



# 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 FEBRUARY 2024 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 January 2024

**Note:** Members of the public are welcome to attend the meeting or participate in the meeting virtually, in accordance with the Council's Constitution. If you wish to participate either in person or virtually via Microsoft Teams, please contact Democratic Services: [Democratic.services@wokingham.gov.uk](mailto:Democratic.services@wokingham.gov.uk)

The meeting can also be watched live using the following link:  
<https://youtube.com/live/HKU6LUmg5RE?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.

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

## MEMBERSHIP OF THE AUDIT COMMITTEE

### Councillors

Rachel Burgess (Chair)  
David Davies  
Jordan Montgomery

Mike Smith (Vice-Chair)  
Peter Harper

Sam Akhtar  
Stephen Newton

ITEM NO.	WARD	SUBJECT	PAGE NO.
46.		<b>APOLOGIES</b> To receive any apologies for absence	
47.		<b>MINUTES OF PREVIOUS MEETING</b> To confirm the Minutes of the Meeting held on 29 November 2023.	5 - 16
48.		<b>DECLARATION OF INTEREST</b> To receive any declarations of interest	
49.		<b>PUBLIC QUESTION TIME</b> 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 <a href="http://www.wokingham.gov.uk/publicquestions">www.wokingham.gov.uk/publicquestions</a>	
50.		<b>MEMBER QUESTION TIME</b> To answer any member questions	
51.	None Specific	<b>WOKINGHAM BOROUGH COUNCIL - AUDIT UPDATE</b> To receive the Wokingham Borough Council - Audit Update.	17 - 28
52.	None Specific	<b>CORPORATE RISK REGISTER</b> To receive the Corporate Risk Register.	29 - 58
53.	None Specific	<b>2023/24 INTERNAL AUDIT AND INVESTIGATION PLAN QUARTER 3 PROGRESS UPDATE TO 31 DECEMBER 2023</b>	59 - 80

To receive the 2023/24 Internal Audit and Investigation Plan - Quarter 3 Progress Update to 31 December 2023.

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|------------|---------------|--|------------------|
| <b>54.</b> | None Specific | <b>2024/25 DRAFT INTERNAL AUDIT AND INVESTIGATION PLAN, STRATEGY AND INTERNAL AUDIT CHARTER</b><br>To receive the 2024/25 Draft Internal Audit and Investigation Plan, Strategy, and Internal Audit Charter. | <b>81 - 108</b>  |
| <b>55.</b> | None Specific | <b>AUDIT COMMITTEE EFFECTIVENESS SELF-ASSESSMENT</b><br>To receive the Audit Committee Effectiveness Self-Assessment.  | <b>109 - 116</b> |
| <b>56.</b> | None Specific | <b>ASSURANCE MAPPING</b><br>To receive a report regarding Assurance Mapping.   | <b>117 - 124</b> |
| <b>57.</b> | None Specific | <b>AUDIT COMMITTEE ANNUAL REPORT 2023-24</b><br>To consider the Audit Committee Annual Report 2023-24.   | <b>125 - 136</b> |

**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 29 NOVEMBER 2023 FROM 7.00 PM TO 8.45 PM**

**Committee Members Present**

Councillors: Rachel Burgess (Chair), Mike Smith (Vice-Chair), Sam Akhtar, David Davies, Peter Harper, Stephen Newton, Jordan Montgomery, Mike Drake and Sandeep Vig

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Graham Cadle, Assistant Director Finance (online)  
Giorgio Framaliccio, Director Place and Growth  
Catherine Hickman, Head of Internal Audit and Investigation (online)  
Andrew Moulton, Assistant Director Governance  
Paul Ohsan Ellis, Governance and Risk Manager  
Mark Thompson, Chief Accountant (online)  
Hannah Lill, EY (online)  
Janet Dawson, EY (online)

**35. APOLOGIES**

There were no apologies for absence submitted.

**36. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 27 September 2023 were confirmed as a correct record and signed by the Chair.

**37. DECLARATION OF INTEREST**

Councillor Stephen Newton declared a Personal Interest in item 41 Corporate Risk Register on the grounds that he and his wife were foster carers.

**38. PUBLIC QUESTION TIME**

There were no Public questions.

**39. MEMBER QUESTION TIME**

There were no Member questions.

**40. WOKINGHAM BOROUGH COUNCIL AUDIT PROGRESS UPDATE**

The Committee received the Wokingham Borough Council Audit Progress Update.

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

- Hannah Lill advised that the audit was progressing, and EY were working well with officers. The audit was not progressed quite as far as had been hoped for, however more resources had been allocated and the timeline to continue to complete the fieldwork by the end of December, had been agreed with officers.
- There were still some delays in obtaining information around valuations, but work was being undertaken with officers to mitigate this.
- Correspondence had been received from Deloitte around the IS19 assurances. At this point they were not able to provide a time of when or if these assurances would be provided.
- The timing of the 2022/23 audit would be dependent on the resolution of 2021/22 audit.

- An announcement by the Department for Levelling Up, Housing & Communities about the future timetable for delivery and proposed scope changes to local government audits, was still awaited.
- The audit had not yet been completed, primarily as a result of two factors; firstly performance issues with a member of EY staff. In response to a Member question, Janet Dawson explained EY's quality checking procedures. The second factor for the delay was that there were ongoing discussions with the valuers and the Estates team to obtain the valuation information requested and required to complete procedures. The Chair questioned whether the delay related to the external valuers or Council officers, or both and was informed that it was a mixture of both. The Assistant Director Finance commented that part of the work had been outsourced to seek an independent view. One of the members of staff who had undertaken the initial work had left, creating a time lag. Officers needed to make the external resource aware of how urgent particular deadlines were. Resource had been moved around to meet availability.
- Additional time had been agreed for the audit. Members were assured that no additional cost would be passed on to the Council for any additional work undertaken as a result of an EY staff member performance issues. Councillor Harper commented that the Council would have to spend time answering additional queries, which would have a cost implication. He questioned whether this would be taken into account in the final fee.
- Councillor Newton expressed surprise that the IS19 remained outstanding. He represented the Council on the Berkshire Pension Fund and had believed that the matter was now resolved. Janet Dawson emphasised that the required assurances had not yet been received for the 2021/22 audit. The Assistant Director Finance added that the Council had contacted the Pension Authority and the Council that oversaw it, to try and push forwards.
- Councillor Akhtar asked what more could be done to provide EY with the information that they needed. Hannah Lill indicated that in the summer there had been some delays in obtaining responses from officers, mainly relating to the period when the 2021/22 audit had begun, but the 2020/21 audit had not yet been signed. Officers had prioritised finalising the 2020/21 audit over responding to information requests around the 2021/22 audit. Since then, EY had worked hard with officers to ensure that they were aware of any priority items. EY had also been working with officers around their work plan, so that officers were aware which part of the audit EY were planning to do, when. The Assistant Director Finance reminded the Committee that some delays were outside of the Council's and EY's control.
- Mike Drake sought an update on the consolidation of Optalis. He was informed that the Group structure of the Optalis group had changed on 2 March 2022. EY had been discussing with officers whether it would be material to make the amendment prior to the year end as the change had occurred a month before, or whether the change could be put through the Financial Statements. The Chief Accountant explained that for 2021/22 the Council had accounted on full consolidation and had submitted its reasons for that to EY. It had been based purely on materiality. Optalis from a balance sheet point of view had small assets, and from an income and expenditure point of view, broke even. It was felt that this would not have a significant impact on the readability of the accounts.

**RESOLVED:** That the Wokingham Borough Council Audit Progress Update be noted.

#### **41. CORPORATE RISK REGISTER**

The Director Place and Growth presented the Corporate Risk Register to the Committee.

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

- The top corporate risk continued to be budget and financial resilience followed by Cyber Security, Adult Social Care supplier sustainability and sufficiency and Outcomes and Costs for Children with SEND.
- The budget and financial resilience risk had increased significantly since the last review. The Council was forecasting, in year, an overspend of £3.6million and for 2024/25 a revenue budget gap of £5million was predicted, with a significant gap in the capital programme.
- New risks had been added around the Waste Collection change project and Procurement in Place and Growth. There were significant contracts in this area which were due for renewal.
- With regards to Risk 9: Failure to achieve Carbon Neutrality by 2030, Councillor Harper raised issues around governance. He commented that the Barkham Solar Farm project was progressing even though a connection date from SSEN had not yet been signed off. In addition, he felt that the scope of the Climate Emergency Action Plan had been increased without sufficient discussion at Committee level. He questioned whether an update on the governance around the project could be provided to the Committee. The Director Place and Growth indicated that the Climate Emergency Action Plan update had been presented to Council in September. It was a living document and had to respond to challenges and opportunities. Councillor Harper stated that the recommendation had been to note the report. The Director Place and Growth agreed to look into the matter further.
- The Chair asked that the wording of Risk 9 be further clarified. The Climate Emergency Action Plan would not achieve carbon neutrality by 2030, although carbon neutrality by 2030 remained a Council aspiration.
- Risk 4 Local Plan update – an action stated that the next Local Plan consultation stage was due by November 2023 and was on track. Councillor Harper questioned whether this had been pushed back to February 2024. The Director Place and Growth indicated that the Government's revised National Planning Policy Guidance was still awaited, which could be significant for the Borough and its housing numbers. Progress would be made as soon as possible. Councillor Harper suggested that the action be updated to read Next local plan consultation stage (Regulation 19 – dependent on revised NPPF publication).
- Risk 1 Budget and financial resilience - Mike Drake asked if there was a cost reduction programme and if so if this should be brought out further in the mitigating actions. He went on to question whether there was a staff recruitment freeze in place. The Director Place and Growth indicated that there was a cost reduction programme in place and all directorates had a clear savings programme. The new year's savings programme was being presented to Overview and Scrutiny, setting out changes to the revenue and capital budget. The Director Place and Growth went on to highlight some of the key pressures on the budget such as children and adults accommodation and home to school transport. Groups had been established to review these. He went on to state that delegations around spending had been amended so that decisions around larger spends were now made higher up the organisation. Consideration was also given to what could be stopped, reduced, or delayed. Controls were also in place around recruitment, however recruitment would continue where it was necessary.
- Members sought clarification regarding the Council's reserves. The Assistant Director Finance commented that the positive that the Council had was the level of reserves and balance. Whilst there was currently a £3million pressure there were

other reserves in place. Options were being presented to Overview and Scrutiny to keep reserves at £9million. Whilst there were reserves these could go very quickly, so there was a need to monitor and take action.

