised growth strategy consulted upon in November 2021 – January 2022
- Monitoring housing developments and five-year land supply

Owner	Change
LF	GF
None	



Current Risk
 Target
 Risk on Target

36

Mitigating Actions/Key Milestones	Owner	Date
Local plan timetable to be reviewed	TS	July 2023
Next local plan consultation stage	TS	Autumn 2023
Submission of Local Plan Update to Government	TS	TBC
Inspector examination	TS	TBC
Adoption of LPU	TS	TBC

Key Priority at Risk: Enriching Lives & Safe, strong communities

5

RISK: Outcomes and Costs of Provision for Children with SEND

Due to increased demand and complexity of need there is a risk that there are insufficient funds to ensure Children with SEND receive adequate provision without further overspend on the High Needs Block (£10m+) risking a substantial impact on the Council's finances.

Existing Controls:

- Regular review of SEND Strategy
- Collaboration with SEND Voices & SENDIASS Wokingham
- Monitoring and Forecasting of Need and Demand
- Gold & Silver Monitoring and Direction Meetings Weekly
- 6-year Designated Schools Grant deficit control plan agreed with DfE under the national Safety Valve programme

- Improved relationships with providers
- Weekly meetings with DfE SEND Advisor
- Deficit Reduction Plan
 - Expansion of Addington School
 - Winnersh Farm School (Oak Tree)
 - PRU improvement
 - Resource Base & SEND Unit review
 - Successful School Bids (x2)
- SEND Improvement Board

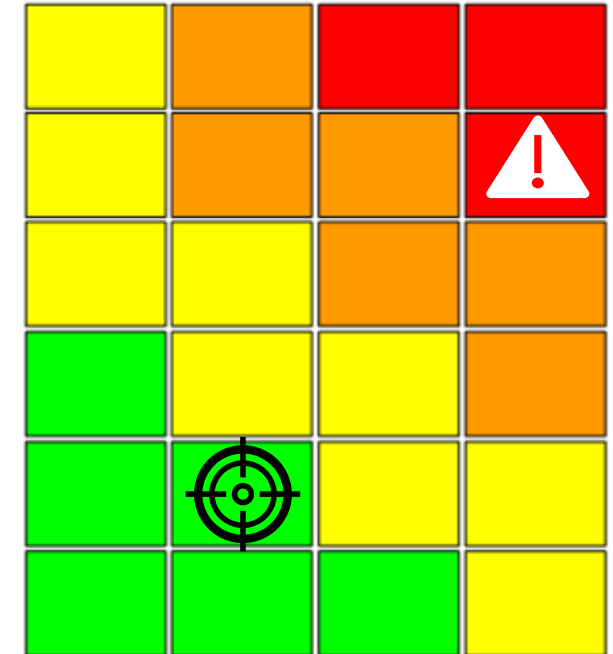
Owner

Change

PB

HW

None



⚠️ Current Risk 🎯 Target 🏆 Risk on Target

Mitigating Action

Owner

Date

Development of in-borough infrastructure for Children and Young People

HW

Sept 2027

School and multi agency inputs in the design of SEND services

HW

August 2023

SEND System Improvements as a result of SEND IIB

HW

July 2023

Alternative provision remodelling will lead a more inclusion approach in mainstream schools

HW

October 2023

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

6

Failure to meet statutory duties (Health & Safety)

Due to insufficient capability, capacity and awareness there is the risk that the Council does not meet its statutory duties in key areas leading to avoidable harm, litigation, fines, corporate manslaughter and reputational damage.

Existing Controls:

- Statutory policies in place for equalities and health & safety
- Prioritisation of H&S activity
- Strategic Plan to identify continuous improvement “Seeking Assurance” programme (two yearly)
- Health & Safety specialist advisers in place

- Incident Reporting System
- H&S Board established

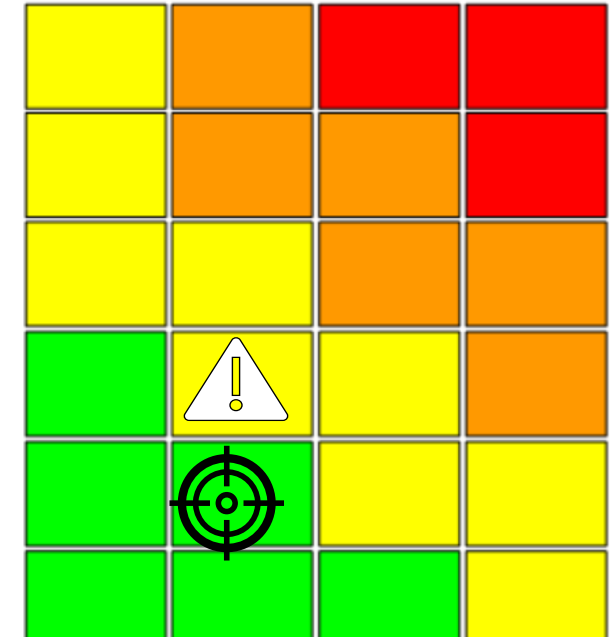
Owner

Change

RBF

SP

None



Warning Icon Current Risk Target Risk on Target

38

Mitigating Action

Commissioning the British Safety Council to review our H&S compliance and support overall focus and direction

Owner

Date

LL

September 23

Refine H&S key performance indicators

LL

September 23

Equalities Plan 23/24 Actions

SW

April 24

Health and Safety Board implements an annual safety improvement action plan

GE

April 24

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

7

Adult Social Care Supplier Sustainability and Sufficiency

Due to increasing needs of our local older and disabled people population demand is increasing placing the social care system under huge strain. It is acknowledged that nationally that there is insufficient funding within the care sector to meet the challenges faced by our local care providers. The cost-of-living crisis and inflationary pressures have exacerbated these issues in addition to workforce pressures impacting on capacity within the sector. We are experiencing instability within the social care market right now. There is a risk that a provider may fail or that we are unable to source care for a vulnerable resident, there have been recent provider failures in 2023 and more packages of care handed back by providers. Not only is this impacted on our finances but if the risk continues, it is expected to also have an impact on the quality of care delivered.

Existing Controls:

- Care Capacity Tracker monitoring and targeted action taken as required
- Lobbying of MPs and Government
- Workforce Strategy workstreams in place
- Market Sustainability Plan published
- In-house provision (via Optalis) is seen as one of our best opportunity to control costs and managing sufficiency within the local market

- Workforce Strategy and delivery groups in place
- Quarterly provider forums
- Early warning flags identified for key providers
- Offered commissioned providers a 7% (capped so that rates did not go above acceptable threshold) uplift in 2023/24
- Allocation of existing government grants

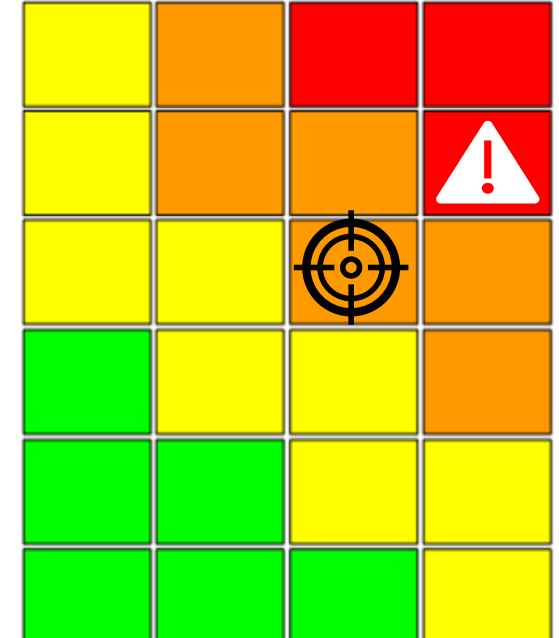
Owner

Change

DH

MP

None



Warning Current Risk Target Risk on Target

Mitigating Action

Continue to work with the sector to ensure that commissioning arrangements are fit for purpose

MP

March 24

Routine monitoring of providers sufficiency with support provided as required, and monthly reviews to assess any wider action required. Contingency planning in place to address any significant issues raised by care providers. Action to remain in place for the remainder of the year and reviewed regularly

MP

March 24

Objective at Risk: Community Vision

Owner

Change

8

Cyber Security

SK

SW

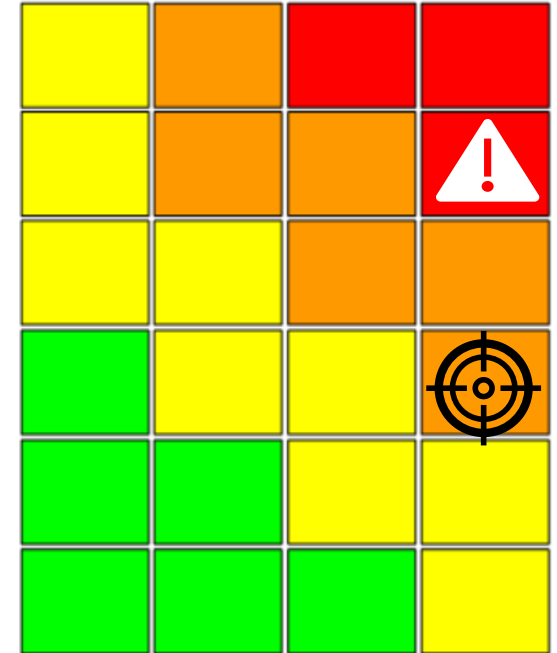
None

Due to an external cyber attack (Ransomware) there is a risk of unavailability of key information and/or disclosure of personal sensitive data causing inability to deliver services, increased costs, fines, reputational damage and loss of trust.

Existing Controls:

- Cyber security response team BCP
- Public Sector Network (expires 2024)
- Independent penetration testing (annual)
- Information Security and Acceptable Use Policy
- Encrypted and patched equipment
- Cyber security awareness campaign
- Internal Audit
- Internal Data & Information Governance Board

- Routine & Emergency patching and firewall configuration (increased frequency)
- NCSC Board Toolkit Action Plan
- Membership of the South East Warning Advisory Group
- Cyber Response Partner
- Simulated phishing attack programme
- CLT Cyber Security Leadership Briefing



⚠️ Current Risk 🎯 Target 🏆 Risk on Target

40

National Cyber Security Centre Board Toolkit review action to CLT

AM

Complete

Cyber incident plan to be created and made operational

JW

June 23

Internal Audit Action Plan Implementation

JW

June 23

Commence work on Cyber Essentials Plus Accreditation (Depends on decommissioning of PSN)

JW

Jan 24

Objective at Risk: A clean and green borough

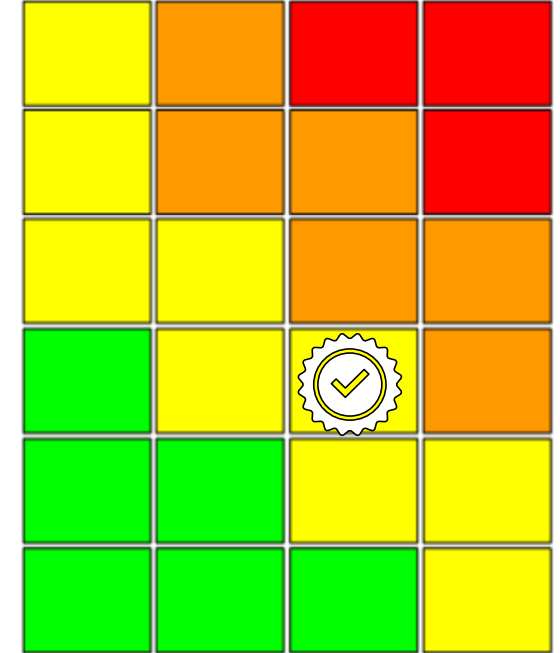
Owner

Change

SK

GF

None



9

Failure to Deliver Council's Climate Emergency Action Plan

Due to the costs, increasing competing priorities and complexity of behaviour change required, there is a risk that the Borough is unable to meet its carbon reduction aspirations leading to a failure of the Borough to deliver its contribution to climate change reduction.

Existing Controls:

- Climate Emergency Action Plan
- Annual CEAP progress report to Council.
- Monitoring groups to discuss CEAP progresses, remove delivery barriers and assess further carbon reduction opportunities.

- Climate change risk register being drafted in summer 2023
- Climate Emergency O&S Committee

41

Current Risk Target Risk on Target

Mitigating Action	Owner	Date
Delivery of the Climate Emergency Action Plan, to reach carbon neutrality by 2030	RH	2023
Climate emergency conducting a climate change risk assessment to quantify the risk the Borough and Council are exposed to. This would form the basis of a future adaptation plan.	RH	August 2023
Development of an adaptation plan to adapt operations and infrastructure to climate impacts	RH	2024

Objective at Risk: Safe, Strong Communities

10

Major Emergency Response (e.g. Pandemic)

Due to an unlikely but high impact major emergency the Council is required to lead a large-scale community response leading to impact on business as usual and requirement to focus resources on key priorities.

Existing Controls:

- Emergency plan and Council-wide Business Continuity Planning
- Learning from Overview & Scrutiny review of Covid response
- In-house Emergency Planning Service

- Gold, Silver and Bronze response structure
- Seasonal business continuity training and plan updates
- Delivering training for gold, silver and bronze

Owner		Change	
SC	SP	None	

Yellow	Orange	Red	Red
Yellow	Orange	Orange	Red
Yellow	Yellow	Orange	Orange
Green	Yellow	Yellow	Orange
Green	Green	Yellow	Yellow with checkmark icon
Green	Green	Green	Yellow

⚠ Current Risk 🎯 Target ✅ Risk on Target

42

Mitigating Action	Owner	Date
Silver command restructure	FH	September 2023
Reviewing key emergency plans (including major incident plan)	FH	February 2024
Creation and implementation of revised business continuity programme	FH	November 2023

Objective at Risk: Enriching Lives

12

Health & Social Care Reform

Due to the 'People at the heart of care' reforms that came into force from 2022 and the proposed funding changes, there is a risk of major changes in the Council's responsibilities that will lead to significant financial impact (£20-30m), workforce pressures, social care market pressures and administrative challenges. Now that elements of reforms have been delayed until 2025, this brings another element to this risk of a continuation of lack of funding and lack of government action to address the crisis in Adult Social Care. LA CQC inspection was introduced as part of these changes, which commenced Apr-23, bringing increased scrutiny to Adult Services and greater pressures to prepare and be subjected to an assurance and assessment regime.

Existing Controls:

- Liaising with central government and professional organisations (i.e ADASS and LGA).
- Analytical work to assess the potential impact on services.
- Working with other LAs through our regional network to consider and plan for future impact.
- Assurance to inspection project underway

- LA response provided to DHSC consultation Mar-22.
- Engagement with LGA workshops assessing the impact of the reforms.
- Working with case management software supplier to assess required changes.
- Review of Directorate Transformation Programme to incorporate requirements.

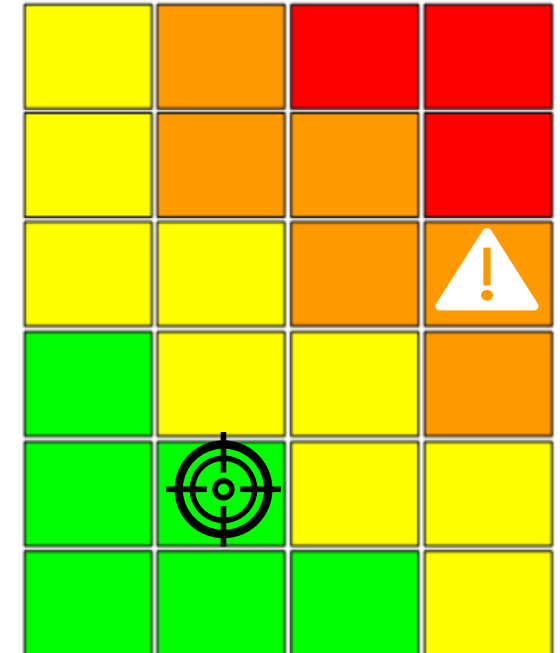
Owner

Change

DH

MP

None



Warning Current Risk Target Risk on Target

Mitigating Action

Programme in place to implement the reforms

Owner

Date

MP

December 24

Assurance to Inspection project underway to prepare for LA CQC assessments commencing 2023-24

MP

March 24

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

13

Failure to meet statutory duties (Safeguarding Adults)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for adults leading to avoidable harm, litigation, fines and reputational damage. There is risk associated with the change in legislation for Liberty Protection Safeguards (LPS) as the plans have not yet been confirmed and the demands on the system are not yet fully known.