- The Chair asked about the impact of the identified £35million gap in the Capital Programme. With regards to the Capital Programme, the Director Place and Growth stated that the Council was looking at its Capital Programme through the Overview and Scrutiny process, presenting reprofiled or new cases for capital.
- In response to a question from Mike Drake the Chief Accountant indicated that the opening General Fund balances was £9.1million as at 1 April 2023. Depending on the overspend in year, this would reduce accordingly. In the Q2 report the General Fund balance was forecasted to be just under £7million at the end of the year. Mike Drake went on to ask about the risks around relying on other reserves. The Assistant Director Finance commented that a report had been taken to Overview and Scrutiny which had outlined what reserves the Council had, what they were for, and how they balanced up the overall appetite of risk and commercial position. He confirmed that these reserves should not be used to prop up annual costs. Whilst there was a financial challenge this year, there was also further pressures the following two years. More options for bringing costs and services in line with the financial position, needed to be considered.
- Sandeep Vig was surprised to note how the inflationary pressures went up next year from this year and how that reconciled with the macro trend. He questioned how accurate forecasts, and the predicted deficit were considered to be. The Assistant Director Finance responded on the breakdown and calculation of the interest. It was likely that some of this would still be catching up for the increase in interest in this year above what was originally anticipated. Inflationary pressures had been huge this year, particularly around areas such as children and adults social care. He offered to provide a breakdown of how the £21million was made.
- Councillor Davies asked about the South Wokingham Road.
- Members thanked the officers for the work that they were undertaking to manage financial pressures so far as possible.
- Councillor Newton sought an update on recruitment including the use of agency staff in comparison with permanent members of staff. The Director Place and Growth emphasised that significant work was being undertaken around financial sustainability going forward, and staff were engaged in this process. Whilst there was not a recruitment freeze, there was a recruitment control and business cases were required for vacancies, and possible alternatives considered if necessary. However, in some areas there was increasing demand, such as homelessness, which needed to be appropriately resourced.
- Mike Drake asked what else could be done to mitigate the budget risk. The Director Place and Growth commented that it was hard to predict but the Council would continue to work hard to reduce the deficit and be mindful that there may be further action which may need to be taken.
- With regards to Risk 24 key line service reprocurement, Sandeep Vig asked about benchmarking and was informed that in 2026 several significant contracts, including highways contracts, the waste contract, the grounds maintenance contract and street cleaning contract, were due for renewal. Some of these contracts could be extended. Consultants had been appointed to help understand the market and market engagement sessions held. There was a service and financial risk attached. Initial briefings had been held to keep Members informed.
- Councillor Smith referred to Risk 15 Resources to support emerging communities and Risk 22 Support for Unaccompanied Asylum Seeking Children and commented that Central Government had announced that asylum seekers currently in a number



of hotels would be transferred out. He questioned whether this would have an impact on Council services. The Director Place and Growth indicated that there were no plans to close the hotel located in the Borough.

**RESOLVED:** That the Corporate Risk Register be reviewed.

#### **42. 2023/24 INTERNAL AUDIT AND INVESTIGATION PLAN - QUARTER 2 PROGRESS REPORT (TO 30 SEPTEMBER 2023)**

Members considered the 2023/24 Internal Audit and Investigation Plan - Quarter 2 Progress Report (to 30 September 2023).

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

- Appendix Ai showed the position of work against the Plan at the end of September. It detailed those audits that had been finalised and those which were at draft stage, work in progress, and audits which were yet to be started.
- Members attention was drawn to the high-risk concerns identified. At the last meeting it had been noted that a number were due to be addressed by the end of September. Work had been undertaken around this and some actions had been implemented whilst other deadlines had been extended. Where requests were received for extensions, discussions were had with the Audit team as to the reasonableness of the request. Many related to resourcing issues and needing to recruit to roles to undertake the particular controls required. The Chair expressed surprise that some deadlines had been extended by up to a year considering that they related to high risk concerns, and commented that this needed to be monitored.
- Further follow up work would be undertaken around Safeguarding and Recruitment, Reconciliations and Debtors.
- The Information Governance audit had attracted the third category of audit opinion. The report had been shared with the Chair of the Committee. An action plan had been produced and agreed with management. Progress was being made.
- Members were informed that the Internal Audit apprentice role had been appointed to and a new Corporate Investigation Officer was also due to start shortly.
- With regards to the mandatory Data Protection training for officers, Councillor Smith asked what percentage of staff had completed this. The Assistant Director Governance indicated that 93% had completed this, with a target of the end of December for the remaining 7% to complete the training.
- In response to a question from Councillor Smith regarding whistleblowing referrals, consideration would be given to how information on these would be presented in future reports.

**RESOLVED:** That the 2023/24 Internal Audit and Investigation Quarter 2 Progress Report (activity to 30 September 2023) be reviewed and scrutinised.

#### **43. REVIEW OF THE COUNCIL'S ANTI-FRAUD AND ANTI-CORRUPTION POLICIES**

The Committee reviewed the Council's Anti Fraud and Anti Corruption policies.

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

- The policies had been refreshed to make them more readable and understandable. The Council's Guide to Communication Style had been used. However, they had

not been overly simplified as the documents would be used in disciplinary hearings, employment tribunals and court hearings.

- In total there were 6 policies. The Enforcement Sanction Policy was currently being refreshed by Legal Services. Internal Audit had reviewed and refreshed the other 5 policies.
- The main change had been in the RIPA Policy where it had been recommended following an investigation by the Investigatory Powers Commissioners Office, that the senior officer responsible for RIPA change from the Chief Executive to the Assistant Director Governance.
- With regards to publicity and training, once the policies had been approved, they would be made available on the Council's intranet and website. Training would be made available, hopefully as an e-learning module.
- The Committee reviewed the policies individually.
- With regards to the Anti Fraud Policy, Councillor Harper questioned if reference could be made to moonlighting and how to address it.
- Councillor Smith asked for more continuity across the policies. In some places reference was made to the Assistant Director Governance (Monitoring Officer) and in others to the Assistant Director Governance.
- With regards to 9.4.6 Raising Concerns, Councillor Smith expressed concern that the current wording suggested that preliminary enquiries would be carried out by the Assistant Director Governance in consultation with the S151 Officer. He felt that this would put a lot of onus on the Assistant Director Governance. The Assistant Director Governance indicated that in practice he would use resources such as the Internal Audit team, to assist in making these initial enquiries. Councillor Smith suggested that the wording be made clearer in 9.4.6 and also 9.5.7.1 within the Whistleblowing Policy.
- 9.4.6 Raising Concerns stated that 'if Officers feel that they are unable to use internal routes, then they can contact the Council's external auditors.' Mike Drake questioned the involvement of External Audit in the process given their independence. He queried whether it would be more appropriate for a senior Member to be appointed to this role. Officers agreed to look into this.
- Councillor Newton asked whether there were model policies which could be referred to. The Head of Internal Audit and Investigation indicated that the Council did compare its policies with other councils' policies. The policies had been reviewed by an external training company several years ago to ensure that there were no gaps, and suggestions made at the time had been taken into account.
- The Chair referred to the definition of fraud (9.4.2) which she felt could be broadened as not all fraud related to the distortion of records. The definition also focused on financial gain, whereas not all fraud was committed for financial purposes.
- It was suggested that more information be included about what training would be carried out, the frequency and awareness raising. The Head of Internal Audit and Investigation commented that it was hoped that the training would become part of the mandatory training for officers.
- The Chair suggested that some 'dos and don'ts' and examples could be included to make the policy more accessible. The Head of Internal Audit and Investigation stated that this would be something that they would look to do on the website.
- Councillor Smith referred to the inconsistent use of a capital letter for the word 'councillor.'
- With regards to 9.4.14 Procedure, Councillor Smith questioned who would be making referrals. The Head of Internal Audit and Investigation indicated that they

would usually come in from the Internal Audit and Investigation team, if it was a fraud or irregularity, it would be referred to the Assistant Director Governance who would discuss the matter with the Section 151 Officer. If they felt that this should be progressed, they would refer back to the Internal Audit and Investigation team who would risk assess them at that point. It was suggested that this be clarified.

- The Committee considered the revised Whistleblowing Policy. Councillor Smith suggested that the introduction be amended to indicate that the policy could also apply to councillors. The Assistant Director Governance indicated that there was a process in the Members Code of Conduct. The Chair suggested that where it read 'to encourage you to raise concerns' this be amended so as not to directly address the reader, to be consistent with the other policies.
- It was suggested that it be highlighted that the list of whistleblowing concerns listed was not exhaustive.
- Members reviewed the Anti Bribery Policy.
- 9.6.6 Adequate Procedures, it was suggested that the six principles referred to, be specifically referenced.
- 9.6.15 Gifts and Hospitality. Mike Drake asked whether not recording gifts and hospitality was a disciplinary matter. He suggested that reference be made to officers recording gifts and hospitality. Mike Drake also asked about the process for approving gifts and hospitality and was informed that there was a formalised process in place. It was suggested that reference be made to this process to provide additional assurance.
- Councillor Harper asked if there was a process for Members. It was noted that this was covered in the Members Code of Conduct.
- It was suggested that the information around training could be strengthened.
- The Committee considered the Anti Money Laundering Policy.
- 9.7.8, Client Identification Process, Mike Drake suggested that the euro value quoted was out of date.
- The Chair asked whether suspicious activity reports were regularly submitted and was informed that none had been submitted. The Chair would discuss suspicious activity reports with the Head of Internal Audit and Investigation. Members suggested that more up to date examples could be used in 9.7.4 Suspicious Activity. Large cash payments were no longer accepted.
- 9.7.7 Disclosure Procedure stated, 'Disclosure must always be made in writing on the AML1 form, which is available on the shared drive.' Members asked that this section be amended so that it was more accessible.
- The Committee considered the Acquisition of Communications Data and use of covert Human Intelligence Sources Policy.
- It was noted that the Council did not have a policy on the Criminal Finances Act 2017. Members asked officers to provide an update on why this was the case.
- Members requested that the policies be reviewed at least every three years, and that this should be stated in each of the policies.

**RESOLVED:** That subject to the amendments discussed at the meeting, the revised Anti Fraud and Anti Corruption policies be recommended to Council, via the Constitution Review Working Group.

#### **44. CIPFA MANAGEMENT CODE**

The Committee received a report regarding the CIPFA Management Code.

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

- Appendix A outlined the current assessment of the Council's position and Appendix B detailed the progress made against specific actions.
- The Assistant Director Finance commented that good progress was being made. He indicated that there was a couple of actions such as those relating to training where the timescales had slipped because it had been aligned with corporate projects so that it was more embedded in the corporate training.
- With regards to value for money, Councillor Akhtar noted that no areas for improvement had been identified. However, EY had identified this as an area of focus. The Assistant Director Finance explained that value for money was an area of focus generally prioritised by EY. Previous assessments had shown that EY were comfortable with the Council's value for money position. He highlighted further benchmarking actions to ensure that the Council's costs were in line.
- It was agreed that the reference 'Treasury Management performance (including prudential indicators) is reported 6 monthly to the Audit Committee' was no longer applicable and would be removed.
- Mike Drake questioned whether External Financial Reporting should be Amber instead of Green, with a view to moving to Green, as there had been a number of adjusted errors in the accounts. It was suggested that an action around getting the accounts fully up to date and signed off be included.
- It was noted that the target date for the Asset Management Plan had two different dates December 2023 and April 2024. It was confirmed that the April date was correct.
- An action relating to the Council's financial management style was that the Council regularly monitored its position in the CIPFA resilience index and indicators continue to be strong across the board. In 2019/20 MJ published data showing Wokingham Borough Council to be in the top 20 most resilient upper tier Councils. Mike Drake asked whether more recent data was available. The Assistant Director Finance indicated that the Council had signed up to LG Improve Tool which would provide more up to date information. More finance and context would be included in the Chief Finance Officer letter to provide assurance around the Council's financial resilience.

**RESOLVED:** That the report be noted, and the progress made against the actions previously identified, be commented upon.

#### **45. FORWARD PROGRAMME**

The Committee considered the forward programme.

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

- In response to a Member question it was confirmed that the 2021/22 Auditor's Annual Report and the Draft Audit Results Report for 2021/22 were two separate reports.
- Members queried which Statement of Accounts would be presented to the February meeting.
- There were a large number of items scheduled for the February meeting, so it was possible that an extraordinary meeting would be required in March.

**RESOLVED:** That the forward programme be noted.

ACTION	OFFICER	ONGOING/CLOSED
<p>JUNE MEETING - The Chair also referred to a skills audit of the Committee members and private meetings between the Committee and the auditors, without officers present.</p>	<p>Governance and Risk Manager/Assistant Director Governance</p>	<p>Open – skills audit – results to be reported to 7 February meeting of the Committee.</p> <p>Closed – private meetings with auditors commenced 27 September.</p>
<p>NOVEMBER MEETING</p> <p>Corporate Risk Register</p> <p>Risk 9: Failure to achieve Carbon Neutrality by 2030 - Councillor Harper raised issues around governance. He commented that the Barkham Solar Farm project was progressing even though a connection date from SSEN had not yet been signed off. In addition, he felt that the scope of the Climate Emergency Action Plan had been increased without sufficient discussion at Committee level. He questioned whether an update on the governance around the project could be provided to the Committee...Councillor Harper stated that the recommendation had been to note the report. The Director Place and Growth agreed to look into the matter further.</p> <p>The Chair asked that the wording of Risk 9 be further clarified. The Climate Emergency Action Plan would not achieve carbon neutrality by 2030, although carbon neutrality by 2030 remained a Council aspiration.</p>	<p>Director Place and Growth</p> <p>Director Place and Growth</p>	<p>Open</p> <p>Open</p>
<p>NOVEMBER MEETING</p> <p>Corporate Risk Register</p> <p>Risk 4 - Councillor Harper suggested that the action be</p>	<p>Governance and Risk Manager</p>	<p>Open</p>

updated to read Next local plan consultation stage (Regulation 19 – dependent on revised NPPF publication).		
<p>NOVEMBER MEETING</p> <p>Corporate Risk Register</p> <p>Sandeep Vig was surprised to note how the inflationary pressures went up next year from this year and how that reconciled with the macro trend. He questioned how accurate forecasts, and the predicted deficit were considered to be. The Assistant Director Finance responded on the breakdown and calculation of the interest... He offered to provide a breakdown of how the £21million was made.</p>	Assistant Director Finance	Open
<p>NOVEMBER MEETING – 2023/24 Internal Audit and Investigation Plan - Quarter 2 Progress Report (to 30 September 2023).</p> <p>In response to a question from Councillor Smith regarding whistleblowing referrals, consideration would be given to how information on these would be presented in future reports.</p>	Head of Internal Audit and Investigations	Open
<p>NOVEMBER MEETING – Review of Council’s Anti Fraud and Anti Corruption Policies</p> <p>Make amendments suggested by Committee.</p>	Head of Internal Audit and Investigations	Open
<p>NOVEMBER MEETING</p> <p>CIPFA Management Code</p> <p>It was agreed that the reference ‘Treasury Management performance (including prudential indicators) is reported 6 monthly to the Audit</p>	Assistant Director Finance	Open

<p>Committee' was no longer applicable and would be removed. (Appendix A)</p> <p>Mike Drake questioned whether External Financial Reporting should be Amber instead of Green as there had been a number of adjusted errors in the accounts. It was suggested that an action around getting the accounts fully up-to-date and signed off be included.</p> <p>It was noted that the target date for the Asset Management Plan had two different dates December 2023 and April 2024. It was confirmed that the April date was correct.</p>		
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# Wokingham Borough Council

## Audit Update

January 2024



**Wokingham Borough Council  
Audit Committee  
Civic Offices  
Shute End  
Wokingham  
RG40 1BN**

26 January 2024

Dear Audit Committee Members

**Audit Update**

Please find below our Audit Update.

The purpose of this report is to provide the Audit Committee with an overview of the current status of the Council's audit status for 2021/22 and 2022/23.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully,

Janet Dawson

For and on behalf of Ernst & Young LLP

Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Wokingham Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Wokingham Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, and management of Wokingham Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Progress Update – Financial Statements of the Council



# Status of the audit

## National context

We have reported proposed changes to the financial and audit reporting timetables being developed by the Department of Levelling Up, Housing and Communities (DLUHC) at previous meetings, namely that audits up to the 2022/23 financial year would need to be concluded - where practicable to do so - by a backstop date of 31 March 2024. If not deemed practically possible, auditors would be required to issue a modified audit report. Most modifications would be to disclaim audits under Ministerial Direction.

We now understand the Government's intention is to move the backstop date from 31 March 2024 to 30 September 2024 to ensure there is sufficient time to complete the necessary consultation, enact the required legislation and for auditors to work through the issuance of modified opinions.

The FRC reported in December 2023 that 411 local government body audits were not completed by the publishing date of 30 November 2022. They also reported that the backlog of earlier audits was also concerning, with 220 audits from earlier years incomplete at the same date. That meant a total of over 630 audits were not complete at the publishing date. That number had risen to 918 outstanding audits by the end of September 2023. Only 1% of 2022/23 audits were delivered by 30 September 2023. Based on our knowledge of the local government sector, we anticipate that approximately 20% of 2021/22 and earlier local government and approximately 50% of local government 2022/23 audits may be disclaimed under Ministerial Direction.