Existing Controls:

- Adult Safeguarding Hub (ASH)
- Pan Berkshire Policies and Procedures
- ASH new proportionate and person-centred processes and pathway
- ASH fully staffed and dedicated Admin
- Effective relationships embedded with key partners and forums
- Management and supervision

- Staff training and awareness
- Berkshire West Safeguarding Board
- Care Governance Quality Assurance
- Risk Assessment for Safeguarding complete
- Joint working between HoS and PSW
- Quality Assurance Framework in place

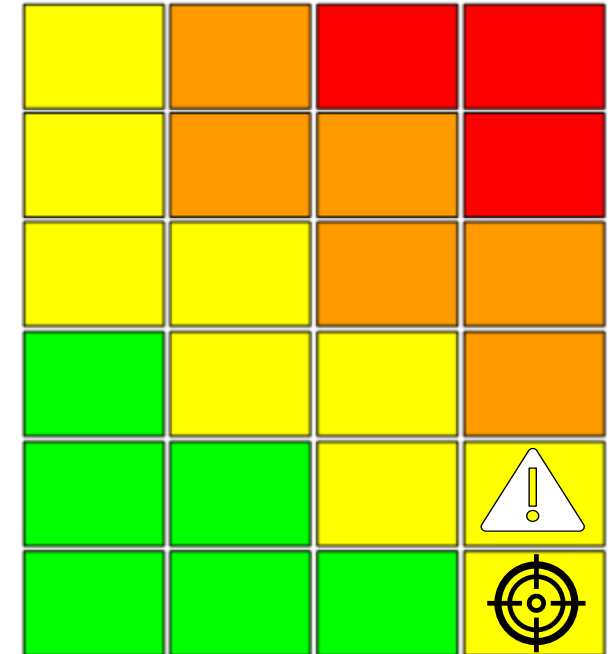
Owner

Change

DH

MP

Increase



Warning Icon Current Risk Target Risk on Target

44

Mitigating Action

ASC workforce strategy and delivery of action plan being driven through a number of workstreams

Owner

Date

MP

March 24

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

14

Failure to meet statutory duties (Safeguarding Children)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for Children leading to avoidable harm, litigation, fines and reputational damage.

Existing Controls:

- BWSCP Child Protection Procedures and Safeguarding Partnership
- Staff Learning & Development
- Case Reviews & Audits
- Policies and Procedures
- Practice Framework
- Staff Supervision
- Quality Assurance Framework
- Recruitment & Retention Programme
- Monitoring demand & caseloads, ensuring swift review of staffing needs

- Manageable case loads
- AYSE recruitment programme
- Additional Assistant Team Managers to support supervision
- Practice consultants / assistants
- OFSTED informed action plan to improve service delivery
- Use of locum staff to fill gaps in workforce as required
- Flexible approach to additional posts as required to meet increase in demand

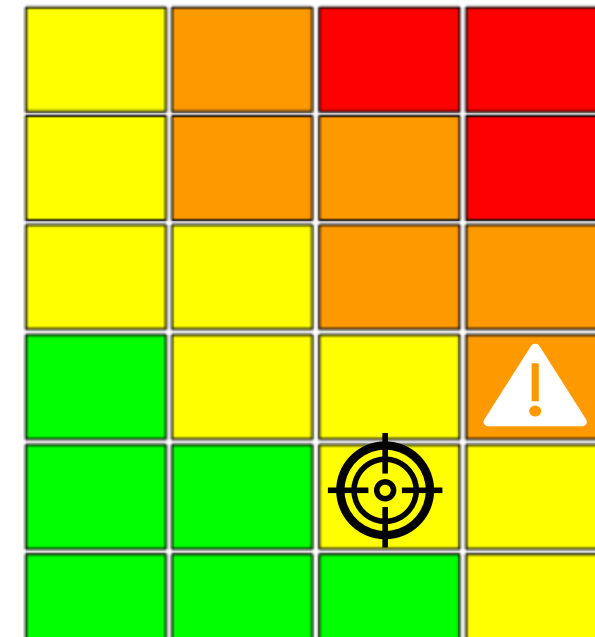
Owner

Change

PB

HW

None



Warning Icon Current Risk Target Risk on Target

Mitigating Action

Owner

Date

Transformation Programme for Children's Services

HW

March 24

Practice Improvement Programme for Children's Services

HW

July 23

Recruitment and Retention programme to ensure all vacancies are covered

HW

March 24

Reliable real time data to inform trends in demand

HW

Oct 23

Key Priority at Risk: Safe, Strong Communities

15

Inward Migration

Due to the arrival of Ukraine and Hong Kong nationals, refugees from other countries, and the now mandatory National Transfer Scheme for Unaccompanied Asylum Seeking Children (UASC), there is a risk of increasing costs to the Council of provision of effective support, including a significant increase in the cost of statutory accommodation for Care Leavers as UASCs reach the age of 18.

Existing Controls:

Gold and Silver response meetings and taskforce assembled
 Engagement with Voluntary Sector and Partners to ensure a coordinated approach.
 Child and Adult Safeguarding to protect vulnerable guests
 Caseworkers in place to liaise with hosts and Ukrainian guests.
 Ensure all grants are claimed for UASCs and Ukrainian and Afghan refugees

Educational provision for children and support for adults for employment and benefits
 Contingency arrangements in place to prevent and respond to relationship breakdown between hosts and guests.
 Links established with Ukraine Centre in Reading.
 Co-produced social inclusion and activity programme with voluntary sector.

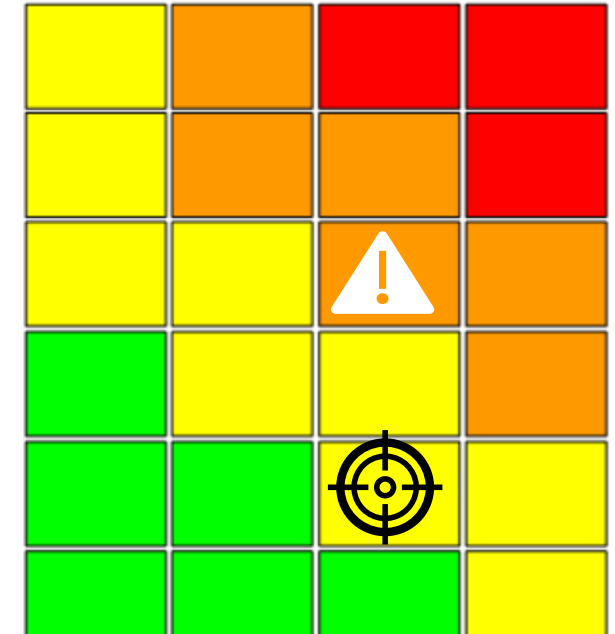
Owner

Change

RBF

GF

None



Current Risk Target Risk on Target

46

Mitigating Action

Owner

Date

Delivery of 17 dwelling capital programme to provide a range of family sized accommodation for Ukrainian and Afghan refugees

RH

February 2023

Implementation of social inclusion and activity events programme

RH

Ongoing

Ongoing work with Health and vol sector partners. Vol sector partnership work ongoing and thriving.

RH

Ongoing

Develop specific accommodation to meet the needs of UASC and former UASC Care Leavers

HW

Ongoing

Key Priority at Risk: Enriching Lives

17

RISK: Insufficient school places for mainstream children

Due to (a) increased numbers of children moving into the borough including international arrivals (Hong Kong nationals and Ukrainian children) in both primary and secondary phases; (b) peak primary rolls passing into the secondary sector; (c) too few places for girls (secondary phase); and withdrawal of capital funding for school place expansion there are risks of (i) a breach in statutory place sufficiency duty and (ii) new capital programme requirements.

Existing Controls:

- Primary Strategy 2018 to 2028
- Secondary Strategy 2022
- Development of Post 16 arrangements
- SCAP annual statutory places return to DfE
- Annual update of roll projections
- Regular reports to CSO&SC
- Regular Leadership Team updates
- 'Gold' governance arrangements in place

- Fair Access Protocol
- Regular item at BEP meetings
- Regular meetings with Finance team
- Engagement with schools on additional places
- Relationships with neighbouring boroughs
- Portal based admissions tracking (LA and Schools)

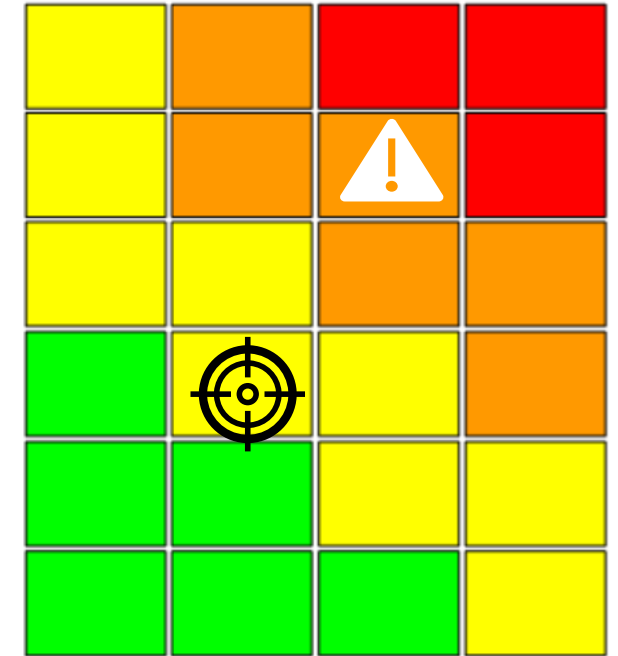
Owner

Change

PB

HW

None



Warning Current Risk Target Risk on Target

Mitigating Action

Owner

Date

Secondary place strategy school level expansion plans in preparation

HW

Sept 2023

Review forecasting of school places to 2030 to inform expansion programme

HW

July 2023

Engagement with Schools on additional places (above PAN)

HW

Sept 2024

Objective at Risk: Community Vision

19

Information Governance

Due to gaps in information governance arrangements and inability to support IT solutions for data retention and deletion (e.g. Mosaic), there is a risk of disclosure of personal sensitive data, and unlawful data retention resulting in individual distress, fines, reputational damage and loss of trust. Subject Access Requests (SARs) not being met resulting in fines, reputational damage and loss of trust.

Existing Controls:

- Internal Data and Information Governance (DIG) Board
- Mandatory training for new and existing staff
- Information Security and Acceptable Use Policy
- Encrypted equipment
- Secure email
- Document marking scheme

- Performance Monitoring
- Incident Reporting
- Membership of Berkshire DPO Group
- Information Governance Toolkit
- Publication Scheme
- Guidance from the ICO
- SAR Policies and Procedures
- Monitoring SAR Caseloads
- Reporting into CS Directorate Leadership Team

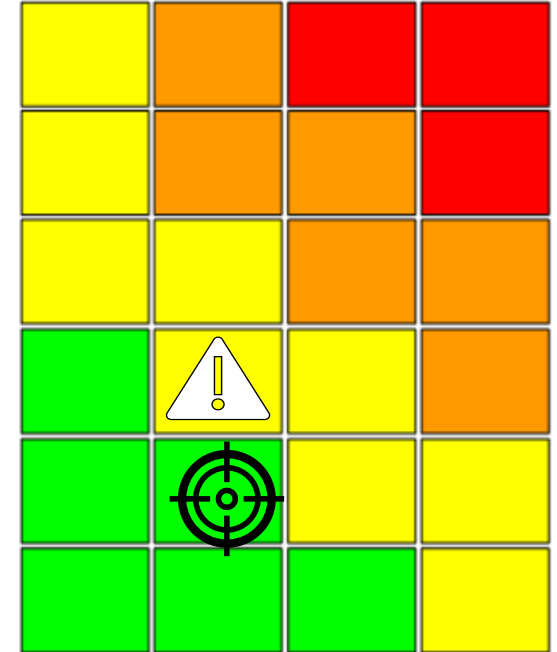
Owner

Change

ISD

GE

None



Warning Icon Current Risk Target Risk on Target

48

Mitigating Action

Owner

Date

Information Security & Acceptable Use Policy update

AM

March 2023

Implementation of demand management opportunities to reduce SAR requests in children's services

HW

September 2023

Key Priority at Risk: Changing the way we work for you

20

RISK: Website replacement

Due to the website technology no longer being supported at end of July 2023 there is a risk that the Council will not have a functioning website leading to increase in demand across more expensive channels, service failure, reputational damage and financial costs.

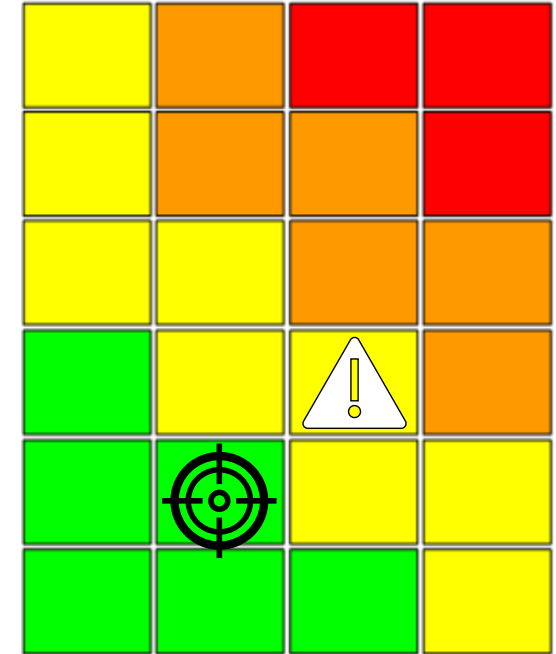
Existing Controls:

49

- Robust Project Governance
- Project Risk Register
- Prioritisation of key services and content to deliver essential services first
- Engagement with experienced supplier
- Robust resource planning

- Beta phase commenced on schedule
- Website contingency arrangement to copy existing website to in-house servers in case of complete project failure.

Owner		Change	
SK	SW	None	



Current Risk
 Target
 Risk on Target

Mitigating Actions

Site launch

Owner

JW

Date

July 2023

Key Priority at Risk: Right Homes, Right Places

21 RISK: Meeting Affordable Housing Need

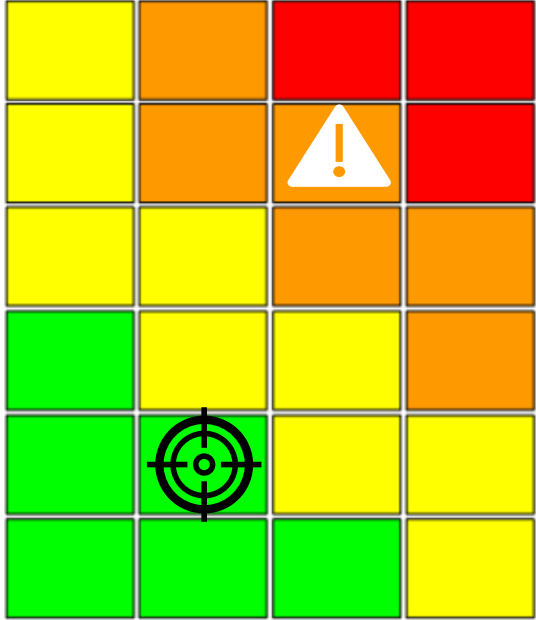
Due the Council or partners delaying or abandoning pipeline projects as well as private developer sites failing to come forward, in turn providing fewer affordable housing contributions, there is a risk there will be insufficient stock to meet Specialist and General Needs accommodation needs leading to increased pressures on the Council's budgets particularly in Place and Growth, Adults Social Care and Children Services as well as poorer outcomes for residents.

Existing Controls:

- Maximising developer contributions in both on-site delivery and S106 commuted sums
- Accessing external grant opportunities through Homes England etc.

- Ensuring pipeline of development for specialist housing

Owner Change
SC GF Increase



! Current Risk Target Risk on Target

Mitigating Action	Owner	Date
Understand the financial implications of not delivering sufficient accommodation on Council services and looking for opportunities to create savings through increased delivery	RH	June 2023
Setting the Council's strategic direction through development of new Housing Strategy, Homelessness and Rough Sleeping Strategy and Young People's Housing Strategy with an emphasis on addressing housing need for priority groups	RH	2024

50

Likelihood

51

Score	Level					Description
6	Very High	Certain.	>95%	Annually or more frequently	>1 in 10 times	An event that has a 50% chance of occurring in the next 6 months or has happened in the last year. This event has occurred at other local authorities
5	High	Almost Certain. The risk will materialise in most circumstances.	80 – 94%	3 years +	>1 in 10 – 50 times	An event that has a 50% chance of occurring in the next year or has happened in the past two years.
4	Significant	The risk will probably materialise at least once.	50 – 79%	7 years +	>1 in 10 – 100 times	An event that has a 50% chance of occurring in the next 2 years or has happened in the past 5 years.
3	Moderate	Possible the risk might materialise at some time.	49 – 20%	20 years +	>1 in 100 – 1,000 times	An event that has a 50% chance of occurring in the next 5 or has happened in the past 7 years.
2	Low	The risk will materialise only in exceptional circumstances.	5 – 19%	30 years +	>1 in 1,000 – 10,000 times	An event that has a 50% chance of occurring in the next 10 year or has happened in the past 15 years.

Impact

Score	Level		Description
8	Critical	Critical impact on the achievement of objectives and overall performance. High impact on costs and / or reputation. Very difficult and possibly long term to recover.	<ul style="list-style-type: none"> Unable to function without aid of Government or other external Agency Inability to fulfil obligations Medium - long term damage to service capability Severe financial loss – supplementary estimate needed which will have a critical impact on the council’s financial plan and resources are unlikely to be available. Death Adverse national publicity – highly damaging, severe loss of public confidence. Litigation certain and difficult to defend Breaches of law punishable by imprisonment
6	Major	Major impact on costs and objectives. Serious impact on output and / or quality and reputation. Medium to long term effect and expensive to recover.	<ul style="list-style-type: none"> Significant impact on service objectives Short – medium term impairment to service capability Major financial loss - supplementary estimate needed which will have a major impact on the council’s financial plan Extensive injuries, major permanent harm, long term sick Major adverse local publicity, major loss of confidence Litigation likely and may be difficult to defend Breaches of law punishable by fines or possible imprisonment
4	Marginal	Significant waste of time and resources. Impact on operational efficient, output and quality. Medium term effect which may be expensive to recover.	<ul style="list-style-type: none"> Service objectives partially achievable Short term disruption to service capability Significant financial loss - supplementary estimate needed which will have an impact on the council’s financial Medical treatment require, semi- permanent harm up to 1 year Some adverse publicity, need careful public relations High potential for complaint, litigation possible. Breaches of law punishable by fines only
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	<ul style="list-style-type: none"> Minor impact on service objectives No significant disruption to service capability Moderate financial loss – can be accommodated First aid treatment, non-permanent harm up to 1 month Some public embarrassment, no damage to reputation May result in complaints / litigation Breaches of regulations / standards

TITLE	2022/23 Annual Internal Audit and Investigation Report
FOR CONSIDERATION BY	Audit Committee on 7 June 2023
WARD	(All Wards);
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Public assurance about the Council's risk, control and governance environment.

RECOMMENDATION

That Audit Committee reviews and scrutinises:

- I. **The Internal Audit and Investigation Service (IAIS) activity for the financial year end 31 March 2023.**
- II. **Progress in achieving the 2022/23 Internal Audit and Investigation Plan.**

SUMMARY OF REPORT

This report and supporting appendices summarise the IAIS activity and outlines the progress in achieving the 2022/23 Internal Audit and Investigation Plan as at 31 March 2023.

This recommendation is being made to ensure that the Council meets its legislative requirements and those of the Audit Committee's Terms of Reference.

The Internal Audit and Investigation Plan aims to ensure that the Council provides an effective Internal Audit activity function and assists the organisation in achieving its objectives in the most economic, efficient and effective way, whilst ensuring that Council assets and interests are being safeguarded from misappropriation/loss and thereby giving confidence to residents that public funds are being used appropriately.

The report provides the Head of Internal Audit and Investigation (fulfils role of Chief Audit Executive) opinion on the council's governance, risk management and internal control frameworks. It draws on the work of internal audit and investigation. The Head of Internal Audit and Investigation opinion is unqualified and provides reasonable assurance over the internal control environment in operation.

The report details the work of the IAIS during 2022/23. It supplements the quarterly progress reports previously reported to this Committee.

Background

Regulation 6 (1) of the Accounts and Audit Regulations (2015) requires the Council to undertake an adequate and effective internal audit of its accounting records and the system of internal control in accordance with proper internal audit practices.

Proper practices for Internal Audit are defined in the CIPFA/IIA Public Sector Internal Audit Standards (PSIAS) and require that the Head of Internal Audit and Investigation delivers an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Annual Report is required to: -

- include an opinion on the overall adequacy and effectiveness of the Council's internal control environment,
- present a summary of the audit work on which the opinion is based,
- draw attention to any key issues that may impact on the level of assurance provided,
- provide a summary of the performance of the Service,
- comment on the Internal Audit Service's level of compliance with the PSIAS.

The aim of the report at Appendix A and the supporting Appendices A(I), A(II) and A(III) is to cover these legislative requirements and those of the Audit Committee's Terms of Reference.

Appendix A updates Members on the status of work against the approved 2022/23 Audit and Investigation Plan as at 31 March 2023 and where audits have been completed, the overall audit opinion given.

For work completed during 2022/23 to date, there has been only one audit (Debtors) where the audit assurance was lower than level 2, i.e., internal controls "substantially complete and effective". For the work completed, areas of significance have been reported brought to the Committee's attention.

This has been the first year of the new Internal Audit and Investigation Service and the building of the new arrangements within the Council. The year has been successful in terms of delivery of the Internal Audit and Investigation Plan, as well as work undertaken for our external clients.

Analysis of Issues

The Audit Committee should ensure that it receives the coverage, performance and results of Internal Audit and Investigation activity and any other appropriate additional assurances.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer-term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

An effective internal audit and investigation's function mitigates financial and other risks associated with the Council achieving its objectives.

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

Internal Audit works across all areas of the Council – effective internal audit is one of the ways assurance is provided that the Council's key priorities and objectives will be achieved.

Public Sector Equality Duty

The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. This report is a non-decision-making report providing an update on the work of audit and investigation.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

This report has a positive impact on the climate emergency agenda, as it provides public assurance about the Council's risk, control and governance environment and includes specific reviews of key corporate risks that have been undertaken in respect of Net-Zero Carbon (Climate Emergency).

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

2022/23 Internal Audit and Investigation Plan
 Q1 2022/23 Internal Audit and Investigation Progress Report (28 September 2022)
 Q2 2022/23 Internal Audit and Investigation Progress Report (30 November 2022)
 Q3 2022/23 Internal Audit and Investigation Progress Report (30 March 2023)

Contact Catherine Hickman	Service Governance
Telephone No Tel: 07885 983378	Email catherine.hickman@wokingham.gov.uk

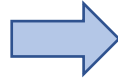
WOKINGHAM BOROUGH COUNCIL
Annual Internal Audit & Investigation Report
(2022/23)

2022/23 Internal Audit and Investigation Plan

This Annual Report provides the Audit Committee with a summary of the work undertaken by the Internal Audit and Investigation Service during 2022/23. Its purpose is: -

- to include an opinion on the overall adequacy and effectiveness of the Council's internal control, governance and risk management environment,
- present a summary of the audit work on which the opinion is based,
- draw attention to any key issues that may impact on the level of assurance provided,
- provide a summary of the performance of the Service,
- comment on the Audit Service's level of compliance with the Public Sector Internal Audit Standards (PSIAS).

This report supplements quarterly progress reports presented to AC during the financial year. This is to ensure that the AC discharges its responsibilities in relation to governance, internal control and risk management.



Summary

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness.

Internal Audit work is driven by the Internal Audit and Investigation Plan. The Audit Committee (AC) approved the 2022/23 Internal Audit and Investigation Plan and Strategy at its meeting on 30 March 2022. The original Plan was subject to an In-Year review due to a request from the Chief Financial Officer to freeze a vacant Senior Auditor post to contribute towards the Council's savings requirements for 2022/23. A revised Plan was agreed by AC on 28 September 2022. The revised Plan continues to remain flexible as the Council responds to its changing risk profile.

Primarily the work of Internal Audit and Investigation includes:

- Corporate Risks
- Key Operational Systems
- Governance Building Blocks
- Fraud and Investigation
- Auditor Judgement & Servicing the Business, including Grant Certifications
- Advisory Activity

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

This annual report summarises the work of the Internal Audit and investigation Team during the financial year to 31 March 2023 and it supplements the quarterly progress reports which are presented to Audit Committee to review and scrutinise the progress of the Team's work during the 2022/23 financial year.

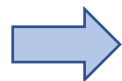
2022/23 Internal Audit and Investigation Plan

The report includes areas of significant risk identified during our audit reviews and mitigating actions to address those risks. In addition, a summary of the Action Tracker gives Members of the Audit Committee assurance that concerns are being addressed and followed up regularly.

The internal audit programme of work aims to provide sufficient and appropriate coverage to enable the Head of Internal Audit and Investigation (fulfils the role of Chief Audit Executive) to provide an annual internal audit opinion on the Council's governance, internal control and risk management framework, as required under the PSIAS.

This feeds into the Annual Governance Statement (AGS) and provides assurances on the implementation of the Council's Local Code of Corporate Governance.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its governance, internal control and risk management framework.



Appendix A(I) lists the audits completed, at draft stage or work in progress in the period to 31 March 2023, as well as the Audit Opinion given for each review. Completed internal audit assignments are given an 'overall' Internal Audit Opinion rating, with '1' being the highest category of audit assurance and '4' the lowest. Audit Opinion definitions are summarised at Appendix A(II).

For those audits falling into the lower two categories of audit opinion, a summary is provided within this report and copies of the respective Internal Audit reports are provided to the Chair of the AC.

Follow up work is undertaken on all audits attracting the lowest two categories of audit opinion and on those concerns categorised as being Very High or High risk. This report also summarises the activity regarding fraud and irregularities.

Changes to the Revised Internal Audit and Investigation Plan

We regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Changes made to the revised 2022/23 Plan are summarised below. Audits deferred are offset by those added.

Audit	Reason for Addition / Deferral
Dinton Pastures Catering Contract (Added)	Consultancy work requested by management
Bearwood School (Added)	Requested by School
IT Project Delivery (Deferred)	Included within wider corporate review of Project Delivery
Children's Services - Use of Finance Functionality & Systems (Deferred)	Advisory work/participation in working group requested - not at stage of requiring Internal Audit involvement
Treasury Management (Deferred)	Delayed by management; deferred to Q1 2023/24

2022/23 Head of Internal Audit Annual Opinion

Our overall opinion on the adequacy of the Council's arrangements for internal control, governance and risk management for 2022/23 is based on evidenced assessment of the control framework in a number of areas in accordance with the Internal Audit and Investigation Plan.

It should be noted that in devising the annual audit and investigation plan, a risk-based approach is taken and as such, areas of highest risk are targeted for review of the mitigation and controls in place.

Internal Audit has not reviewed all risks and assurances relating to WBC and cannot provide absolute assurance on the internal control environment. Senior Management and Members are ultimately responsible for ensuring an effective system of internal control. Audit Coverage is considered adequate to provide an overall opinion.

2022/23 Head of Internal Audit Opinion

"Substantially Complete and Generally Effective but with some improvements required"

Based on audits completed during the year, most key controls are in place and are operating effectively with the majority of residual risks being reduced to an acceptable level and reported concerns being progressed by management to be reduced to a predominately moderate impact level. A small number of exceptions were identified, and these have been discussed with Senior Management and where necessary, presented to previous meetings of the Audit Committee. This audit opinion supports other assurance mechanisms such as External Audit, external professional body inspections and the Annual Governance Statement (AGS).

Our overall opinion on the adequacy of the Council's arrangements for internal control, governance and risk management for 2022/23 is based on evidenced assessment of the control framework in a number of areas in accordance with the Internal Audit and Investigation Plan. It should be noted that in devising the annual audit and investigation plan, a risk-based approach is taken and as such, areas of highest risk are targeted for review of the mitigation and controls in place.

Account is also taken of other assurance mechanisms e.g., Peer Review, Ofsted Inspections, to inform the Chief Audit Executive overall opinion in those areas of coverage during the year.

2022/23 Internal Audit and Investigation Key Highlights

Highlights during 2022/23 financial year for the Internal Audit and Investigation Team include: -

- First year of the newly established Internal Audit and Investigation Service (1 April 2022), with new processes and reporting arrangements developed and embedded.
- Successful delivery of the 2022/23 Internal Audit and Investigation Plan (95%) achieved.
- Regular meetings established between the Head of Internal Audit and Investigation (Chief Audit Executive) and the Chair of the Audit Committee and Chief Executive, to bring key issues to their attention and raise the Service's profile.
- Audit training provided for all Members of the AC ensuring that they have the skills required to discharge roles effectively.
- Internal Audit Plan aligned with the Corporate Risk Register demonstrating that the Service focusses on the Council's key risks.
- Areas of High-Risk Concern identified from audits and results of Follow Up activity brought to the attention of the AC.
- Regular Progress reports provided to AC on Internal Audit and Investigation activity, identifying suggested areas for improvement in internal control, governance, risk management and confirming those concerns that have been or are being acted upon by management.
- Chief Audit Executive sign off on Grants monies received by the Council (Covid and other Government Grants). Work undertaken in these areas is also used to inform our annual audit opinion.
- Good results achieved from the National Fraud Initiative Data Matching Exercise; figures calculated by Cabinet Office.
- August / October 2022 Inspection by the Investigatory Powers Commissioners' Office of the Council's Regulation of Investigatory Powers Act (RIPA) Policy, Procedures and working arrangements resulted in a positive outcome and the Council demonstrated a high level of compliance with RIPA requirements.
- External Clients Work - Internal Audit work provided to three local authority external clients with the agreed planned work for all three clients achieved.
- Team exceeded its annual income targets and the Service's budget has been effectively managed with a small underspend at year end.

2022/23 Internal Audit and Investigation Plan Status as at 31 March 2023

Appendix A (I) below shows the Internal Audit and Investigation Work Plan status as at 31 March 2023. This details audits finalised, at draft report stage or in progress.

In addition, the overall category of Audit Opinion given for each audit. Where audits have received the lower two categories of Audit Opinion (refer Appendix A(II) for definitions), a summary is provided within the quarterly Progress Reports and a full copy of the respective reports is provided to the Chair of the Audit Committee.

As part of the annual Internal Audit and Investigation Plan, we aim to cover a number of Key Corporate Risks to the Council each year. It is not possible to cover all KCRs each year, but they will be reviewed on a rolling programme.

The table opposite details all of the Councils Key Corporate Risks (as at February 2023) and highlights those audited during 2022/23, with the remaining risks intending to be covered in 2023/24 and 2024/25 (the second and third year of the rolling cycle).

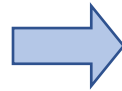
Rank	Ref.	Corporate Risks	2022-23	2023-24	2024-25
1	1	Budget and Financial Resilience - Financial Monitoring - Review of Self-Assessment against the CIPFA Financial Management Code	✓	✓	✓
2=	5	Outcomes and Costs for Children with SEND * (External Assurance – Safety Valve)	* EA	* EA	✓
2=	7	ASC Supplier Sustainability and Sufficiency			✓
2=	8	Cyber Security	✓	✓	
5	17	Sufficiency of School Places		✓	✓
6	12	Health & Social Care Reform			✓
7=	3	Workforce		✓	
7=	4	Uncontrolled Development (Local Plan Update)			✓
7=	15	Inward Migration		✓	
10	16	Public Transport			
11=	2	Corporate Governance	✓	✓	
11=	14	Children's Safeguarding			✓
13=	9	Implementation of Climate Emergency Action Plan	✓		
13=	20	Website replacement (New)			✓
15=	6	Failure to meet statutory duties (Health & Safety)	✓		
15=	19	Information Governance		✓	
17	10	Major Emergency Response (e.g., Pandemic)		✓	
18	18	Elections Act Implementation (Voter ID)			✓
19	13	Adult Safeguarding	✓		

2022/23 Internal Audit and Investigation Plan Status as at 31 March 2023

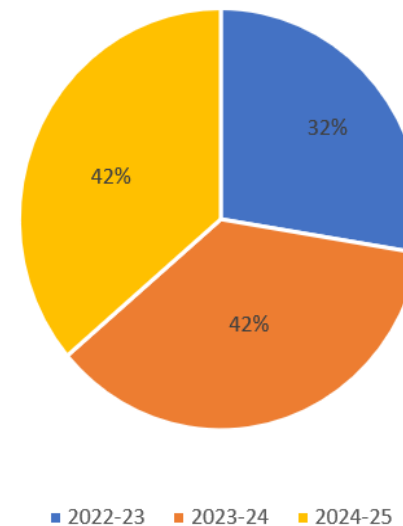
The Corporate Risk Register is a live document and risks enter and leave the register during the course of the year. Therefore, the Internal Audit Plan aims to be dynamic and flexible in order to respond to these changes to ensure Internal Audit activity remains focussed on the key risks to the Council.

The aim is that there is a link of the Internal Audit work directly into the Corporate Risk Register (CRR). This will build over time. There is also flexibility in the Internal Audit Plan to reflect new risks coming into the CRR and those being reduced in risk status or removed from the CRR.

Audit plan coverage also includes a mix of detailed reviews, follow up activity and also a focus on specific aspects of risks, as requested by Directorate Management Teams.