## Our response

As set out in the letter from Stephen Reid, Partner, UK Head of Public Sector Audit dated 6 December 2023, EY is currently focusing its capacity on:

- Maximising the completion of historic audits - working to close open audits where audit work is substantially complete and with a high likelihood of issuing an opinion in a short period of time. The Wokingham BC audit was included in this category pre Christmas, however as explained above, we have not received adequate information to be able to complete the audit within the resources allocated at that time and given the position regarding the IAS 19 assurances, we do not anticipate being able to conclude the audit prior to the backstop date.
- Pension fund audits - These audits are not subject to the reset of the system; we continue to prioritise completion of all such audits to 2022/23.
- Value for Money reporting - As there are no anticipated changes to value for money reporting requirements, auditors' exception reporting responsibilities and statutory powers, we continue to prioritise the completion of our reporting up to the 2022/23 financial year. Given the increasing focus on the financial sustainability of the local government sector, as well as a focus on those authorities who are seen to be at greater risk of not achieving value for money, this is an important priority in providing necessary assurances to stakeholders. We have undertaken the majority of our work in assessing the VFM arrangements at the Council and anticipate reporting our findings in April 2024 for the period to 31 March 2023.
- Planning for 2023/24 audits - Where capacity allows, we will seek to commence planning for 2023/24; focusing on the most recent set of financial statements and supporting the reset for those audits we retain under the new PSAA contract to report on a timely basis.

## Implications for the audit of the 2021/22 financial statements

The implication is that we are likely to issue a disclaimed audit opinion under the proposed changes in regulations, as communicated by the Minister for Local Government, Simon Hoare, in his letter of 9 January 2024 to the Select Committee of the Department for Levelling Up, Housing and Communities. We understand that the Department expects to issue a consultation in February that will set out the basis on which the disclaimer would be given, namely that the audit could not be completed before the backstop date.

# Status of the audit

## Implications for the 2022/23 audit

As set out in our letter dated 6 December 2023, mentioned above, we are prioritising our limited resources to progress audits where there is a high likelihood of issuing an opinion in a short period of time (early 2024).

As there are no anticipated changes to value for money reporting requirements, auditors' exception reporting responsibilities and statutory powers for 2022/23, we will focus on the completion of our value for money reporting for 2022/23. We are likely to issue a disclaimed audit opinion for the 2022/23 financial statements.

The value for money work usually leverages certain elements of our audit of the financial statements - as this is unable to go ahead at this time, we will need to perform certain aspects that would traditionally have been performed during the financial statements audit, such as agreeing the financial statements to the trial balance, completing the disclosure checklist and our cash and cash equivalents work (this is not an exhaustive list). In the context of the reset of the local government sector, these additional procedures aim to provide some additional assurance to members.

We currently anticipate working to conclude the value for money work, with interim reporting to the Audit Committee by the end of April.

## Transition

Our proposed approach is designed to ensure that we can effect the reset of the audit and reporting cycle successfully and then enable capacity to support the system recovery by focusing on the most recent year's financial statements, being 2023/24, and getting the audit timetables back on track. We therefore encourage engagement with your newly appointed auditor to commence your audit of 2023/24 to support a sustainable recovery of the audit arrangements across the sector and, importantly timely reporting for the Council.

# Status of the audit

## 2021/22 financial statements audit progress

Our audit planning report, issued in February 2023 identified the key areas of focus for our audit of the Council's 2021/22 financial statements. These have not changed as of the date of this progress report.

We have previously reported the continued delay in receiving the IAS 19 assurances from the auditors of Berkshire Pension Fund and at this stage, the auditors cannot provide us with a date of when they expect to be able to provide the assurances we require. We have requested that their programme of work includes testing of the membership to gain assurance over the triennial valuation of the pension fund as at 31 March 2022.

The material value of the pension liability within the financial statement of the Council means that, without sufficient assurance from the pension auditor, we would be unable to issue our audit opinion given the value presented, until this is resolved.

We reported in November that we expected the audit fieldwork to be complete by the end of December providing that we were able to obtain satisfactory responses in relation to the open valuations queries and any additional queries that were identified as we reviewed any responses (with the exception of our work over the IAS 19 disclosures). We and officers have worked hard together to ensure the smooth delivery of the audit, setting up regular touch points and discussing the required working papers. In discussion with officers, we scheduled additional time to complete the audit fieldwork in December, maintaining the same audit team that was working well with officers. Both teams have been committed to delivering the audit within a significantly shorter timeframe than in previous years, with the overall aim of "catching up" on delayed audits if possible whilst being mindful of the pressure this would place on the finance team in particular.

We had good engagement from officers in responding to the audit queries and samples being raised. As a result our audit work is well progressed with 82% of the work completed and in review. However, we have not been able to complete the audit in this time period mainly due to two key factors:

1. Lack of valuation information requested and required to complete our procedures within the areas of Other Land and Buildings and Investment Properties, despite ongoing discussions with the valuers and the Estates team throughout October to December. We had requested the information by 4 December, as we had appropriately experienced team members allocated to complete that work. We received some information to support the fieldwork on 18 December which, on review, is incomplete. The majority of the outstanding information is providing evidence to support the valuers' judgements. This is a subjective area and can be difficult and complex to provide evidence for and is further complicated as the key valuer at Carter Jonas has left.
2. Several areas of the audit (seven from a total of 30 areas of audit ) where we were unable to obtain all of the evidence to complete our testing in the December period.

We have included a table in the appendix to this paper setting out the areas of the audit and progress to date. Until the audit is complete, we continue to challenge audit evidence and note that further matters may arise that may affect the form and nature of our audit opinion.

We have explained to officers that, as a result, we have been unable to complete the fieldwork within the time and resources planned and are now in a position where there is no further resource available to complete the audit, due to our prioritisation of work on the prior page.



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## Progress Update - Value for Money







# Value for money

## Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

## Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a requirement under the 2020 Code is for us to include the commentary on arrangements in the Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

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## Status of our 2021/22 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria for 2021/22 is substantially complete, subject to review.

Our assessment focused on a combination of:

- Cumulative audit knowledge and experience.
- Review of Council committee reports,
- Review of other documentary evidence available on the Council's website.
- Consideration of financial and performance reporting and outcomes for the year.
- Regular engagement with Council management.

To date we have not identified a risk of significant weakness from our regular meetings with management or attendance at the Audit Committee.

## Status of our 2022/23 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria is substantially complete, subject to review and being able to complete our financial statements procedures once draft financial statements for 2022/23 have been received.



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## Appendices





# Appendix

## Audit progress by area

The table below sets out the areas of audit by progress. Until the audit is complete, we continue to challenge audit evidence and note that further matters may arise that may affect the form and nature of our audit opinion.

Fieldwork complete and in review	Audit evidence still required	Minor open queries
<ul style="list-style-type: none"> <li>Investments</li> <li>Debtors</li> <li>Borrowings</li> <li>Private Finance Initiative</li> <li>Grants received in advance</li> <li>Intangible assets</li> <li>Inventories (property)</li> <li>Revenue Expenditure Financed from Capital under Statute (REFCUS)</li> <li>Other operating expenditure</li> <li>Taxation and non specific grant income</li> <li>Other grant income</li> <li>Finance and investment income and expenditure</li> <li>Collection fund income and expenditure</li> <li>HRA income and expenditure</li> <li>Covid grants</li> <li>Financial instruments</li> <li>Reserves - MIRS and usable/unusable</li> <li>Remuneration report</li> <li>Actuarial gains and losses</li> <li>Pension scheme testing</li> </ul>	<ul style="list-style-type: none"> <li>Property, plant and equipment valuations, including investment property valuations, infrastructure assets and council dwellings</li> <li>Cash and cash equivalents</li>   <li>Pensions assurance (from Deloitte)</li> </ul>	<ul style="list-style-type: none"> <li>Creditors</li> <li>Provisions</li> <li>Other disclosures</li> <li>Employee costs</li> <li>Other income and expenditure</li> </ul>

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<b>TITLE</b>	<b>Corporate Risk Register Review</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	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 four corporate risks are:

- Budget and financial resilience
- Cyber Security
- Adult Social Care supplier sustainability and sufficiency
- Education for Children with SEND

The Chief Executive will present the report to the Committee noting that there has been an overall increase in risk faced by the Council since the last review of the risk register due to:-

The ongoing impact of inflation which is directly impacting Council costs and those of suppliers

The cost of living crisis s impacting on residents and local businesses increasing demand for Council services

The sector continues to experience pressures with more authorities declaring S114 notices or warning of the need to do so.

Since the register was last reported to Audit Committee on 29<sup>th</sup> November 2023, the following risk has been escalated to the register

- Risk 25 – Procurement Act 2023

The report describes these risks and includes commentary on changes to existing risks.

The report summaries the risk horizon scanning and benchmarking activity the Council has undertaken.

## Background

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

- 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.

And

- d) To review the assessment of fraud risks and potential harm to the council from fraud and corruption

## Analysis of Issues

The following changes have been made to the Corporate Risk Register since the register was last presented to the Committee in November 2023.

### 2.1 Risk 1 Update Financial Risk

The Council continues to face significant financial pressures. The Council is on course to set a balanced budget. This will include significant savings. The Chief Financial Officers Report considered by Executive on 25<sup>th</sup> January provides detailed consideration of the Council's financial position. This report outlines the Major Financial Risks in Section 5 (p71-2).

<https://wokingham.moderngov.co.uk/documents/s70593/Appendix%20A%20CHIEF%20FINANCER%20OFFICER%20Report%2024-25%20-%20Final%20executive%20160124.pdf>

### 2.2 New risk no 25. Procurement Act 2023

The rules governing public procurement are changing – the Procurement Act 2023 is likely to enter into force from October 2024. The changes will require the Council to alter the way in which it procures goods, works & services that are 'covered procurements' and over a certain threshold (value).

Specific areas of change include:

- Procurement procedures
- Requirement to publish a pipeline of tenders
- Transparency (notices published)
- New requirements around contract management
- Greater regard for SMEs
- Enhancing the approach to social value & sustainability

The main risk is around compliance with the new regulations. This will require training for key officers in the Council, and amendments to procurement processes & policies. Failure to comply with the regulations could give rise to challenges from suppliers (there is a general expectation that new case law will develop through any such legal challenges).