Key Corporate Risks coverage

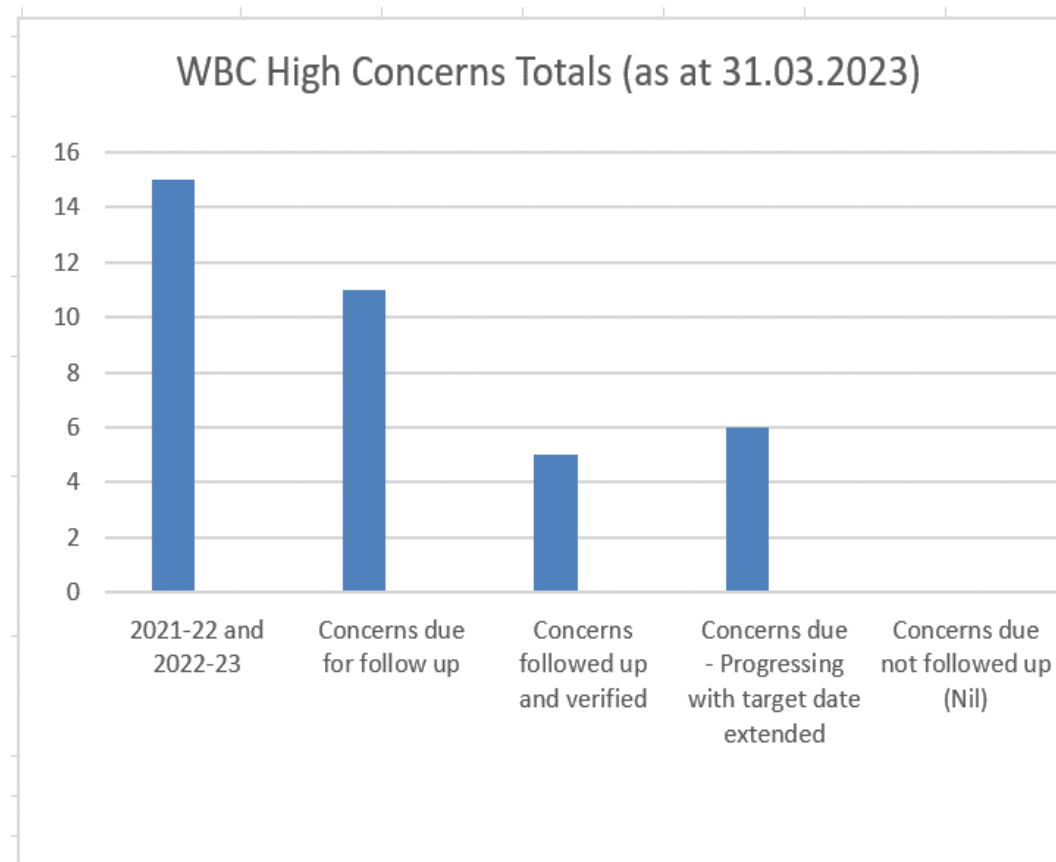


Follow Up Activity

The results of follow up activity are also included within this report and any audits where there are outstanding management responses to draft reports.

An Action Tracker is maintained to record all High and Medium concerns identified during our audit reviews. Low risk concerns are reported to management verbally at the exit meeting. The Action Tracker is shared with the Chair of the Audit Committee. The graph opposite and table below show totals and follow up activity for High-Risk concerns. At the time of reporting, all due have been followed up with the majority confirmed and verified as being actioned by their due date.

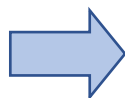
High Risk Concerns Follow Up



	Highs
2021-22	6
2022-2023	9 = 15
High Concerns due for follow up (2021-22 and 2022-23)	11
High Concerns followed up and verified	5
High Concerns due – Progressing with target date extended	6
Concerns due not verified	0

Follow Up Activity

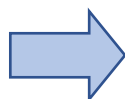
The table opposite shows the total number of High concerns in 2021-22 and 2022-23 and their status of Open or Closed.



Open / Closed Concerns		
Concern	Status	Total
High	Open / Not Yet Due	4
	Closed	5
	Due - Progressing with target date extended	6
Total		15

65

The table opposite shows the total number of High actions, the number of new audit actions raised since the last AC, and the number of High-risk concerns that were Open and Overdue compared to the Previous Quarter. There are no Overdue High-risk concerns.



	Audit Committee 13/03/23 (Q3)	New audit Concerns (in Q4)	Audit Concerns closed (in quarter)	Audit Concerns due and target date extended	Audit Committee 07/06/23 (Q4)
Total High Concerns	8	7			15
Total open High Concerns	6	7	3	6	4
Overdue	0				0
Not yet due	6				4

High Risk Concerns and Agreed Management Countermeasures

Audit	Audit High Risk concerns	Agreed Management Countermeasure	Actions due and status verified	Proposed Implementation date
2022/23				
Debtors	5	Training issue to be highlighted to all Services. AR to create new policies and procedures / training workshops with Service users.	Progressing / target date extended	31/03/2023 to 30/09/2023
		a) Revenues and Recovery Manager to review the Debtors SLA, processes, and procedures and will engage with service users. b) Robust performance measures were put in place and from 31 st July 2022, the invoices raised data will be shown on the reports.	a) Progressing / target date extended b) Complete	31/03/2023 to 30/09/2023 31/07/2022
		Senior Management intervention and debtors restructure will assist improvements. AR team now allocated certain 'patches' and will work with their service counterparts.	Complete	30/09/2022
		The Council needs to consider further innovation in its methods for receiving income.	Progressing / target date extended	31/03/2023 to 30/09/2023
		A reconciliation in 2018 matched payments and is still updated. AR are guided by Building Control re: write-offs, etc. Will continue to seek resolution with the Service.	Ongoing	Ongoing
Contract Management Compliance	4	a) Review approach and resources offered through Procurement & Contracts Team to support development / implementation of the contracts management framework. b) Highways representative to attend the Corporate Contract Management Framework meetings if and when they are set up.	Not yet due Not yet due	30/04/2023 30/04/2023
		a) Improved contract governance through dashboard and business partnering in Procurement. Improved governance through the Strategic Procurement Board. b) Highways is currently looking at the services we deliver and contracts in place. Procurement will assist in understanding the length / expiry of each <u>contract</u> , when we need to start market engagement and the procurement process for each.	Not yet due Not yet due	01/04/2023 31/07/2023

High Risk Concerns and Agreed Management Countermeasures Contd./...

		Highways is looking to recruit two permanent full-time Asset Specialists and an Asset Technical Assistant, which will assist in audit inspections / on-site inspections. It is also looking to recruit a QS to review all previous applications and identify any errors. As a measurable contract it can be re-visited at <u>anytime</u> during the contract.	Not yet due	30/09/2023
		a) Engagement with Procurement (by Highways) is currently underway in preparation for procurement opportunities for the end of these four contracts. b) The Waste Manager role has been advertised and we hope to fill the position in early 2023. c) To review the contract management arrangements in the central Procurement Team.	Ongoing Not yet due Not yet due	On-going 31/05/2023 01/08/2023

Audit	Audit High Risk concerns	Agreed Management Countermeasure	Actions due and status verified	Proposed Implementation date
2021/22 c/f to 2022-23				
Adult Safeguarding	1	Design and implement a local Quality Assurance Framework and devise a tool to ensure that quality learning takes place. Appoint to new grade 11 role.	Complete	30/06/2022
Recruitment and Safeguarding	2	a) Children's and Adults - Remind managers and verify that safer recruitment training is completed b) HR - Monthly reports to the HR Business Partners on completion of the mandatory training. Resourcing Team (from January 2023) to ensure that training is undertaken.	a) Complete b) Progressing / target date extended	01/12/2022 31/03/23 to 31/07/2023
		a) Children's and Adults - Managers to forward all successful candidates recruitment documentation to HR Enquiries mailbox and retain unsuccessful recruitment documentation. b) HR - Review of all HR operational processes ongoing. Checklist for new starters will require team leader sign-off. Explore IT tracking methods and back-up options.	a) Complete b) Complete	14/11/2022 31/03/2023
Reconciliations	3	Finance will add an annual schedule of key reconciliation checks to the close down programme. This will be passed to Internal Audit to inform audit planning and enable spot checks of key reconciliations related to a Service Area being audited.	Progressing / target date extended	31/03/2023 to 30/09/2023
		a) A project delivery plan is being drafted for Technology Forge and scoping the resource (people and finance) required to enable TF to become the hub for property data. b) An outline governance framework for the new (property recording) process and this will be enhanced once the work on Technology Forge is underway.	a) Progressing / target date extended b) Progressing / target date extended	31/03/2023 to 30/09/2023 31/03/2023 to 30/09/2023

High Risk Concerns and Agreed Management Countermeasures Contd./...

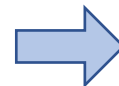
		c) Property Team will investigate to ensure that any income due for the Fixed Asset Register properties is billed and that our liabilities as landlord are being fulfilled. The Property Team are working with Finance on short-term enhancements and manual processes to reduce risks until the <u>longer term</u> solution can be implemented.	c) Progressing / target date extended	31/03/2023 to 30/09/2023
		a) Process mapping is underway to understand processes for investment property and estates property and whether they should be separate or a single process. An action plan will be put in place to harmonise the 2 processes where possible. b) An assessment will be made of the benefit of using managing agents and external legal provision and if viable, management of investment property will be brought in-house (with a view to when current contracts expire).	Complete	31/03/2023 31/03/2023

Implementation verified as complete
Concern progressing / target date extended
Target date not yet due

Category 3 / 4 Audit Opinions

For reporting to Audit Committee, we provide a summary of audits falling into the lowest two categories of Audit Opinion. Directors help inform the Audit Plan and, as part of that, ask Internal Audit to focus on areas that require more intense scrutiny to help them make improvement. Where audits do fall into the lower two categories of Audit Opinion this may be a reflection of the Audit Plan being targeted at the highest risk areas.

Full copies of audits falling into the Category 3 or 4 Audit Opinion are provided to the Chair of the Audit Committee. During the year, one audit (Debtors) has attracted the third category of audit opinion and has been reported to the AC. There were no audits finalised that attracted the third or fourth Category Audit Opinion.



Category 3 Opinions

Debtors: Summary

The audit identified five high risk concerns which highlighted the need to improve both the consistency of invoicing from the services, e.g., via training, and the communication between the parties. The Service Level Agreement (SLA) setting out the responsibilities of the Debtors team and the services required review and performance measures enhanced. Smarter ways to collect debt should be considered and management of historic building control debt closely monitored.

Progress has been made in the communication with the services although specific training and review of the SLA is yet to take place. Performance measures have been enhanced and building control debt overseen. Consideration of the most effective payment method for all transactions has yet to be fully implemented.

Fraud and Irregularities

The Internal Audit and Investigation Plan includes provision for undertaking reactive and proactive investigations.

There have been no incidences of material fraud, irregularities or corruption discovered or reported during the year.

The work undertaken by the team during the year has included re-active investigations as well as developing pro-active anti-fraud drives.

A summary of the key areas activity is provided opposite and below.



Anti-Fraud Activities

National Fraud Initiative Data Matching Exercise – The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud. Data for the NFI is provided by participating organisations from the public and private sectors including government departments. The 2022/23 exercise is completed, and results are reported below.

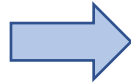
Summary of Fraud Investigation Data Matching Results to 31 March 2023

National Fraud Initiative Data Matches	Number	Value (*)
Waiting List (Housing)	31	£132,773.00
Blue Badge with deceased persons	193	£125,450.00
Housing Benefits	1	£5,472.60
Concessionary Passes with deceased persons	125	£3,875.00
Total (NFI)	350	£267,570.60

The values calculated above (*) are provided by the Cabinet Office and their identification through this Data Matching work prevents ongoing financial loss to the Council.

Fraud and Irregularities Contd./...

Contd./...
Other Fraud Activities: -



Anti-Fraud Activities

Covid grant post-payment assurance work - Evidence has been obtained and submitted to the Department for Business, Energy and Industry Strategy (BEIS) in accordance with the requirements of the Covid grant conditions for various Covid business grants paid. These have required certification by the Chief Audit Executive. Grants audited in 2022-23 include: -

- Additional Restrictions Covid-19 Business Grant Scheme
- Omicron Hospitality & Leisure Covid-19 Business Grant Scheme
- Local restrictions support Grant (LRSG) Closed Addendum – November Grant Scheme
- LRSG – Closed Addendum – 5th January Onwards Grant Scheme
- Closed Business Lockdown Grant Scheme
- LRSG (Closed) Addendum Tier 4 Grant Scheme
- Local Restrictions Grant Schemes Pre- and Post-Payment Assurance (PPAS) – Part 2
- Restart Grant Pre and Post Payment Assurance (PPAS)

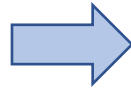
Whistleblowing Referrals – there have been 9 Whistleblowing referrals in the financial year. Internal Audit carried out a preliminary investigation into 1 Adult Services referral, and agreed an action plan with Adult Services, which they took forward and have now completed. Of the remainder, 4 of the referrals have been resolved by the relevant service with no further action required and 4 are ongoing.

Police Data Protection Act (DPA) requests - These requests are received on an ad-hoc basis and require immediate response to ensure that we are working efficiently with the Police for the prevention and detection of crime, the prosecution and/or apprehension of offenders and/or protecting the vital interests of a person. As at 31st March 2023, 46 DPA requests have been received during the financial year and all have been completed and returned.

Fraud and Irregularities Contd./...

Contd. /...
Other Fraud Activities: -

Anti-Fraud Activities



Pro-active Exercises - Empty Property Relief - During the first part of the year, an exercise to investigate Council Tax Empty Property Relief was undertaken. The number of letters sent out for the empty property review was 413 with 354 (86%) returned from initial posting or reminder letter and 59 properties visited where no response had been received. Of these, 224 (55%) resulted in a reporting in changes in circumstances. It should be noted that the properties identified in the Council Tax Empty Property Relief exercise as occupied that were previously shown as unoccupied feed into the New Homes Bonus Scheme formula and may result in extra income into the Council through liable charges being raised for previous Council Tax liability.

Fraud Awareness – Work has commenced to review and refresh the Council's six Anti-Fraud and Anti-Corruption Policies, and these will be presented to a future meeting of the AC in the Autumn 2023.

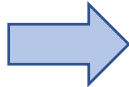
Regulation of Investigatory Powers Act (RIPA) refresher training was organised for the Council's RIPA Authorising Officers and delivered by an external company prior to the Inspection by the Investigatory Powers Commissioner's Office (refer below).

In addition, fraud awareness training has been provided by the Team to the Revenues and Benefits Team to help safeguard the public purse.

Fraud and Irregularities Contd./...

Contd./...
Other Fraud Activities:-

Between August and October 2022, the Council received an inspection by the Investigatory Powers Commissioner's Office (IPCO) in respect of its use of the Regulation of Investigatory Powers Act (RIPA). Opposite is a summary of the Inspector's findings.



Anti-Fraud Activities

Regulation of Investigatory Powers Act – Inspection August/October 2022

The Council demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection.

Authorising Officer refresher training was found to be up to date.

The Council's RIPA Policy and Procedures documents were found to be comprehensive and have been updated in line with the recommendations from the previous Inspection.

In accordance with paragraph 4.47 of the Covert Surveillance and Property Interference Code of Practice. The Elected Members are provided with quarterly updates on RIPA activity (or inactivity). There were only two areas for improvement identified in relation to:

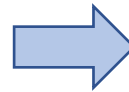
- i) Updating the procedures document to include specific guidance in relation to the destruction of RIPA material.
- ii) It was also suggested that consideration be given to the Assistant Director Governance replacing the Chief Executive Officer as the Senior Responsible Officer (SRO) in terms of practicalities.

No cases were investigated that required RIPA authorisation during 2022/23.

Resourcing During 2022/23

The Chief Audit Executive is required to ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. Interpretation: Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

The risk-based plan must explain how internal audit's resource requirements have been assessed. Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the AC.



Resources

A new structure was approved for the Internal Audit and Investigation Team from 1 April 2022/23, following the dissolution of the Shared Internal Audit and Investigation Service. Resourcing was assessed to reflect the council's requirements in terms of internal audit and investigation activity from its risk-based audit process in determining areas of audit and investigation coverage required over the year.

During the early part of 2022/23, two agency staff supplemented the work of the team, and a Contractor was recruited to supplement the Team's investigation resource. This latter role offset a vacant Apprentice post that was established as part of the new Service structure.

A vacant Senior Auditor role was frozen mid-2022/23 in order that the team could contribute towards the Council's financial savings and an in-year review of the originally approved 2022/23 Internal Audit and Investigation Plan was presented to AC approved to offset changes required to the original plan to accommodate this. Assurances were used from other sources to supplement the work of the Internal Audit activity to provide the Internal Audit Opinion.

Business Cases have been prepared and approved by CLT to re-instate the Senior Auditor role and to appoint to the Apprentice role from April 2023.

In addition, a new Corporate Investigation Officer role has been established in addition to the originally approved Team structure and the accompanying Business Case has been approved by CLT. The recruitment process for this role will commence from April 2023.

2022/23 Key Internal Audit and Investigation Service Performance Indicators

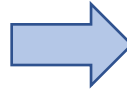
Performance against completion of the internal annual plan and investigation is measured and reported in Internal Audit and Investigation Activity.

A basket of indicators covering a range of indicators is provided opposite with targets and actual performance for the 2022/23 financial year.

Aspect of Service	IAIS Performance Indicator	Target	Actual Performance
Quality	Annual Audit Plan approved by Audit Committee	End April 2022	2022/23 Internal Audit and Investigation Plan Approved by Audit Committee on 30/3/2022
	Annual Audit Report and Opinion	End June 2022	2021/22 Annual Internal Audit and Investigation Report and Opinion noted by Audit Committee - 1/6/2022
	Audit Satisfaction Surveys regarding benefits and value of the service	90% Satisfied	
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	Annual 90%	On 31 March 2023, achieved 95 %
Key Corporate Risks Audited	Audit all KCRs over 3-year rolling period. Planned coverage 2022/23	7	7
Compliance with Professional Standards	Public Sector Internal Audit Standards	“Generally, Conforms” (Highest category of Opinion)	External Quality Assurance to be undertaken June/July 2023 (results to be reported in 2023/24 Quarterly Progress Report) Self-Assessment completed to support and inform the External Review
	Relevant legislation such as Police & Criminal Evidence Act, Criminal Procedures & Investigations; Regulation of Investigatory Powers (RIPA) Act	Conforms	No evidence of non-compliance identified Training on RIPA/Authorised Officer Powers received for Team/wider Council
Outcome & Degree of Influence	Implementation of management actions agreed in response to audit findings	95% (high priority agreed actions)	100% High priority concerns have agreed management actions
IAIS Staff	Professionally Qualified / Accredited	80%	80%

External Clients

The Council undertakes internal audit work for other local authorities under S113 Agreements. For the 2022/23 financial year, this work was undertaken for three other authorities.



Internal Audit Work to Provided External Clients

In addition to the WBC internal Audit and investigation Plan coverage, internal audit work is provided to three client authorities. During the 2022/23 financial year, this work increased in terms of days provided overall. All internal audit work agreed to be undertaken during 2022/23 was completed for each of the three clients by 31 March 2023.

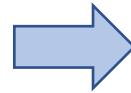
Public Sector Internal Audit Standards

Internal Audit work is undertaken to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Compliance is monitored within the team on a periodic basis, as part of the review process for individual audits and annual self-assessment reviews.

A Quality Assurance and Improvement Plan (QAIP) has been developed to include the internal and external assessments to incorporate developments identified internally and from external benchmarking assessments.

This acknowledges that high standards can be delivered by managers, but also to acknowledge that improvements can be further developed from benchmarking outside of the organisation.



Compliance with Public Sector Internal Audit Standards

The PSIAS, as revised in April 2017, define the service and professional standards for public sector internal audit services.

Key, specific PSIAS provisions include:

PSIAS: 2010 - *“The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”*

PSIAS: 2450 – *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”*

Under these standards, we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. The last external review was undertaken in 2018, with an ongoing self-assessment exercise being undertaken periodically. A further external review of the Service against the PSIAS is programmed for June/July 2023. The outcome of the External Review will be reported to a future meeting of the AC.

Appendix A(I)

2022/23 Internal Audit and Investigation Annual Report (1 April 2022 to 31 March 2023)

Key Financial Systems

Audit title	Directorate	Status	Final audit report opinion
Debtors	Resources & Assets	Final	3
Housing Rents	Place & Growth	Final	2

Key Corporate Risks

Audit title	Directorate	Status	Final audit report opinion
Budget & Financial Resilience - Financial Monitoring	Resources & Assets	Draft	
Budget & Financial Resilience - Review of Self-Assessment against the CIPFA Financial Management Code	Resources & Assets	Final	2
Information Governance & Cyber Security – Self Assessment of Council's Arrangements (Advisory)	Chief Executive's	Final	n/a

Key Operational Risks

Audit title	Directorate	Status	Final audit report opinion
New Enforcement & Safety Service	Place & Growth	Final	2
Contract / Client Management Compliance	Place & Growth	Final	2

Governance Building Blocks

Audit title	Directorate	Status	Final audit report opinion
Risk Management	Cross Cutting	Draft	

Appendix A(I) Contd./...**Servicing the Business**

Audit title	Directorate	Status	Final audit report opinion
Annual Governance Statement preparation 2021/22	Cross Cutting	n/a	n/a
Bearwood School	Children's Services	Final	2
Effectiveness of System of Internal Audit / Public Sector Internal Audit Standards External Assessment Preparation	Cross Cutting	Ongoing	n/a
Follow Up Countermeasures / Testing	Cross Cutting	Ongoing	Reported in Main Report

Appendix A(I) Contd./...

Grant Certifications

Audit title	Directorate	Status	Final audit report opinion
Protect & Vaccinate	Adult Services	Certified	n/a
Supporting Families (Quarter 1)	Children's Services	Certified	n/a
Supporting Families (Quarter 2)	Children's Services	Certified	n/a
Supporting Families (Quarter 3)	Children's Services	Certified	n/a
Supporting Families (Quarter 4)	Children's Services	Certified	n/a
Homelessness Prevention	Place & Growth	Certified	n/a
DfT Transport Capital Grant	Place & Growth	Certified	n/a
Rough Sleeping Accommodation Programme	Place & Growth	Certified	n/a
Disabled Facilities Grant	Adult Services	Certified	n/a
Test and Trace Support	Resources & Assets	Certified	n/a
Covid Grants – Post Payment Assurance Checks	Resources & Assets		
<ul style="list-style-type: none"> • Additional Restrictions Covid-19 Business Grant Scheme • Omicron Hospitality & Leisure Covid-19 Business Grant Scheme • Local restrictions support Grant (LRSG) Closed Addendum – November Grant Scheme • LRSG – Closed Addendum – 5th January Onwards Grant Scheme • Closed Business Lockdown Grant Scheme • LRSG (Closed) Addendum Tier 4 Grant Scheme • Restart Grant Scheme • Local Restrictions Grant Schemes Pre and Post Payment Assurance (PPAS) – Part 2 • Restart Grant Pre and Post Payment Assurance (PPAS) 		Certified Certified Certified Certified Certified Certified Certified Certified Certified	n/a n/a n/a n/a n/a n/a n/a n/a n/a

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Contingency/Consultancy/Management Requests

Audit title	Directorate	Status	Final audit report opinion
S106 Agreements	Place & Growth	Final	2
Right to Buy	Place and Growth	Draft	

Appendix A(I) Contd./...**Investigations**

Audit title	Directorate	Status	Final audit report opinion
National Fraud Initiative Data Matching Exercise (2022/23 Exercise)	Cross Cutting	Completed	Results reported in Main Report
Empty Property Relief	Resources & Assets	Completed	Results reported in Main Report
Whistleblowing Preliminary Investigation	Adults	Completed	n/a
Revenues & Benefits Fraud Awareness Training	Resources & Assets	Completed	n/a
Regulation of Investigatory Powers Act – Policy and Procedures Refresh	Cross Cutting	WIP	n/a
Regulation of Investigatory Powers Act Training	Cross Cutting	Completed	n/a
Investigatory Powers Commissioners Office Inspection	Cross Cutting	Completed	IPCO Report received 15/11/22 – results reported in Q2 Progress Report & Main Report
Police Disclosure of Personal Data Requests	Resources & Assets	Ongoing	n/a

Appendix A(I) Contd./...**2021/22 Audits Completed in 2022/23**

Audit title	Directorate	Status	Final audit report opinion
Climate Emergency	Place & Growth	Final	2
Benefits & CTRS	Resources & Assets	Final	1
Reconciliation (Consultancy)	Resources & Assets	Final	2
Public Protection Partnership Review (Advisory)	Place & Growth	Final	n/a
Recruitment & Safeguarding (Management Request)	Chief Executive	Final	2
Diversity & Equality Self-Assessment Verification	Cross Cutting	Final	n/a
Equality Data	Cross Cutting	Final	2
General Ledger	Resources & Assets	Final	2

Appendix A(II)

Audit Opinions

1 - Complete and Effective

2 - Substantially Complete and Generally Effective

3 - Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated

4 - There is no effective Risk Management process in place

C - Certification

E – Exempt

WIP – Work in Progress

Draft – Draft Report stage

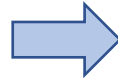
Final – Final Report issued

Appendix A(II)

Audit Opinion Definitions

The Audit Opinion stated in the audit report provides management with a brief objective assessment of the status of current Treatment Measures which have been put in place to reduce identified risks to the operation or strategy under review. It is not a statement of fact.

In reaching the Audit Opinion for this audit, the majority of the criteria for the relevant definition apply.

**Complete and Effective**

- ◆ All necessary Treatment Measures are in place and are operating effectively.
- ◆ Residual risks have been reduced to an acceptable level.
- ◆ There are no unacceptable financial implications.
- ◆ Concerns reported are minor.

(Risk management processes are strong, and controls are adequate and effective).

Substantially Complete and Generally Effective

- ◆ Most key Treatment Measures are in place, and these operate effectively.
- ◆ The majority of residual risks have been reduced to an acceptable level.
- ◆ There are minor unacceptable financial implications.
- ◆ The majority of concerns are of a predominately moderate impact/likelihood.

(Risk management processes are good, and controls are adequate although only partially effective).

Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated

- ◆ Not all key Treatment Measures are in place and / or do not operate effectively.
- ◆ Residual risks have not all been reduced to an acceptable level.
- ◆ There are some unacceptable financial implications associated with more than one risk mitigation control or because of a lack of risk mitigation control.
- ◆ There are a number of concerns that are predominantly of a major impact/likelihood.

(Risk management processes and controls are adequate but not effective in mitigating the identified risks).

There is no effective Risk Management process in place

- ◆ There are no appropriate Treatment Measures in place.
- ◆ Residual risks remain at an unacceptable level.
- ◆ Reported concerns are predominantly of a catastrophic or major impact/likelihood.

(Risk management processes and controls are weak).

TITLE	Annual Governance Statement 2022/23 and Update of Local Code of Corporate Governance
FOR CONSIDERATION BY	Audit Committee on 7 June 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance to residents and other stakeholders on the Council's governance arrangements.

RECOMMENDATIONS

As per the Audit Committee's Terms of Reference the Committee is asked to

1. a) To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.

b) To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.
2. To consider the Local Code of Corporate Governance and recommend to Council approval of the document.

SUMMARY OF REPORT

All local authorities are required to undertake, at least annually, a review of the effectiveness of their system of internal control and to report on this review alongside the Statement of Accounts. This review is set out in the Annual Governance Statement which explains how Wokingham Borough Council has complied with its own governance framework and identifies any areas for improvement.

The Annual Governance Statement set out at Appendix A provides a review of the effectiveness of the Council's system of internal control and governance framework alongside an action plan for improvements. The review demonstrates that a sound system of control has been in place for the financial year 2022/23. The Committee is asked to consider the draft Statement and prior to its submission for sign off by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

One of the functions of the Audit Committee is to review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance. The Local Code of Corporate Governance (LCoCG) sets out how the Council complies with the seven principles of good governance set out in the Chartered Institute of Public Finance & Accountancy

(CIPFA) and the Society of Local Authority of Chief Executives (SOLACE): *Delivering Good Governance in Local Government – Framework (2016)*. The local code maps the local governance arrangements to the requirements of the code demonstrating how the Council meets each principle.

Background

- 1.1 Good governance provides a framework to enable an authority to deliver outcomes for its residents and stakeholders, underpinned by appropriate controls and the management of risk. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, with sound and inclusive decision-making and clear accountability for the use of resources.
- 1.2 In order to achieve effective corporate governance, the Council has adopted a local code of corporate governance (the Code) which reflects guidance contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.
- 1.3 The Code, which is set out in the Council's constitution, is built around seven underlying principles of good governance, and demonstrates how the Council's internal processes and governance framework support the delivery of those principles.
- 1.4 The Annual Governance Statement meets statutory requirements to report publicly on the extent to which the Council is complying with its own code of governance and should include:
 - How the effectiveness of governance arrangements has been monitored and evaluated in the year, and
 - Any planned changes in the coming period.
- 1.5 There is a strong link between governance and financial management, with a focus on sustainability, as the Council needs to recognise its responsibilities not just to its existing stakeholders but to understand the impact of current decisions and actions on future generations.

Analysis of Issues

- 1.6 With the number of high profile governance failings in the sector it is more important than ever to demonstrate to the Council's stakeholders that it takes governance seriously. The Annual Governance Statement is a culmination of the years work to ensure robust governance in the Council.
- 1.7 The Draft Annual Governance Statement is set out at Appendix A.
- 1.8 The Statement relates to the governance systems in place for the financial year 2022/23 but should also reflect any significant developments to the governance

system up to the date that the Responsible Financial Officer signs the Statement of Accounts.

- 1.9 The Statement describes how the Council has complied with the following seven core principles:
- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - b. Ensuring openness and comprehensive stakeholder engagement;
 - c. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - d. Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - e. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
 - f. Managing risks and performance through robust internal control and strong public financial management, and
 - g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.10 Some key improvements to the system of governance have been made this year and are set out in the Statement.
- 1.11 The Local Code of Corporate Governance is the standard against which the AGS has been completed. Officers have reviewed the local code to ensure that it reflects best practice and continues to reflect the highest standards of governance. The main change in this update is to set out the key roles and responsibilities in the Council's governance arrangements.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
All Members and Officers are part of the overall systems of governance in the Council.

Public Sector Equality Duty
There are no specific equality implications of this report, other than acknowledgement of the importance of equality matters and how they are addressed as part of the local code of governance, which in turn is reviewed via the Annual Governance Statement.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
While there are no specific climate emergency implications contained within this report, the delivery of sustainable outcomes lies at the core of the Council’s vision and the Annual Governance Statement has a key role in ensuring that key priorities and outcomes are delivered, by reviewing the framework for decision-making and resource allocation.

Reasons for considering the report in Part 2
Not applicable

List of Background Papers
Annual Governance Statement 2022/23 Local Code of Corporate Governance

Contact Andrew Moulton, Paul Ohsan Ellis	Service Governance
Telephone No Tel: 07747 777298, Tel: 0118 974 6096	Email andrew.moulton@wokingham.gov.uk, paul.ohsan.ellis@wokingham.gov.uk



**WOKINGHAM
BOROUGH COUNCIL**

Wokingham Borough Council

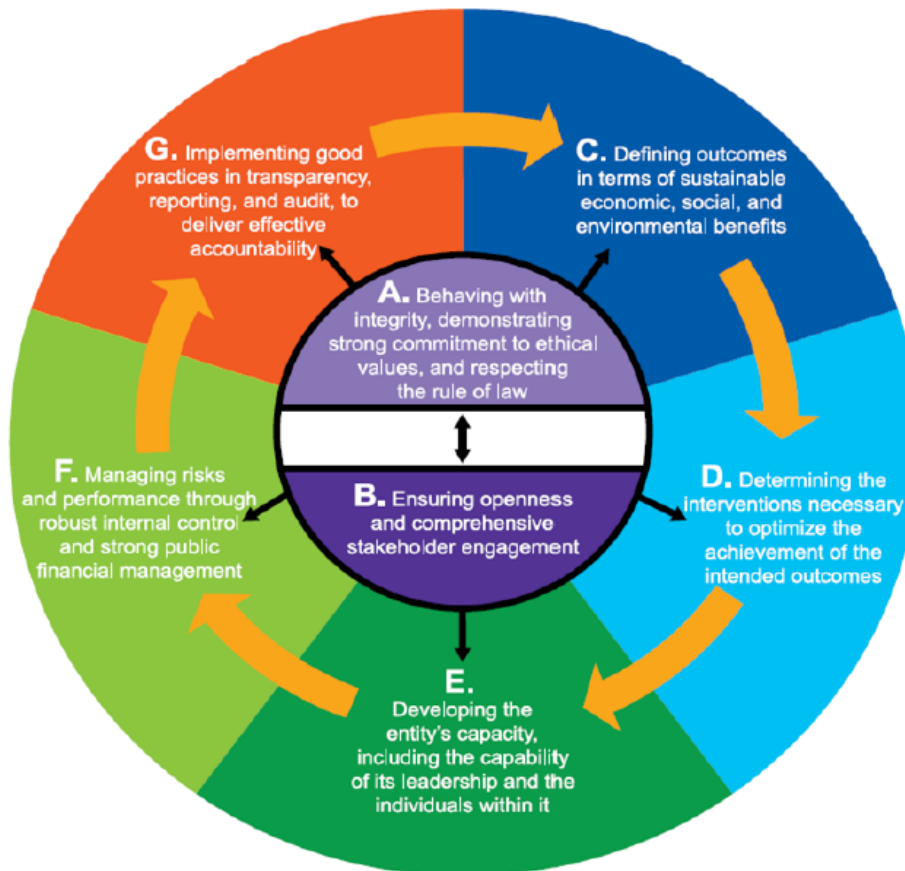
Local Code of Corporate Governance

July 2023

1. Delivering Good Governance

- 1.1 Good governance is everyone's responsibility. The Leader of the Council and the Chief Executive have a special leadership role as custodians of the Council's governance arrangements.
- 1.2 Each year an Annual Governance Statement is published with the Statement of Accounts (as required by the Accounts and Audit (England) Regulations 2015). This follows a review on the effectiveness of the Council's system of internal control and governance.
- 1.3 Good governance at Wokingham Borough Council is delivered and guided by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE): *Delivering Good Governance in Local Government – Framework (2016)* and the *International Framework: Good Governance in the Public Sector* (Chartered Institute of Public Finance and Accountancy / International Federation of Accountants, 2014).
- 1.4 The 'International Framework' defines governance as follows: "*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*".
It also states that:
"To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders".
- 1.5 The Foreword to the 'Framework' sets out that "*Good governance requires a qualitative approach, not a mindless quantitative one. It requires integrity, objectivity, transparency, and accountability, built on a foundation of intellectual honesty. These principles are already embedded throughout this Framework, but it should be read with these fundamentals firmly in mind*".
- 1.6 The diagram below shows how the various principles of good governance in the public sector relate to each other.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



2. The Principles of Good Governance

- 2.1 The Framework requires governance processes and structures to focus on the attainment of sustainable outcomes for the economy, society and the environment.
- 2.2 Principles A and B are overarching principles and spread through all other principles C to G and ensure that the Council achieves its intended outcomes while acting in the public interest at all times. This requires:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
 - B. Ensuring openness and comprehensive stakeholder engagement.**
- 2.3 In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**
 - E. Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

F. Managing risks and performance through robust internal control and strong public financial management.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3. Governance Responsibilities

- 3.1 The Chief Executive and the Leader will be responsible for championing and role modelling good governance, in the spirit of this Code.
- 3.2 The Section 151 Officer and Monitoring Officer will undertake their statutory duties in accordance with the principles of good governance, supporting and challenging the Chief Executive and Leader where necessary.
- 3.3 Directors will promote the principles of good governance within their Directorates, seek specialist support where the principles are not upheld and complete an annual review of governance.
- 3.4 Chief Internal Auditor will report annually to the Audit Committee on audit activities during the year, with particular emphasis on the systems of internal control and the arrangements for corporate governance, providing some of the assurance required in the Annual Governance Statement
- 3.5 Assistant Directors will promote the principles of good governance, seek support where the principles are not upheld and complete an annual review of governance via a Management Assurance Statement.
- 3.6 All staff will undertake their duties in accordance with the principles of good governance above, the Nolan Principles of standards in public life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty & Leadership and their professional codes of practice.