There will be an implementation phase leading up to October 2024 which will carry risks around organisational readiness for the changes. Risks beyond 2024 will include risk of challenge from any element of the regulations that is not complied with, that may result in financial & reputational risk. The level of risk is currently medium as there is a plan to implement the changes & remain compliant with procurement regulations.

### 2.3 Risk Update no. 4 Local Plan Update

The National Planning Policy Framework (NPPF) sets out the policy context in which local authorities must prepare local plans, the documents which set out the strategy for managing development and form the starting point for determining planning applications. The government consulted on proposed changes to the NPPF in December-March 2023 indicating they would respond in Spring 2023. The government published their response and the new NPPF in December 2023.

As a result of the government's delay in publishing the new NPPF, the programme for the Local Plan Update is similarly delayed. The implications of the new NPPF are being considered and will support a recommendation to Council in due course.

Risks associated with the new NPPF include the need to enable additional land to meet development needs, with the government proposals to allow past over delivery against the current housing requirement to be deducted from future housing needs when setting a new requirement, being removed from the confirmed changes. Past over delivery in the context of plan-making is therefore not permitted.

Turing to the planning application process and the presumption in favour of sustainable development (commonly referred to as the tilted balance) outlined in the NPPF and applied when the most relevant policies for the determination of the planning application are out of date, the government has indicated that past over delivery can in this instance be taken into account and have indicated that guidance on how this can be done will be provided in due course. This might assist the council in demonstrating a sufficient land supply and so allow policies to be viewed as up-to-date in the short term, which it is currently unable to do. At the time of writing however, no guidance has been published and so the impact on the land supply position is uncertain.

### 2.4 Risk 9 Climate Emergency – Risk Update

The focus of this risk has been changed to focus on the Council's delivery of the Climate Emergency Action Plan. The CEAP details the actions the Council is taking to significantly reduce Carbon emissions from its own activities and those of residents until 2030. This plan relies on the changes that the Council can control directly, through its own emissions, but also requires the Council to influence and persuade residents and business to change their behaviour. Delivery of the CEAP in the current economic environment and with the current level of resources is challenging. The risk is a long-term risk facing the Council.

### 2.5 Risk Update no 13 Adult Safeguarding – Risk Target Increased

The target for this risk has been adjusted and increased to Medium. This is following a review of the safeguarding risks (Adults and Children) and recognition that the risk of harm to children, young people and adults where the LA holds safeguarding

responsibilities can never be completely eliminated and will remain a controlled high risk.

#### 2.6 Risk Update no 14 Children's Safeguarding - Risk Target Increased

The target for this risk has been adjusted and increased to Medium. This is following a review of the safeguarding risks (Adults and Children) and recognition that the risk of harm to children, young people and adults where the LA holds safeguarding responsibilities can never be completely eliminated and will remain a controlled high risk.

#### 2.7 Risk Update no 17 Mainstream Education – risk reduction.

This risk has reduced following the move of the Forest School to co-educational.

#### 2.8 Risk Update no 18. Elections

The Election Risk has reduced to medium this reflects the positive Association of Electoral Administrators Healthcheck and Council's approval of Polling Places. The Project has been placed on CLT's Gold list of major projects and is receiving senior management support to deliver the election. There remain challenges around the additional workload created by implementation of the Election Act changes. The Council continues to prepare for a general election on the same day and if this does take place there are resourcing challenges to successfully deliver an overnight count. The Council is working with managers, partners and the voluntary sector to address these.

### **Risk Horizon Scanning and Benchmarking**

#### 2.9 Risk Horizon Scanning

The Council's Corporate Leadership Team (CLT) and Risk Management Group (RMG) has considered key strategic risks identified by global and national risk reports to ensure that the Council has considered the wider risk horizon. In addition to this we have reviewed lessons learnt from recent local government failures and the risks that these have identified to ensure that these have been identified.

#### 2.10 Local Benchmarking

CLT and RMG have benchmarked the Council's risk register against its Berkshire neighbours. This benchmarking has not identified any new risks applicable to Wokingham and provides assurance that we have identified all the strategic risks.

### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources 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

<b>Other financial information relevant to the Recommendation/Decision</b>
Effective risk management mitigates financial risks associated with the Council achieving its objectives.

<b>Cross-Council Implications</b>
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.

<b>Public Sector Equality Duty</b>
An Equality Impact Assessment is not required on the Corporate Risk Register. The impact on Equality is assessed in the impact of each risk.

<b>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></b>
The effective management of risk supports the achievement of this important priority

<b>Reasons for considering the report in Part 2</b>
Not applicable.

<b>List of Background Papers</b>
Corporate Risk Register – September 2022

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

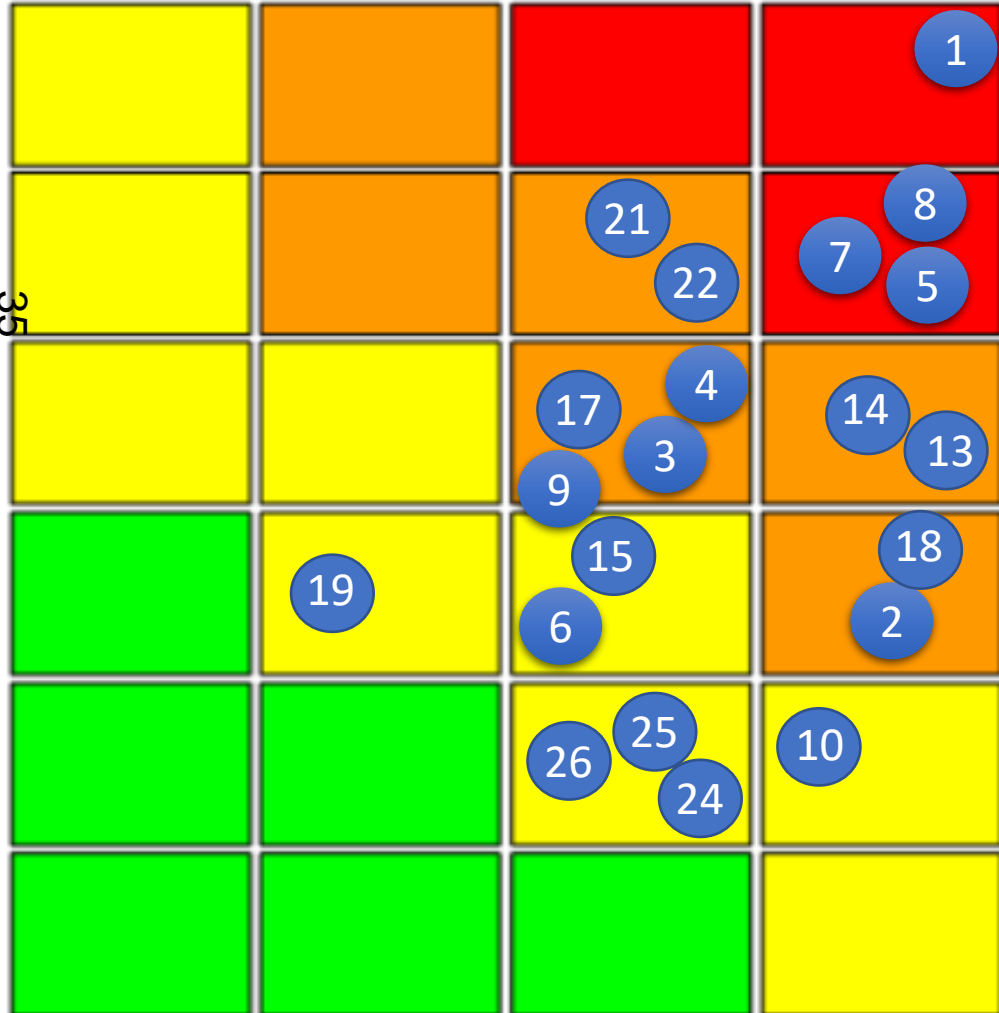
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# Appendix A - Corporate Risk Register

February 2024

Current Assessment	Very High	High	Medium	Low
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## Impact



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	Climate Emergency
10	Major Emergency Response (e.g. Pandemic)
13	Adult Safeguarding
14	Children's Safeguarding
15	Resources to support emerging communities
17	Mainstream Education Provision
18	Preparations for 2024 Elections
19	Information Governance
21	Local Affordable Housing Needs
22	Support for Unaccompanied Asylum Seeking Children
24	Significant Procurement Activity P&G (2026)
25	Waste Collection Changes
26	Procurement Act Implementation

## **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

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  Sally Watkins, Chief Operating Officer (COO)

HW Helen Watson, Director of Children's Services

GF Giorgio Framaliccio, 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, Assistant Director, Customer and Change

RH Rhian Hayes, Assistant Director Economy and Housing

FH Francesca Hobson, Assistant Director Environment and Safety

MZ Ming Zhang, Assistant Director Education and SEND

SM Sarah Morgan, Assistant Director Commercial Property

MD Mark Douglas, Children's Services

AD Adam Davies, Assistant Director Social Care & Early Help

## **Key Priorities (from Community Vision and Council Plan)**

1. Providing Safe, strong communities

2. Enriching lives

3. Delivering the Right homes, right places

4. Keeping the Borough moving

5. Enjoying a clean and green Borough

6. Changing the way we work

7. Being the best we can be

## Key Priority at Risk: Community Vision

Owner

Change

1

### RISK: Budget and financial resilience

ISD

GE

Increase

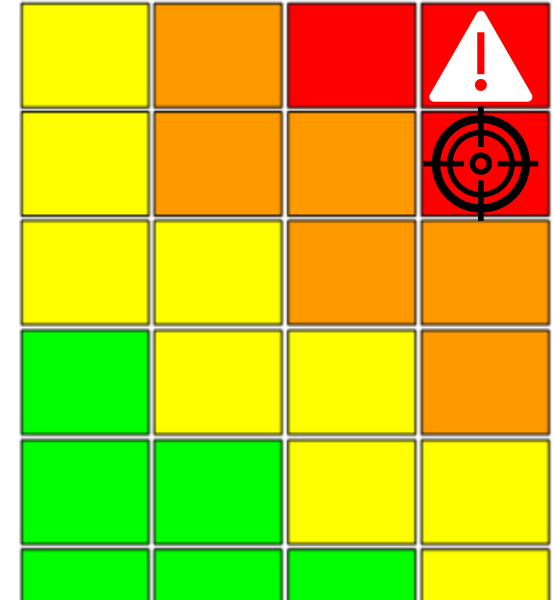
Due to significant increased costs (including inflation and national minimum wage), loss of income, increased cost of borrowing and/or non-realisation of forecast savings and increased demand for services due to the cost of living there is a risk that the Council is unable to finance its current services resulting in a reduction in reserves, cuts in services, failure to meet statutory duties, and if unchecked a Section 114 notice.