4 Monitoring and Review

- 4.1 The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. The process of review to produce the Annual Governance Statement will assess in more detail how the Council has performed in its adherence to the adopted principles of governance detailed in this code.
- 4.2 On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:
 - Assess how the Council has complied with this Code of Corporate Governance;
 - Provide an opinion on the effectiveness of the Council's arrangements;
 - Provide details of how continual improvement in the systems of governance will be achieved.

5. Certification

We hereby endorse our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

Leader of the Council – Stephen Conway

Chief Executive – Susan Parsonage

How the Council ensures good governance:

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
<p><i>Behaving with integrity.</i></p>	<ul style="list-style-type: none"> □ Ensure that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. □ Ensure that members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (The Nolan Principles). □ Lead by example and using the above standard operating principles or values as a framework for decision making and other actions. □ Demonstrate, communicate, and embed the standard operating principles or values through appropriate policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively. <p>Assurance Mechanism Standards Committee Annual Report Annual Governance Statement</p>	<ul style="list-style-type: none"> □ The Council’s values □ The Community Vision and Corporate Delivery Plan □ The Constitution □ Standards Committee □ Member and Officer Codes of Conduct □ Member Declarations of Interests, Register of Interests and details of Gifts and Hospitality are published on the Council’s website □ Officer declarations of interest □ Officer job descriptions and Appraisals □ Member and Officer induction and training □ Whistleblowing and counter-fraud arrangements
<p><i>Demonstrating strong commitment to ethical values.</i></p>	<ul style="list-style-type: none"> □ Seek to establish, monitor and maintain the organisation’s ethical standards and performance. □ Underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation’s culture and operation. □ Develop and maintain robust policies and procedures which place emphasis on agreed ethical values. □ Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation. <p>Assurance Mechanism Standards Committee Annual Report Personnel Board Annual Governance Statement</p>	<ul style="list-style-type: none"> □ The Council’s values □ The Constitution □ Standards Committee □ Overview & Scrutiny Committees □ Regulatory and other Committees □ Codes of Conduct □ Member and Officer induction and training □ Member Declarations of Interests, Register of Interests and details of Gifts and Hospitality are published on the Council’s website □ Officer declarations of interest

		<input type="checkbox"/> Equality Policy / Equality Forum <input type="checkbox"/> Procurement and Contract rules, and procedures
Respecting the rule of law.	<input type="checkbox"/> Ensure that members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. <input type="checkbox"/> Create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. <input type="checkbox"/> Strive to optimise the use of the full powers available for the benefit of citizens, communities, and other Stakeholders. <input type="checkbox"/> Deal with breaches of legal and regulatory provisions effectively. <input type="checkbox"/> Ensure that corruption and misuse of power are dealt with effectively. Assurance Mechanism Standards Committee Annual Report Audit Committee Annual Report Local Government and Social Care Ombudsman Annual Letter	<input type="checkbox"/> Legal and finance senior officers review reports going for Member decision making. <input type="checkbox"/> Project Sponsors have responsibility to secure legal and finance advice for projects <input type="checkbox"/> Corporate complaints, compliments, and monitoring procedures. <input type="checkbox"/> Ombudsman process <input type="checkbox"/> Companies – Compliance with Companies Act and Directors duties <input type="checkbox"/> Head of Paid Service post / advice <input type="checkbox"/> S151 officer post / advice <input type="checkbox"/> Monitoring Officer post / advice <input type="checkbox"/> The Constitution <input type="checkbox"/> Roles, responsibilities, and competencies <input type="checkbox"/> Anti-Fraud and Corruption Policy <input type="checkbox"/> Whistleblowing Policy <input type="checkbox"/> Data Protection Policy

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
Openness.	<input type="checkbox"/> Ensure an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. <input type="checkbox"/> Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. <input type="checkbox"/> Provide clear reasoning and evidence for decisions in both public records and explanations to Stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensure that the impact and consequences of those decisions are clear. <input type="checkbox"/> Use formal and informal consultation and engagement to determine the most appropriate and effective	<input type="checkbox"/> The Council's values <input type="checkbox"/> The Community Vision and Corporate Delivery Plan <input type="checkbox"/> WBC website <input type="checkbox"/> Committee meetings documentation, standard report templates and minutes

	<p>interventions / courses of action.</p> <p>Assurance Mechanism Publication Scheme Public Meetings Senior Information Risk Owner Report Annual Governance Statement</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Call-in periods for Executive decisions <input type="checkbox"/> Overview & Scrutiny <input type="checkbox"/> Forward Plan <input type="checkbox"/> Publication Scheme <input type="checkbox"/> Engage Consultation Platform and e-Petitions <input type="checkbox"/> Transparency webpages <input type="checkbox"/> Freedom of Information processes <input type="checkbox"/> HR Policies and procedures <input type="checkbox"/> Equality Framework and Equality Impact Assessments
<p><i>Engaging stakeholders effectively, including individual citizens and service users.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Establish a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. <input type="checkbox"/> Ensure that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement. <input type="checkbox"/> Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. <input type="checkbox"/> Implement effective feedback mechanisms in order to demonstrate how views have been taken into account. <input type="checkbox"/> Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity <input type="checkbox"/> Take account of the impact of decisions on future generations of taxpayers and service users. <p>Assurance Mechanism Annual Governance Statement</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Engage Consultation Platform and e-Petitions <input type="checkbox"/> Corporate complaints, compliments, and monitoring procedures <input type="checkbox"/> Customer Excellence Strategy <input type="checkbox"/> Public attendance at meetings and web stream <input type="checkbox"/> Annual Budget consultation <input type="checkbox"/> Wokingham Borough News
<p><i>Engaging comprehensively with institutional stakeholders.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. <input type="checkbox"/> Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. <input type="checkbox"/> Ensure that partnerships are based on: <ul style="list-style-type: none"> - trust; - a shared commitment to change; 	<ul style="list-style-type: none"> <input type="checkbox"/> The Community Vision and Corporate Delivery Plan <input type="checkbox"/> Local Enterprise Partnership <input type="checkbox"/> Joint Strategic Needs Assessment <input type="checkbox"/> Joint Health and Wellbeing Board <input type="checkbox"/> Community Safety Partnership

	<ul style="list-style-type: none"> - a culture that promotes and accepts challenge among partners; and, - that the added value of partnership working is explicit. <p>Assurance Mechanism Annual Governance Statement Overview and Scrutiny Annual Report</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Berkshire West Children’s Safeguarding partnership <input type="checkbox"/> Wokingham Integrated Partnership <input type="checkbox"/> Children and Young People Partnership <input type="checkbox"/> Business, Skills and Enterprise Partnership <input type="checkbox"/> Place Based Partnership
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Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
<p>Defining outcomes.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Have a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions. <input type="checkbox"/> Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. <input type="checkbox"/> Deliver defined outcomes on a sustainable basis within the resources that will be available. <input type="checkbox"/> Identify and manage risks to the achievement of outcomes. <input type="checkbox"/> Manage service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. <p>Assurance Mechanism Community Vision Council Annual Report</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The Community Vision and Corporate Delivery Plan <input type="checkbox"/> Directorate and Service Plans <input type="checkbox"/> Medium Term Financial Plan <input type="checkbox"/> Capital Strategy <input type="checkbox"/> Statement of Accounts <input type="checkbox"/> Corporate Risk Register and project risk assessments
<p>Sustainable economic, social, and environmental benefits.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. <input type="checkbox"/> Take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints. <input type="checkbox"/> Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. <input type="checkbox"/> Ensure fair and equal access to services. <p>Assurance Mechanism Council Annual Report Equality Annual Report</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Standard templates for Business Cases and Executive papers <input type="checkbox"/> MTFP, Capital and Investment Strategies <input type="checkbox"/> The Community Vision and Corporate Delivery Plan <input type="checkbox"/> Directorate and Service Plans <input type="checkbox"/> Adults social care strategies and policies <input type="checkbox"/> Children’s social care strategies and policies. <input type="checkbox"/> Climate Emergency Action Plan <input type="checkbox"/> Health & Wellbeing Strategy <input type="checkbox"/> Development and Planning Policies – Local Plan <input type="checkbox"/> Housing Strategy

		<input type="checkbox"/> Equality Framework and Equality Impact Assessments
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Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
Determining interventions.	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided. <input type="checkbox"/> Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. <p>Assurance Mechanism Annual Governance Statement</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Standard templates for Business Cases and Executive papers <input type="checkbox"/> Engage Consultation Platform and e-Petitions <input type="checkbox"/> Corporate complaints, compliments and monitoring procedures. <input type="checkbox"/> Annual Budget consultation
Planning interventions.	<ul style="list-style-type: none"> <input type="checkbox"/> Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. <input type="checkbox"/> Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. <input type="checkbox"/> Consider and monitor risks facing each partner when working collaboratively, including shared risks. <input type="checkbox"/> Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances. <input type="checkbox"/> Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. <input type="checkbox"/> Ensure that capacity exists to generate the information required to review service quality regularly. <input type="checkbox"/> Prepare budgets in accordance with objectives, strategies and the medium-term financial plan. <input type="checkbox"/> Inform medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. <p>Assurance Mechanism Overview and Scrutiny Annual Report Chief Financial Officer Report</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The Community Vision and Corporate Delivery Plan <input type="checkbox"/> Directorate and Service Plans <input type="checkbox"/> MTFP, Capital and Investment Strategies. <input type="checkbox"/> Engage Consultation Platform and e-Petitions <input type="checkbox"/> Performance Indicators <input type="checkbox"/> Corporate and service risk registers <input type="checkbox"/> Project management policies and guidance

<p><i>Optimising achievement of intended outcomes.</i></p>	<ul style="list-style-type: none"> □ Ensure that the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. □ Ensure that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. □ Ensure that the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. □ Ensure that the achievement of ‘social value’ through service planning and commissioning (The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community.... over and above the direct purchasing of goods, services and outcomes”). <p>Assurance Mechanism Overview and Scrutiny Annual Report Chief Financial Officer Report</p>	<ul style="list-style-type: none"> □ MTFP, Capital and Investment Strategies □ Capital and revenue monitoring and reporting to officers and Members □ Annual budget consultation □ Engage Consultation Platform and e-Petitions □ Procurement Strategy includes social value
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Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
Developing the entity's capacity.	<ul style="list-style-type: none"> □ Review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. □ Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. □ Recognise the benefits of partnerships and collaborative working where added value can be achieved □ Develop and maintain an effective workforce plan to enhance the strategic allocation of resources. <p>Assurance Mechanism Overview and Scrutiny Annual Report Chief Financial Officer Report Personnel Board</p>	<ul style="list-style-type: none"> □ The Community Vision and Corporate Delivery Plan □ Asset Management Plan □ Benchmarking within Directorate and Service plans □ Local Enterprise Partnership Arrangements □ Joint Strategic Needs Assessment □ Joint Health and Wellbeing Strategy □ Community Safety Partnership □ Berkshire West Children's Safeguarding partnership □ Wokingham Integrated Partnership □ Children and Young People Partnership □ Business, Skills and Enterprise Partnership □ Place Based Partnership
Developing the entity's leadership and the capability of individuals within the entity.	<ul style="list-style-type: none"> □ Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. □ Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. □ Ensure that the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. 	<ul style="list-style-type: none"> □ Member / officer protocol □ Constitution including delegated powers □ Training plans for officers and Members □ Standard induction and training for both officers and Members □ Mandatory e-learning modules □ Intranet guidance, policies and procedures

	<ul style="list-style-type: none"> □ Develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> - Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged; - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. □ Ensure that there are structures in place to encourage public participation. □ Take steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. □ Hold staff to account through regular performance reviews which take account of training or development needs. □ Ensure that arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. <p>Assurance Mechanism Personnel Board Annual Governance Statement</p>	<ul style="list-style-type: none"> □ Corporate recruitment processes with job profiles and competencies □ Appraisals and 121s □ Staff surveys □ Apprenticeship scheme □ Peer Reviews – council and service specific □ Companies – Companies Act, Articles of Association, Directors duties □ Health and Wellbeing policies, guidance, and events
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Principle F - Managing risks and performance through robust internal control and strong public financial management.

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
<p>Managing risk.</p>	<ul style="list-style-type: none"> □ Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. □ Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. □ Ensuring that responsibilities for managing individual risks are clearly allocated. <p>Assurance Mechanism Audit Committee Annual Report</p>	<ul style="list-style-type: none"> □ Risk Management Policy and Guidance □ Risk Maturity Assessment □ Corporate Risk Register □ Directorate and Service risk Registers □ Standard templates for Executive decision making

	Annual Governance Statement	<input type="checkbox"/> Audit Committee <input type="checkbox"/> Overview & Scrutiny panels <input type="checkbox"/> Audit & Investigation
Managing performance.	<input type="checkbox"/> Monitor service delivery effectively including planning, specification, execution and independent post implementation review <input type="checkbox"/> Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. <input type="checkbox"/> Ensure that an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible. <input type="checkbox"/> Provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. <input type="checkbox"/> Ensure that there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). Assurance Mechanism Overview and Scrutiny Annual Report	<input type="checkbox"/> Performance reporting framework to officers and Members <input type="checkbox"/> Standard templates for Executive decision making <input type="checkbox"/> Overview & Scrutiny panels and quarterly performance reporting to them <input type="checkbox"/> Directorate and Service plans <input type="checkbox"/> MTFP <input type="checkbox"/> Capital and revenue budget Monitoring <input type="checkbox"/> Statement of Accounts <input type="checkbox"/> Project monitoring <input type="checkbox"/> Internal and External Audit reports <input type="checkbox"/> Peer reviews / inspections
Robust internal control.	<input type="checkbox"/> Align the risk management strategy and policies on internal control with achieving objectives. <input type="checkbox"/> Evaluate and monitor risk management and internal control on a regular basis. <input type="checkbox"/> Ensure that effective counter fraud and anti-corruption arrangements are in place. <input type="checkbox"/> Ensure that additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. <input type="checkbox"/> Ensure an audit committee which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and, - That its recommendations are listened to and acted upon. Assurance Mechanism Audit Committee Annual Report Internal Audit Annual Opinion External Audit Annual Audit Letter Chief Financial Officer Report	<input type="checkbox"/> Internal Audit & Investigation annual plan <input type="checkbox"/> External Audit <input type="checkbox"/> Audit Committee <input type="checkbox"/> Anti-Fraud and Corruption Policy <input type="checkbox"/> Whistleblowing Policy <input type="checkbox"/> Anti-Money Laundering Policy <input type="checkbox"/> Financial Procedure Rules, Regulations and Contract Standing Orders <input type="checkbox"/> Chief Audit Executive annual report <input type="checkbox"/> Audit Committee Effectiveness Review <input type="checkbox"/> Risk Management Strategy and