#### Existing Controls:

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- CFO report (Jan Executive)
- Financial and Contract Regulations (section 12 & 13 constitution)
- Budget Monitoring (Revenue & Capital)
- Strategic Approach to Capital Investment (Capital Strategy & Treasury Management Strategy)

- Internal Audit Annual Report
- Annual External Audit of Accounts
- Overview and Scrutiny review of 24/25 budget
- Cipfa Code of Financial Management Review
- Spending Controls at AD level
- Recruitment control CLT Business Case



Current Risk Target Risk on Target

Mitigating Actions	Owner	Date	Status
Medium Term Financial Plan approved by Council	GC	February 2024	On track
Internal Audits of financial systems	GC	March 2024	On track
Review of capital programme and associated monitoring (Gold Group)	GC	March 2024	On track
Constitution Review of financial, governance and procurement regulations	AM	November 2024	On track
Review of Cipfa Code of Financial Management action plan	GC	November 2024	On track
Review of the councils overall financial standing and reserves	GC	November 2024	On track

## 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, anti fraud & corruption policies)  
Annual Governance Statement  
Key Performance Indicator Reporting (OSMC) and Annual Report

Risk Management Policy & Guidance  
Audit Committee Review of Risk Register  
Internal Audit Annual Report  
External Audit Management Letter  
Standards Committee Annual Report  
Overview & Scrutiny Annual Report  
LGA Corporate Peer Challenge & Follow up visit  
Governance Dashboard

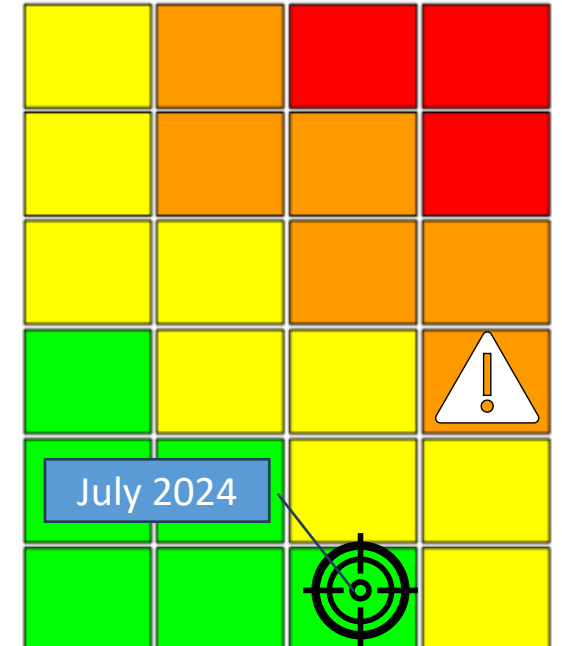
Owner

Change

SC

SP

None



Warning Current Risk Target Risk on Target

38

#### Mitigating Actions

Mitigating Actions	Owner	Date	Status
<del>Interim Council Plan</del>	SP	January 2024	Complete
Assurance Framework presented to Audit Committee	AM	February 2024	On track
Review of phase 1 of the Council's Constitution	AM	March 2024	On track
Community Vision agreed with Partners	SP	July 2024	On track
Annual Governance Statement	AM	July 2024	On track

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

3

### RISK: Workforce

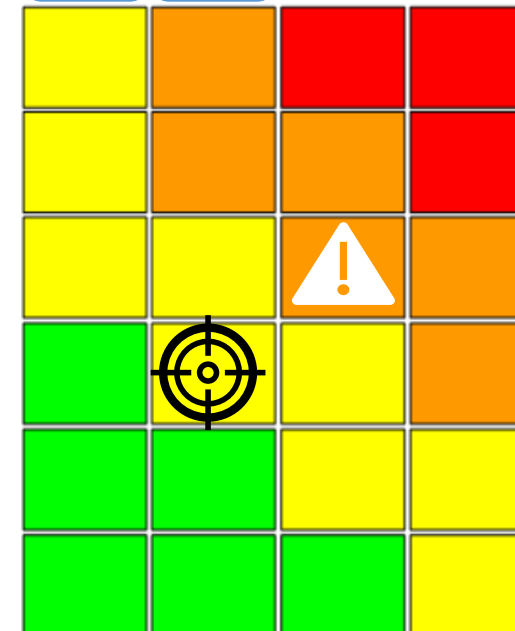
Due to the national challenges in recruiting and retaining permanent staff with the right levels of skills, competence and experience, there is a risk to the council's ability to deliver its community vision and statutory responsibilities, which could, if not managed lead to fines, reputational risks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

#### 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



Warning Current Risk Target Risk on Target

39

Mitigating Actions	Owner	Date	Status
Engage with stakeholders to undertake HR policy review with implementation and training programme set up to support review	LL	Jun 24	On track
Engagement with stakeholders to write the People Strategy	LL	Mar 24	On track
Review of all Recruitment processes	LL	Jan 24	On track
Leadership Learning programme in development	LL	End Jan 24	Some issues

## 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

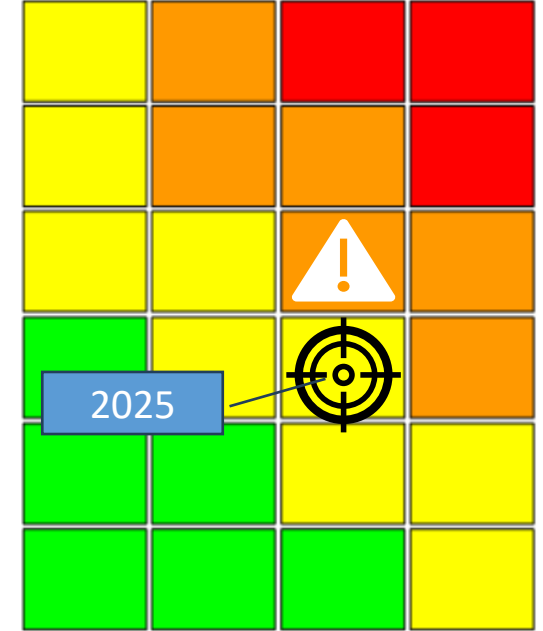
Owner

Change

LF

GF

None



⚠ Current Risk    🎯 Target    ✅ Risk on Target

40

#### Mitigating Actions/Key Milestones

Next local plan consultation stage (Regulation 19)  
Submission of Local Plan Update to Government

Owner

Date

Status

TS

May 24

On track

TS

Tbc

On track

Inspector examination

TS

Tbc

tbc

Adoption of LPU

TS

Tbc

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 (and expanded inspection regime) there is a risk that there are insufficient funds to ensure Children with SEND's needs are met without further overspend on the High Needs Block (£10m+) and the related transport costs, risking a substantial impact on the Council's finances. This could lead to a further risk of a poor Ofsted inspection outcome and reputational damage to the organisation.

#### Existing Controls:

- Childrens' Services Overview & Scrutiny
- Collaboration with SEND Voices & SENDIASS Wokingham
- Monitoring and Forecasting of Need and Demand
- Gold & Silver Monitoring and Direction Meetings Weekly
- Learning from other Local Authorities (Safety Valve & Ofsted Inspected Authorities)
- SEND Inspection Readiness Working Group

- 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

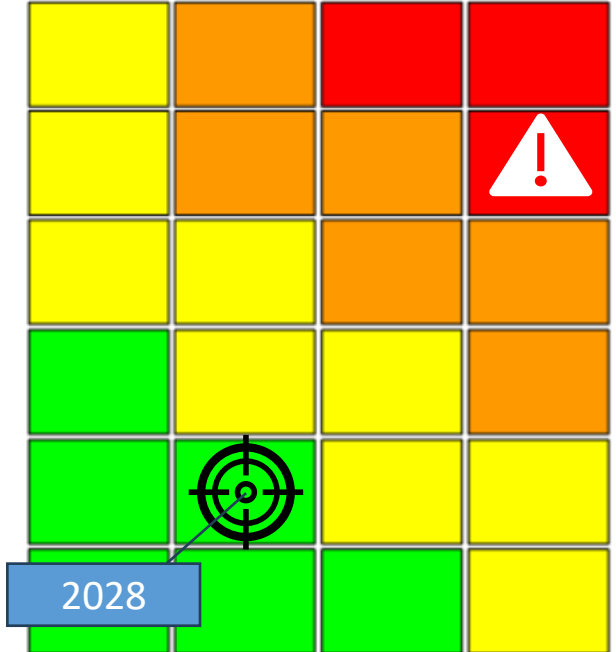
Owner

Change

PB

HW

None



! Current Risk    Target    Risk on Target

#### Mitigating Action

Launch of interim Specialist Outreach Model for Early Intervention (full model in development)

Owner

Date

Status

New SEN Resource Bases open

MZ

September 2024

On track

New Post 16 Pathways open

MZ

September 2025

On track

Two new Special Free Schools Open

MZ

September 2026

On track

Two new Special Free School full

MZ

September 2028

On track

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

6

### RISK: 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:

- Health & Safety Statutory policies in place
- Strategic Plan to identify continuous improvement “Seeking Assurance” programme (two yearly)
- Health & Safety specialist advisers in place

- Incident Reporting System
- Quarterly H&S Board
- H&S quarterly dashboard to eCLT

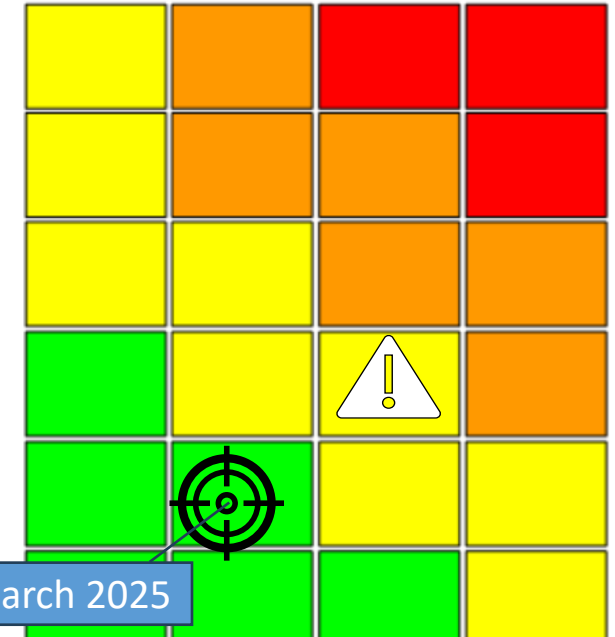
Owner

Change

RBF

SP

None



Warning Current Risk Target Risk on Target

42

#### Mitigating Action

~~Commissioning an external peer such as the British Safety Council to review our H&S compliance and support overall focus and direction~~

Owner

Date

Status

Corporate H&S key performance indicators agreed by H&S Board

LL

March 24

On track

Engagement with Insurance provider to help to further embed Health and Safety Culture

LL

October 24

On track

Health and Safety Board reviews annual safety improvement action plan following on British Safety Council review

SW

March 25

On track

## Objective at Risk: Community Vision

Owner

Change

8

### RISK: Cyber Security

RBF

SW

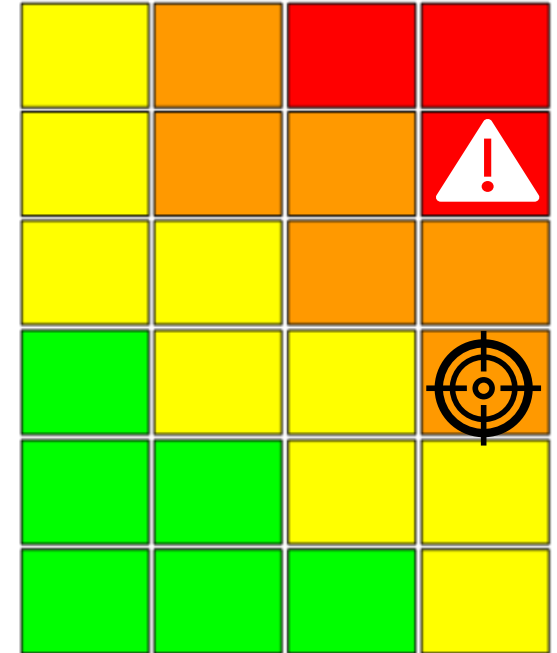
None

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 Service Network Accreditation (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
- Security monitoring and response

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



Warning Current Risk Target Risk on Target

43

Mitigating Action	Owner	Date	Status
Respond to NCSC guidance on cyber threats to Elections	LL	May 25	On track
Commence work on Cyber Essentials Plus or Future Networks 4 Government (FN4G) Accreditation dependant on decommissioning of PSN	LL	Jan 25	Continuing with PSN until new dates are confirmed by GDS
Mandatory Training for staff who are identified by the phishing campaigns	LL	Mar 25	Ongoing through 2024

Objective at Risk: A clean and green borough

Owner

Change

DC

GF

Revised

9

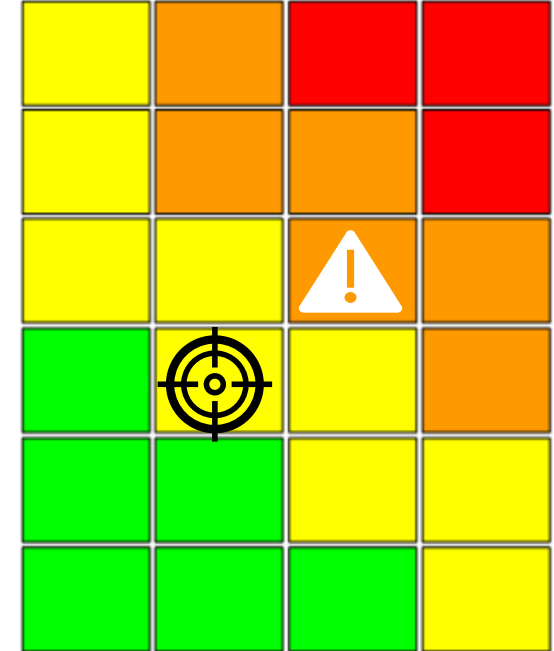
RISK: Failure to deliver Climate Emergency Action Plan

Due to the cost-of-living pressures 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:

- Annual CEAP progress report to Council.
- Monitoring groups to discuss CEAP progress, remove delivery barriers and assess further carbon reduction opportunities.
- Climate Change Impacts embedded in decision making

- Climate Emergency O&S Committee



Current Risk Target Risk on Target

44

Mitigating Action

Owner

Date

Status

Fourth annual progress report on delivery of the Climate Emergency Action Plan to Council	RH	Sept 2024	Some issues
Lobbying national government for additional resources to support the Borough's transition to carbon neutrality.	RH	Jan 2025	Some issues
Delivery of Council energy efficiency and generation plan for Council Assets	RH	Mar 2030	On track
Behaviour change campaign to influence and persuade residents and businesses to change behaviours	RH	Mar 2030	On track

## Objective at Risk: Safe, Strong Communities

10

### RISK: 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:

45

- 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
- Peer Review commissioned awaiting report
- Delivering training for gold, silver and bronze

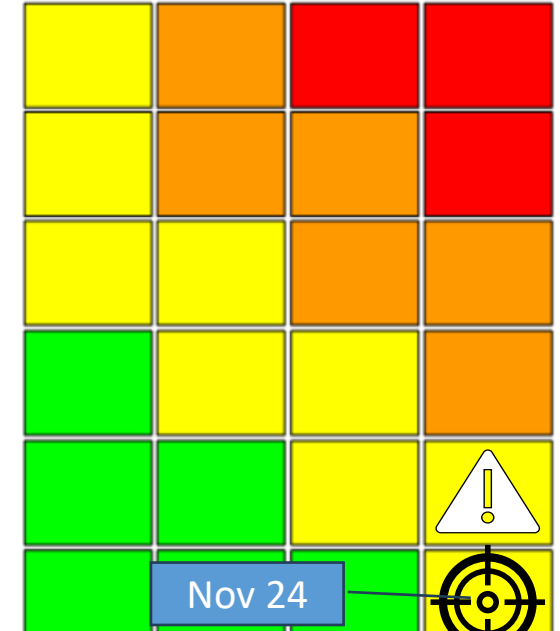
Owner

Change

SC

SP

None



Nov 24

⚠️ Current Risk   🎯 Target   ✅ Risk on Target

Mitigating Action	Owner	Date	Status
<del>Service level review of Emergency Planning by neighbouring authority and/or Emergency Planning College</del>	SB	November 2023	Completed
<del>Reviewing key emergency plans (including major incident plan)</del>	FH/SB	November 2023	Completed
Creation and implementation of revised business continuity programme	FH/SB	November 2024	On track
Annual report to Scrutiny on work plan for year and retrospective review of previous year	SB	May 2024	On track