		Policy
<i>Strong public financial management.</i>	<p><input type="checkbox"/> Ensure that financial management supports both long term achievement of outcomes and short-term financial and operational performance.</p> <p><input type="checkbox"/> Ensure that well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</p> <p>Assurance Mechanism Chief Financial Officer Report External Audit Annual Audit Letter</p>	<p><input type="checkbox"/> MTFP</p> <p><input type="checkbox"/> Financial Regulations / Contract Standing Orders</p> <p><input type="checkbox"/> Capital and revenue reporting to officers and Members</p> <p><input type="checkbox"/> Standard templates for Executive decision making</p> <p><input type="checkbox"/> Annual budget process</p> <p><input type="checkbox"/> Assessment against Cipfa Financial Management Code</p>
<i>Managing data</i>	<p><input type="checkbox"/> Ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p><input type="checkbox"/> Ensure that effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p><input type="checkbox"/> Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.</p> <p>Assurance Mechanism Senior Information Risk Owner Report Annual Governance Statement</p>	<p><input type="checkbox"/> Information Security and Acceptable Use of ICT Policy</p> <p><input type="checkbox"/> Data Protection / GDPR Guidelines</p> <p><input type="checkbox"/> Privacy Notices</p> <p><input type="checkbox"/> Mandatory GDPR e-learning</p> <p><input type="checkbox"/> Data sharing agreements with Partners</p> <p><input type="checkbox"/> E-mail security classification</p> <p><input type="checkbox"/> Freedom of Information policy</p> <p><input type="checkbox"/> Records Retention guidance</p> <p><input type="checkbox"/> Internal Audit</p> <p><input type="checkbox"/> Caldicott Guardian</p> <p><input type="checkbox"/> Data & Information Governance Board</p>

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Supporting Principles	To embed the behaviour and actions that demonstrate good governance, the council is committed to:	This is demonstrated by:
Implementing good practices in transparency.	<ul style="list-style-type: none"> <input type="checkbox"/> Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. <input type="checkbox"/> Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. <p>Assurance Mechanism Transparency Data Public Meetings Senior Information Risk Owner Report Annual Governance Statement</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Standard templates for public reports <input type="checkbox"/> Committee Agendas, papers and minutes published <input type="checkbox"/> Forward Plan <input type="checkbox"/> Publication Scheme <input type="checkbox"/> Only using Part 2 reporting for the purposes intended <input type="checkbox"/> Website streaming of meetings and public questions <input type="checkbox"/> Transparency Data published <input type="checkbox"/> Annual Governance Statement <input type="checkbox"/> Companies – Companies House reporting and submissions
Implementing good practices in reporting.	<ul style="list-style-type: none"> <input type="checkbox"/> Report at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way. <input type="checkbox"/> Ensure that members and senior management own the results reported. <input type="checkbox"/> Ensure that robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement). <input type="checkbox"/> Ensure that this Framework is applied to jointly managed or shared service organisations as appropriate. <input type="checkbox"/> Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations. <p>Assurance Mechanism Audit Committee Annual Report Chief Finance Officer Annual Report</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Statement of Accounts <input type="checkbox"/> Annual Governance Statement and improvement plan <input type="checkbox"/> Annual External Audit report and Letter
Assurance and effective accountability.	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that recommendations for corrective action made by external audit are acted upon. <input type="checkbox"/> Ensure that an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon. 	<ul style="list-style-type: none"> <input type="checkbox"/> External Audit reporting to Audit Committee <input type="checkbox"/> Internal Audit reporting to Audit Committee

	<ul style="list-style-type: none"> <input type="checkbox"/> Welcome peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. <input type="checkbox"/> Gain assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement. <input type="checkbox"/> Ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met. <p>Assurance Mechanism Audit Committee Annual Report External Assurance Providers Ofsted/Care Quality Commission</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Peer reviews / inspections published results and monitoring of outcomes <input type="checkbox"/> Overview & Scrutiny panels
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Wokingham Borough Council

Annual Governance Statement 2022-23

Version 2.0, 15 May 2023

Executive Summary

Wokingham Borough Council is committed to playing its role in making Wokingham borough a great place to live, learn, work, and grow, and a great place to do business. This commitment is set out in the Council Plan and describes how the Council will meet the challenges ahead and achieve its priorities.

To be successful, the Council must have a solid foundation of good governance and sound financial management. The Council's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code includes the assurance framework that sets out how and on what the Council will seek to obtain assurance.

A copy of the Council's Local Code and Assurance Framework is available on our website at <https://wokingham.moderngov.co.uk/documents/s44678/Appendix%20%20Local%20Code%20of%20Corporate%20Governance.pdfw>

Each year, the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code have been working. This AGS gives assurances on compliance for the year ending 31 March 2023.

During 2022/23, the Council welcomed a follow up visit by the Local Government Association to assess progress since the previous years' corporate peer review. The insights and recommendations arising have been built into the production of this year's AGS.

The Leader of the Council and Chief Executive both recognise the vital importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance our governance arrangements to enable delivery of the Council Plan.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Wokingham Borough Council

Stephen Conway

Leader of the Council

Susan Parsonage

Chief Executive

1. Introduction and acknowledgement of responsibility

- 1.1 Wokingham Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.
- 1.2 The principles of good governance as set out in the CIPFA/SOLACE Delivering Good Governance in Local Government publication (2016) define the various features of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in Table 1 below.

Table 1 – Core principles of the CIPFA/SOLACE framework.

Behave with integrity
Demonstrate transparency and accountability
Engage with stakeholders
Define outcomes
Develop capacity capability and leadership
Manage risks and performance effectively
Ensure planned outcomes are achieved

2. Key elements of the Council’s governance arrangements

- 2.1 The governance framework at Wokingham Borough Council comprises the systems and processes, culture, and values which the Council has adopted in order to deliver on the above principles. The Council has a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE framework (2016). This is regularly reviewed and assessed for compliance. The CIPFA Financial Management Code 2019 (FM Code) was introduced during 2020-21, to improve the financial resilience of organisations by embedding enhanced standards of financial management. The Council, through its Audit Committee, has assessed compliance with the FM Code in February 2023 and is using the improvement actions arising from its review to further strengthen its financial management.

Table 2 – Overview of the council’s governance framework

<p style="text-align: center;">Scrutiny and review</p> <ul style="list-style-type: none"> • Scrutiny commissions reviews of Council policy and services and can challenge decisions • Audit Committee and Standards Committee reviews governance and promotes and maintains high standards of conduct by councillors 	<p style="text-align: center;">Council, Executive & Leader</p> <ul style="list-style-type: none"> • Provide leadership, approve the budget, develop and set policy • Approve the constitution which sets out how the council operates • Agree Council priorities, developed in consultation with residents and stakeholders
<p style="text-align: center;">Risk Management</p> <ul style="list-style-type: none"> • Risk management strategy ensures proper management of risks • Risk registers identify both strategic and operational risks 	<p style="text-align: center;">Decision making</p> <ul style="list-style-type: none"> • All decisions made in compliance with law and Council constitution • Meetings have either been held in public or access has been arranged for the public to attend virtual meetings • Decisions are recorded on the council website
<p style="text-align: center;">Corporate Leadership Team</p> <ul style="list-style-type: none"> • Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective corporate leadership team (CLT) • The Deputy Chief Executive and Director of Resources & Assets is the Council’s Section 151 officer and is responsible for safeguarding the council’s financial position and ensuring value for money • The Assistant Director Governance is the Council’s monitoring officer who, with Deputy Chief Executive and Director of Resources & Assets, is responsible for ensuring legality and promoting high standards of conduct in public life. 	

- 2.2 Full Council is responsible for approving the budget, developing policies, making constitutional decisions, and deciding local legislation. Council elects the Leader for a term of four years, and the Leader appoints an Executive of up to ten councillors (including him/herself), each holding a special portfolio of responsibility. The Council's constitution is updated throughout the year and sets out how the Council operates. It states what matters are reserved for decision by full Council, the responsibilities of the Executive, and the matters reserved for collective and individual decision, and the powers delegated to Committees.
- 2.3 Decision-making powers not reserved for councillors are delegated to the Chief Executive, Directors, and Assistant Directors. The Monitoring Officer ensures that all decisions made are legal and supports the Audit Committee and Standards Committee in promoting high standards of conduct amongst members. The Overview and Scrutiny Committee and its scrutiny sub-Committees scrutinise decisions made by the Executive, and those delegated to officers, and review services provided by the Council and its partners. The scrutiny officer promotes and supports the Council's scrutiny functions.
- 2.4 The Executive has developed a Community Vision (2020-2024) for Wokingham borough, and a Council Plan (2020-2024) which is published on the Council's website. It is reviewed and updated according to changing statutory requirements, the evolving social and economic situation, analyses of needs and the performance of the Council against its priorities. The Council is in the process of formulating a new Council plan. The Council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes, attendance at meetings of the Council and its Committees, or contact with a local ward councillor. Trades unions are consulted on issues that affect Council staff.
- 2.5 The overall budget and policy framework of the Council is set by full Council and all decisions are made within this framework. The Council's overall policy is represented through the Council Plan which is developed alongside the budget through consultation with residents and other stakeholders in the borough, and which sets out how the Council's priorities will be delivered. Performance against the Council Plan is monitored throughout the year. Progress is reviewed quarterly by the Leader and respective Executive members and is reported through to the Council's Overview & Scrutiny Committee. The Council also monitors its performance through feedback from its residents and service users.
- 2.6 The performance management process helps to identify learning and development needs, which are translated into personal development plans for staff. Members are also offered development and training opportunities. The Council provides a programme of learning and development to officers and members.
- 2.7 The Council also has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment. The Council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud.

- 2.8 The Council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority. These standards are defined and communicated through codes of conduct, protocols and other documents.
- 2.9 The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2016). The Chief Financial Officer (CFO) is the Deputy Chief Executive & Director of Resources and Assets, who has statutory responsibility for the proper management of the Council's finances and is a key member of the Corporate Leadership Team. He formally devolves the management of the Council's finances within directorates to directors through Financial Regulations (section 12 of Constitution). The Local Government Act 2003 requires the CFO to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The CFO report highlights the strong financial management of the Council. It also outlines the major financial issues facing the Council in the medium-term period.
- 2.10 The Council's assurance arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2019). The Chief Audit Executive (Head of Internal Audit & Investigations) reports functionally to the Audit Committee, which considers the audit plan and strategy and receives reports throughout the year on audit and anti-fraud activity, as well as the annual report and opinion on the internal control framework. The internal audit service complies with the Public Sector Internal Auditing Standards (PSIAS) which promote professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 2.11 The Council's risk management strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision making. In the Council's day-to-day operations, a framework of internal controls (e.g., authorisation, reconciliations, separation of duties, etc.) manages the risks of fraud or error, and this framework is reviewed by internal audit.
- 2.12 Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Council's legal services and procurement teams ensure that all are fit for purpose and the Council's interests are protected.
- 2.13 The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the council. It provides independent assurance of the adequacy of the Council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

3. Review of effectiveness

- 3.1 Wokingham Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.3 The review of effectiveness is informed by the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment, the chief audit executive's annual report, and by comments made by the external auditors and other review agencies and inspectorates. The key elements of the review of effectiveness are: -
- the Council's internal management processes, such as performance monitoring and reporting; the staff performance review framework; internal staff surveys of awareness of and views on corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget setting process.
 - an annual self-assessment and management assurance statement signed by Directors and Assistant Directors, confirming adherence to the seven principles of the local Code of Corporate Governance and other corporate governance processes have operated as intended within their directorates throughout the year.
 - the assessment of compliance against the Council's Local Code of Corporate Governance (see appendix 1).
 - the annual report of the Chief Audit Executive (Head of Internal Audit & Investigations) which provides an opinion to members on the adequacy and effectiveness of the internal control system, the council's risk management and governance process. The overall assurance was, "substantially complete and generally effective but with some improvements required," which denotes that the overall audit work conducted significantly meets expectations and provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review.
 - the work of the Audit Committee and Standards Committee which includes responsibility for monitoring the development and operation of corporate governance in the Council.
 - the Council reviewed sustainability against the CIPFA financial resilience index over 2 years scoring as 'low risk' on the reserve sustainability measure and 'extremely low risk' regarding the change in reserves year on year.
 - The Council welcomed a Corporate Peer Challenge in November 2021 undertaken by the Local Government Association (LGA) and a follow up review

in October 2022. The review highlighted areas of good practice as well as identifying recommendations for further consideration which have been considered as part of the AGS effectiveness review.

4. Assurance statement

The review, as detailed above, provides good overall assurance of the Council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework. Issues of assurance are raised in the "Governance issues" section and have been highlighted in the "Areas of Significant Change."

5. Governance issues and improvements

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed, or are included, in action plans for the relevant managers as well as the Council's response to the LGA Corporate Peer Challenge. There was a continued focus on the following governance issues last year:

- **Horizon Scanning** – During Covid the Council's planning horizon narrowed to respond to the emergency. The Council has lengthened its time horizons by creating a five-year strategic forward plan to identify the major challenges. This is supported by a monthly Policy and Strategy Digest that identifies the changing wider policy context for the Council. Both these will be useful in the Council's refresh of its Corporate Plan which will be published in February 2024.
- **Audit Committee** – The independence and objectivity of the Audit Committee has been strengthened by the appointment of an independent Member. The Committee has undertaken induction and risk management training. The Committee has also undertaken a review against the new CIPFA best practice for Audit Committees and created an action plan to ensure the Committee aligns with best practice.
- **LGA peer challenge action plan**- Following the LGA peer challenge in November 2021 the Council created an action plan and the LGA follow up visit found that the Council had embraced the issues it was facing and turned them into opportunities. The peer review found that "The council has made good progress on governance".
- **Financial Management Code** – The Audit Committee undertook a review against the CIPFA Financial Management Code 2019 and found that in 15 of the 17 areas the Council is fully compliant with the code. To enhance the Council's financial management an action plan is in place to: improve resident engagement, widen financial benchmarking outside of Berkshire, formalise training for budget managers and review job descriptions to include value for money responsibilities.
- **Procurement** – The Council has introduced a strong strategic governance across procurement activities which is already providing further consistency and value from contracts in a challenging environment.
- **Cyber Security Awareness** – In response to the significant risk possessed by cyber-attack the Council has engaged with cyber security specialists to strengthen our response and to prompt cyber security awareness across the Council. The Council also improved its information governance arrangements by formally splitting the role of

Senior Information Risk Owner (SIRO) and Data Protection Officer (DPO). These complementary roles are now able to provide greater challenge and scrutiny.

- **Chief Operating Officer** – The Council has recognised the need for additional leadership capacity and has created the COO role to drive forward the Council's HR, Customer, IT and Change agendas.
- **Political Awareness Training** – As part of an ongoing programme to raise awareness of the importance of good governance, in winter 2022/23, the LGA provided training sessions for senior officers covering the respective roles of members and officers, and exploring what leads to constructive and appropriate member/officer relationships.
- **Members Parental Leave Policy** – The Council has approved a Parental Leave Policy for Members which supports the Council's equality objectives in removing any barriers for prospective councillors.
- **Corporate Parenting Board** – The Council has strengthened its Corporate Parenting Board.
- **Performance Management** – The Council has improved the use of performance management data by Overview & Scrutiny. The performance reports are presented by an Executive Member and performance information is utilised to inform the Overview and Scrutiny work schedule.
- **Core Priorities** – The Council has created strong governance around two significant emerging issues School Places and Safety Value. A robust governance response has created enabled strong leadership on these important issues.
- **Change Management** – The Council has strengthened its approach to change management as part of its commitment to continuous improvement. The Council is working within each Directorate on significant change programmes to improve services and secure value for money.
- **Capital Programme** – Following the cost-of-living crisis, inflation and interest rate rises the Council has reviewed its capital programme in-year to ensure that it remains affordable and delivers on the Council priorities. Further work is underway in 23/24 to further this work.

Despite the challenges and adaptations in 2022-23, the Council has maintained consistent essential services for residents. The Council's strong collaborative approach has continued to be effective, working with key partners in the NHS, police and voluntary and community sectors. The risks moving forward are detailed in the Areas of Significant Change.

6. Areas of significant change

The Council also faces a number of areas of significant change that will require consideration and action as appropriate in 2022-23 and the medium-term. Significant issues identified include:

Changes to the political balance of the Council

The Council remained in a position of no overall control following the May 2023 elections. At Annual Council on 18 May 2023, a Liberal Democrat minority administration was agreed.

Financial Statements

Like a majority of local authorities, WBC has experienced delays in the external audit sign-off of its 2020/21 Financial Statements. The Chief Financial Officer and Audit Committee has sought assurance and closely monitored this situation. The latest update to Audit Committee in March 2023 the external auditor stated that '[From March 22] the two significant outstanding issues: accounting for infrastructure assets and a delay in receiving assurances from the auditor of Berkshire Pension Fund. These were both outside the Council's control. Our work is now complete, other than the ongoing delay in receiving the final assurance letter from the auditor of Berkshire Pension Fund and the final checks required once we have completed our work on the pension liability following receipt of the letter.' While the delay is significant there is nothing to suggest that it represents a material weakness in the Council's financial position.

Overview and Scrutiny

The effectiveness of the scrutiny function was highlighted in the LGA Corporate Peer Challenge as an area for further consideration. The Council partnered with the Centre for Governance and Scrutiny in summer 2022 to provide an independent, objective assessment of its current arrangements and recommend areas for improvement.

Corporate risks

There are a small number of significant high impact risks monitored quarterly by Audit Committee through the corporate risk register process that will require ongoing consideration. These are: -

- *Budget and financial resilience* - the Council faces significant financial pressures as the lowest funded unitary authority in England. Although this is mitigated by its strong reserve position, the Council is developing financial scenario planning to test and flex wide-scale savings plans.
- *Adult social care provider sustainability* – the Council is dependent on third parties' suppliers to provide care to vulnerable adults. The delay to the social care reforms, workforce issues and cost-of-living pressures means that there is a significant risk that one or more of these suppliers will not be able to provide care. The Council is working closely with the sector locally, but this is a national issue and there are limits to the Council's ability to influence this. The Council is able to utilise Optalis as a provider of last resort.
- *Outcomes and Costs for Children with SEND* – the Council faces an increase in demand and complexity of children with special educational needs and disabilities. This is creating pressure on the entire SEND system and resulting in an overspend in the budget. The Council is working with the Department of Education through the Safety Valve programme to address this risk.
- *Cyber Risk* – the Council faces the risk of a cyber-attack causing significant disruption to the Council's operations and/or the loss of vital data. The Council has seen an increase in this risk during the year linked to international tensions and learning from other Councils. The Council has responded by increasing its cyber security protections, but this is likely to be a long-term risk.

Workforce

Last year's AGS identified the requirement to develop and enhance the Human Resources (HR) function including HR policies and procedures. A new operating model for HR was implemented in 2022/23 together with the appointment of a permanent Assistant Director of HR. In recognition of the importance of a robust HR service and an engaged workforce, this is a priority for the year ahead with a dedicated programme sponsored by CLT. Work is underway to develop a people strategy, modern workforce strategy, review and improve all policies and operational processes.

Member Development and Training

The Council is keen to introduce a more strategic approach in this area using the LGA's Member Development Charter and associated resources to deliver an enhanced Member Development offer following the all-out elections in 2024.

Constitution

The Council's constitution has been updated and amended but has not been subject to a complete review in a number of years. The constitution is a key governance document for the Council and an efficient, effective, clear and consistent constitution understood by all stakeholders is essential to the operation of the Council. The review will ensure that the Council is aligned with best practice.

Capital Programme

Extending the work that the Council has already taken in respect of the Capital Programme and continuing financial pressures, we will review and improve the way the programme is initially set and monitored with services.

7. Conclusion

- 7.1 Governance arrangements have been tested but have found to be robust and resilient in 2022-23, whilst recognising that recovery from the pandemic, the worsening economic situation, and responding to the refugee crisis brought substantial risks to the council.
- 7.2 The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take steps to address the matters identified above to further enhance our governance arrangements in these challenging times.

Appendix 1 – Review of Compliance against Local Code of Corporate Governance

Key

Criteria	Description
Effective	The Council is meeting the good governance principle in all substantive respects. There may be opportunities to enhance governance in some elements of this principle, but they are minor and build on a solid foundation.
Generally Effective	The Council is meeting the good governance principle overall. However, there is an element of this principle that requires management attention. This specific enhancement should be included in the AGS and tracked.
Ineffective	The Council is not meeting the principle. There are significant weaknesses; either across the whole of the principle, or a fundamental element has a weakness that impacts on the overall achievement of the principle. This weakness should be included in the AGS and robustly monitored.

Summary

Good Governance Principle	Assessment
Behaving with integrity, commitment to ethical values, and respecting the rule of law	Effective
Openness and comprehensive stakeholder engagement	Effective
Defined outcomes in terms of sustainable economic, social, and environmental benefits	Generally Effective
Determining the interventions necessary to optimise the achievement of the intended outcomes	Effective
Developing the Council's capacity, including the capability of its leadership and the individuals within it	Generally Effective
Managing risks and performance through robust internal control and strong public financial management	Generally Effective
Implementing good practices in transparency, reporting, and audit to deliver effective accountability management	Effective

Behaving with integrity, commitment to ethical values, and respecting the rule of law	Assessment
<p>All Senior Managers attended Political Awareness training delivered by the LGA and this include the Nolan Principles in Public Life.</p> <p>Full Council has defined the Council's values, and these are incorporated in the Community Vision. The Council can do more to ensure its values are fully embedded in the culture of the organisation. Standards Cttee Annual Report 2021-22.pdf (moderngov.co.uk) Standards Committee has met in accordance with the Constitution. No findings of a breach of the Code of Conduct were made against WBC Members in 2022/23. Individual Members' declarations of interests and gifts and hospitality are published on our website. New Members received induction which</p>	Effective

includes the [Code of Conduct](#). There is a corporate induction for new officers and 1-2-1/supervision and an annual performance review process for officers. There is strong awareness of the [whistleblowing policy](#), but it is sometimes used for service complaints. The Council has identified resources to strengthen its Counter-fraud arrangements, but these have yet to be fully embedded.

Improvements have been identified for the Council’s [scrutiny arrangements](#) and we are working with the Centre for Governance and Scrutiny to address these. These have included Member Training, a new Climate Committee and greater utilisation of pre-decision Scrutiny. There were 66 decisions subject to call-in. The Council performed a self-assessment against the [LGA Equality Framework](#) and concluded that it was ‘developing’ The Council has an [Equalities plan](#) and is continuing to deliver improvements..

Legal and financial advice is provided on Member decisions. The Council has corporate complaints, compliments and monitoring procedures and has an established customer feedback mechanism. The [Local Government Ombudsman](#) upheld nine findings against the Council four of these related to Children with SEND. There was one minor information breach reported to the Information Commissioners Office, but no further action was required.

The Council operates companies, and these comply with Companies Act 2006, their Articles of Association, shareholder operating protocols and shareholder agreements. The shareholder agreement with the Royal Borough of Windsor & Maidenhead has been revised which better reflects the operation of Optalis but also resolves process and strategic priorities for the jointly owned company. The Optalis group has been streamlined with direct council appointments onto the remaining operating company. The strategic direction and oversight function of WBC (Holdings) Limited over the property companies (Wokingham Housing Limited, Berry Brook Homes Limited and Loddon Homes Limited) continues to provide assurance of performance for the Council. The Company’s [financial position](#) is reported to Executive

The Council has a [Data Protection Policy](#) and advice on this is often sought by officers. The Council has strengthened its approach to Information Governance via the formation of the Data and Information Governance Board that meets monthly to review and improve the Council’s approach to the use and protection of data including cyber security.

B. Openness and comprehensive stakeholder engagement

Assessment

The Council has established a range of communications with stakeholders across different communication channels. The Council’s Connect newsletters have over 250,000 subscribers, an increase in 20,000 from last year. The Council continues to invest in its website and is working hard to improve accessibility of information. The Council has a [forward programme](#) of key decisions which is published every month. There were no urgent decisions were taken that were not on the forward programme. This is a decrease from five last year. All Committees have published [agendas](#) and standard report templates and minutes and are [live streamed](#) via YouTube. There were 97 public questions during 2022/23. Council debated two public petitions. Decisions are accompanied by Equality Impact Assessments where appropriate. The Council continues to consult with residents with 16,000 signed up to the consultation platform. We held 55 consultations in 2022/23 up 11 from 2021/22

Effective

<p>and an increase in the number of responses to Council consultations (average of 472, up from 233).</p> <p>The Council proactively publishes data on its activities. The Council processed Freedom of Information Act requests, this was previously an area of weakness, but our performance has improved with 89.4% of response on target with a stronger performance in the second half of the year.</p> <p>We are in the process of refreshing our Customer Excellence Strategy. Overview and Scrutiny are heavily involved in the budget setting process. The Council has updated its Joint Strategic Needs Assessment.</p> <p>It is working closely with partners including the Thames Valley Local Enterprise Partnership, Joint Health and Wellbeing Board, Community Safety Partnership, Berkshire West Children’s Safeguarding Partnership, Voluntary Community Partnership and Wokingham Education Partnership.</p>	
<p>C. Defined outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Assessment</p>
<p>The Council has a Community Vision and Corporate Delivery Plan that sets out the Council’s strategic priorities until 2024. The Council is in the process of creating a new Community Vision and supporting Council plan to 2030. The current CDP is supported by the Council’s three-year Medium Term Financial Plan and Capital Strategy. The Council produces annual financial statements. However, the external audit of the 2020/21 accounts has not been concluded as reported to the Audit Committee. The one remaining issue is the delay to the Audit of the Berkshire Pension while this issue is outside the Council’s control there is a significant impact on the Council’s governance in not having fully audited accounts and knock on effects on the 2021/22 accounts.</p> <p>The Council considers risks in decision making and has a Corporate Risk Register that is regularly reviewed by the Audit Committee.</p> <p>The Council has key strategies covering Health and Wellbeing, Adult Social Care, Voluntary & Community Sector, Children’s Services, Housing, Climate Emergency and Equalities. The Council has a Local Development Framework and is progressing a new Local Plan.</p> <p>The Council approved its Tackling Poverty Strategy in response to the pandemic and cost of living crisis and is working with the Hardship Alliance to implement it.</p>	<p>Generally Effective</p>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcome</p>	<p>Assessment</p>
<p>The Council has standard templates for Business Cases and Executive papers that contain analysis of options and risks. The Council’s budget is subject to review by Overview and Scrutiny. Customer feedback is utilised in making commissioning decisions and service improvement.</p> <p>The Council works in partnership where value can be achieved. The Council has key partnerships e.g., Health and Wellbeing, Community Safety and Berkshire West Children’s Safeguarding Partnership. The Council utilises its local authority trading companies to deliver services in adult social care and housing. These companies have</p>	<p>Effective</p>

<p>discharged their legal reporting duties. Wokingham borough wellbeing BOard (moderngov.co.uk)</p> <p>The Council has a performance indicator set that is reported quarterly to Overview and Scrutiny.</p> <p>The Council has robust budget management and monitoring reporting quarterly revenue and capital position to Executive.</p>	
<p>E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it</p>	<p>Assessment</p>
<p>The Council has recruited to permanently fill the role of Director of Place and Growth reducing the Council’s dependence on Interim Staff. The Council has an in-house Change Team that reviews operations to identify opportunities for improvement.</p> <p>The Council increases its capacity to deliver for residents through effective engagement with partners. The Council works closely with the Voluntary and Community Sector and Towns and Parish Councils. The Council is engaged with regional agenda via both the Thames Valley Local Enterprise Partnership and collaboration with other Berkshire Councils.</p> <p>Last year’s AGS identified the requirement to develop and enhance the HR function including HR policies and procedures. A new operating model for HR was developed has been implemented. In recognition of the importance of a robust HR service and an engaged workforce, this is a priority for the year ahead with a dedicated programme sponsored by CLT. There is permanent Assistant Director of Human Resources & Organisational Design, and they are leading the implementation of this programme. The Council has updated its Grievance Policy and is systematically reviewing and enhancing its HR policies.</p> <p>The Council has a Member / Officer protocol that defines the relationship between elected and appointed leaders but recognises that this is an area to be strengthened. There is Member and Officer induction. In response to the election results Senior Officers received Political Awareness training from the LGA. In addition to individual and Committee inductions Members received training as part of the Equalities learning programme and training on risk management. Learning and Development of both Members and Officers are areas that are being reviewed and improved during the year with further enhancements to come.</p> <p>Decisions were taken in accordance with the scheme of delegation.</p> <p>The Council used the LGA Peer Challenge November 2021 LGA Corporate Peer Challenge to drive forward improvements. The LGA follow up found there had been positive change in the Council since the original review.</p> <p>Staff have annual performance reviews.</p>	<p>Generally Effective</p>
<p>F. Managing risks and performance through robust internal control and strong public financial management</p>	<p>Assessment</p>
<p>The Council has a Risk Management Policy that defines its approach to risk management and details the roles and responsibilities. The Council has a Corporate Risk Register which is updated at least quarterly and reviewed by Audit Committee. Responsibility for managing individual risks is assigned to Executive and Officer leads. Performance is monitored via quarterly performance reports presented to Overview and Scrutiny Management Committee. There is scope to further aligned performance and risk management with the Council’s new Corporate Plan. Decisions are made using standard templates that include relevant analysis including equalities, climate</p>	<p>Generally effective.</p>

<p>emergency impacts, legal and financial input. Overview and Scrutiny is an area for further development.</p> <p>The Chief Financial Officer’s Statutory report sets out the financial position of the Council and identifies the key financial risks the Council faces. The Council has robust internal controls with clear financial procedures and procurement rules and procedures. The Strategic Procurement Board reviews significant procurement activity. The Audit and Investigation annual plan provides assurance on the key risks facing the Council. The Council has an Anti-Fraud and Corruption Policy and robust Whistleblowing arrangements. The Council is working to ensure that these are fully embedded, targeting resources to greatest areas of risk and opportunities. There were no instances of Money Laundering detected in the last year.</p> <p>The Council has conducted a self-assessment against the Cipfa Financial Management Code this identified areas for improvement, and these have been reported to the Audit Committee. An internal audit of the self-assessment validated managements findings and provided “Substantial complete and generally effective” ratings. The Council has an Audit Committee to provide assurance on good governance. The Audit Committee reports to Council.</p> <p>Four out of five actions from the 2020/21 AGS action plan have been implemented. The Council has a MTFP and strong budgetary control and effective reporting arrangements to Executive. The Council operates a strong information governance culture including the bi-annual mandatory e-learning for all staff. There were two incidents reported to the Information Commissioner both of which required no further action. There were no breaches identified of the Caldicott principles.</p>	
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability management</p>	<p>Assessment</p>
<p>The Council is open about decision making with meetings open to the public, with agenda, papers and minutes being published and meetings are streamed on the web. The Council produces an Annual Report on the delivery of the Corporate Delivery Plan and a Statement of Accounts 20-21 and Annual Governance Statement. On completion of the Accounts External Audit normally produce an Annual Audit Letter. However, the delays to the Accounts have meant that this is not available. The Council is developing an assurance framework to identify and co-ordinate the sources of assurance. Accountability for delivery of corrective action and improvement activity is reported to Audit Committee.</p> <p>The Council conducted a Self-assessment against the CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022 and reported these findings to the Audit Committee.</p> <p>The Chief Audit Executive regularly meets privately with the Chief Executive, and Audit Committee Chair. The Council’s Statutory Officers Group (Head of Paid Service, Section 151 Officer and Monitoring Officer) meets formally monthly and quarterly reviews the Council’s governance dashboard.</p> <p>Following the LGA Peer Challenge November 2021 LGA Corporate Peer Challenge the Council developed and implemented an action plan monitored by Executive. This led to a positive follow up visit by the LGA.</p>	<p>Effective</p>

Appendix 2 – 2022/23 Action Plan

Area of Focus	Action	Who	Timescale
Accounts	To work with External Audit to progress the sign off of the Council's Accounts	Assistant Director Finance (Deputy S151 Officer)	March 2024
Constitution	To undertake a comprehensive review of the Council's constitution	Assistant Director Governance (Monitoring Officer)	March 2024
Overview & Scrutiny function	Implement recommendations of Centre for Governance & Scrutiny's review of current arrangements.	Assistant Director Governance (Monitoring Officer)	March 2024
Workforce	Deliver workforce organisational foundation programme.	Assistant Director HR & OD	March 2024
Member Development & training	Continue progress on member development programme to attain LGA charter status.	Assistant Director Governance (Monitoring Officer)	May 2024
Capital Programme	To review approach to Capital Programme controls and management.	Assistant Director Finance (Deputy S151 Officer)	March 2024
Annual Report	The Council will publish an Annual Report against the delivery of the Council Plan	Assistant Director of HR & OD	March 2024
Community Vision	The Council will work with partners to develop a long-term vision for the Borough	Assistant Director of HR & OD	July 2024

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DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 19 July 2023	1.	Risk Management Policy and Guidance update	Graham Ebers, Deputy Chief Executive
	2.	Audit Progress Update	EY
	3.	2020/21 Auditor's Annual report	EY
	4.	Treasury Management Outturn Report	Graham Ebers, Deputy Chief Executive
	5.	SIRO Annual Report 22/23	Graham Ebers, Deputy Chief Executive

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 27 September 2023	1.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	2.	2023/24 Internal Audit and Investigation Quarter 1 Progress Report	Catherine Hickman, Head of Internal Audit and Investigation Service
	3.	Draft Audit Results Report for 2021/22	EY

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 29 November 2023	1.	Treasury Management Mid-Year Report 2023/24	Graham Ebers, Deputy Chief Executive
	2.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	3.	2023/24 Internal Audit and Investigation Quarter 2 Progress Report	Catherine Hickman, Head of Internal Audit and Investigation Service
	4.	Anti Fraud and Anti Corruption Policies Refresh	Catherine Hickman, Head of Internal Audit and Investigation Service
	5.	Annual Governance Statement	Graham Ebers, Deputy Chief Executive
	6.	Statement of Accounts (or February)	Graham Ebers, Deputy Chief Executive

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 7 February 2024	1.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	2.	2023/24 Internal Audit and Investigation Quarter 3 Progress Report	Catherine Hickman, Head of Internal Audit and Investigation Service
	3.	2024/25 Draft Internal Audit and Investigation Plan, Strategy and Internal Audit Charter	Catherine Hickman, Head of Internal Audit and Investigation Service
	4.	Treasury Management Strategy 2024/25	Graham Ebers, Deputy Chief Executive

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