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

13

### RISK: 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
- Health Overview & Scrutiny Committee

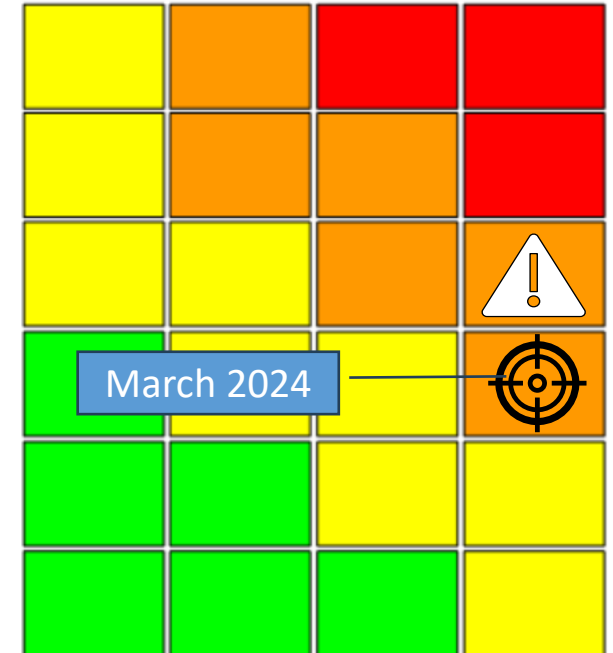
Owner

Change

DH

MP

None



March 2024

Warning Icon Current Risk Target Risk on Target

46

#### Mitigating Action

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

Owner

MP

Date

March 24

Status

On track

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

14

### RISK: Failure to meet statutory duties (Safeguarding Children)

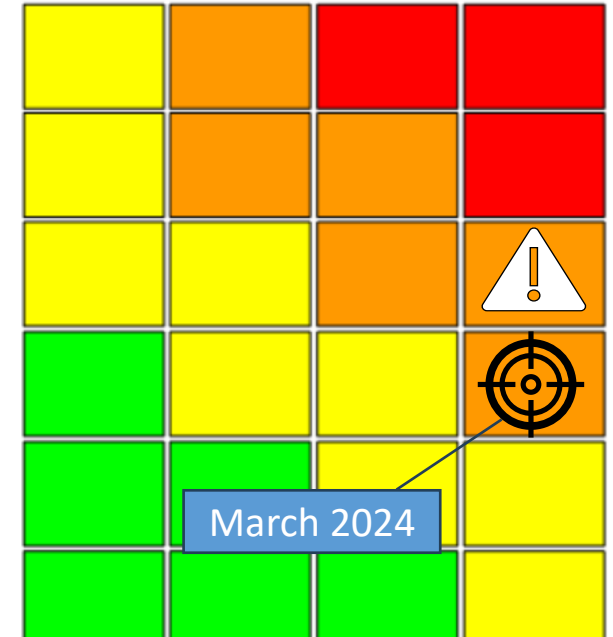
Whilst it is recognised that the risk of harm to children and young people can never be completely eliminated, if sufficient controls are not in place, there is a risk of avoidable harm to children leading to litigation, fines and severe reputational damage to the Council.

#### Existing Controls:

- Scrutiny by the Children's Services O&S Committee
- Scrutiny from the BWSCP Child Protection Procedures and Safeguarding Partnership
- Social work practice development through the Learning & Development Programme
- Quality Assurance Framework
- Case Reviews & Audits
- Robust Policies and Procedures
- Clear Practice Framework
- Staff Supervision, challenge and support

- Manageable caseloads
- ASYE recruitment programme to build social worker pipeline and ensure sufficient capacity.
- Additional Assistant Team Managers to support supervision
- Practice consultants/assistants to support practice quality
- Use of locum staff to fill gaps in workforce as required
- Flexible approach to additional posts as required to meet increase in demand
- Monitoring demand & caseloads, ensuring swift review of staffing needs

Owner		Change
PB	HW	None



Current Risk 
 Target 
 Risk on Target

Mitigating Action	Owner	Date	Status
Practice Improvement Programme for Children's Services	MD/AD	March 24	On track
Review of QA Framework to ensure appropriate challenge and identification of emerging risks at the earliest stage	MD	March 24	On track
Recruitment and Retention programme to ensure sufficient capacity and capability	WH	March 24	On track
Ofsted Improvement Plan Implementation	MD	March 24	On track

## Key Priority at Risk: Safe, Strong Communities

15

### RISK: Resources to support emerging communities

Due to insufficient resources, there is the risk that the Council is unable to meet the needs of Ukrainian's, Hong Kong nationals, and refugees from other countries leading to escalation of needs, ineffective support, and damage to community cohesion and anti-social behaviour resulting in financial costs.

#### Existing Controls:

- Refugee team set up which monitors emerging needs and safeguarding
- A collaboration with Voluntary Sector and Partners to ensure a coordinated approach.
- Child and Adult Safeguarding to protect vulnerable people
- Ensure all grants are claimed for Ukrainian and Afghan refugees

- Educational provision for children and support for adults for employment and benefits

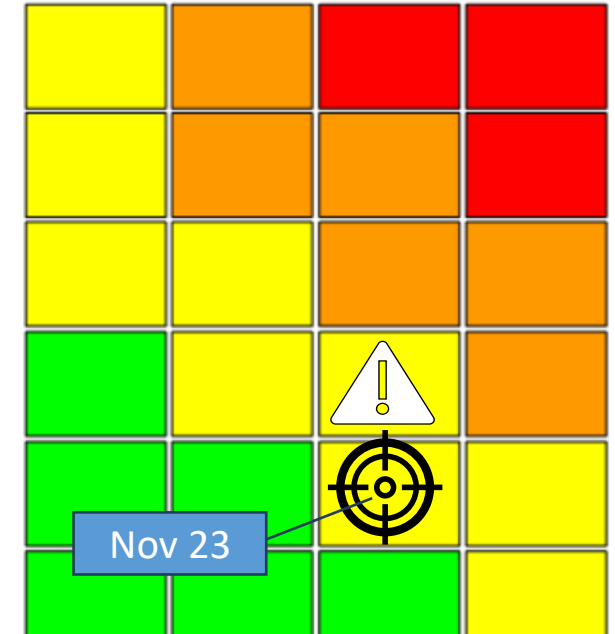
Owner

Change

SC

GF

None



Nov 23

Warning Icon Current Risk Target Risk on Target

#### Mitigating Action

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

Owner

Date

Status

RH

Feb 2024

Complete

Implementation of social inclusion and activity events programme

RH

Recurring

On track

Refugee team embedding services into Housing Needs

RH

Apr 2024

On track

Reviewing Cross Council Prevention Services

RH

Apr 2024

On track



## Key Priority at Risk: Enriching Lives

17

### RISK: Mainstream Education Provision

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:

49

- Primary Strategy 2018 to 2028
- Secondary Strategy 2022
- Forest School to become Co-Ed
- SCAP annual statutory places return to DfE
- Annual update of roll projections
- Regular reports to Children's Services O&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)

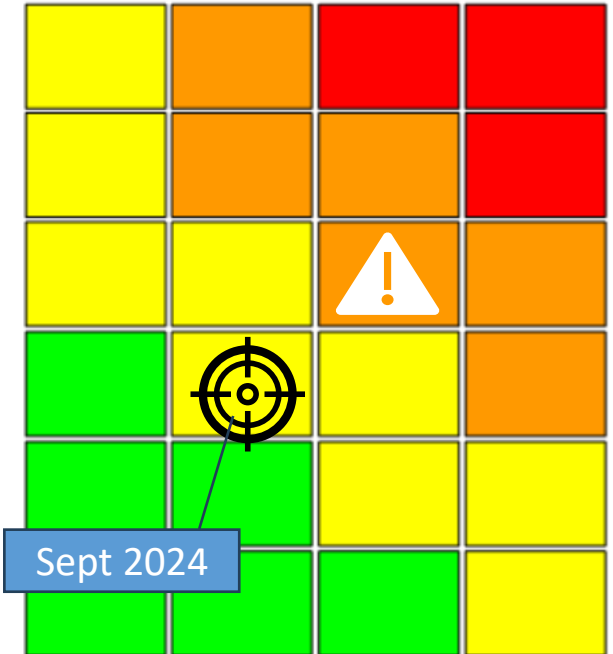
Owner

Change

PB

HW

Likelihood reduced



Warning Current Risk Target Risk on Target

#### Mitigating Action

Owner

Date

Status

Development of Business as Usual annual school place planning cycle-

MZ

December 2023

Complete

Engagement with Schools on additional places (above PAN)

MZ

Sept 2024

On track

Key Priority at Risk: All

18

RISK: Preparations for 2024 Elections

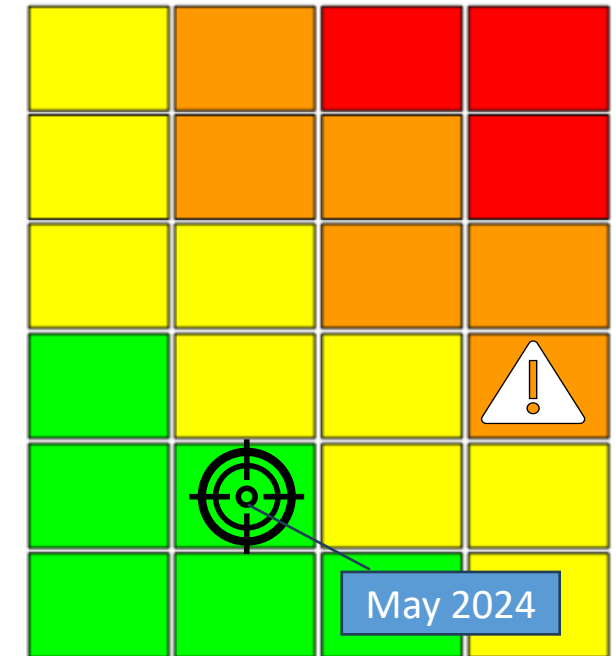
Due to the potential combination of all-out Borough and Parliamentary (two constituencies) with new polling districts, PPC elections and the implementation of the Elections Act , there is a risk of significant additional administrative burdens resulting in delays to voting, disenfranchisement of some voters, breach of duty, legal challenge, reputational damage, Parliamentary, Borough and/or Parish Councils without democratic legitimacy and potential re-run of elections.

Existing Controls:

- Guidance from Electoral Commission for electoral administrators and support from Association of Electoral Administrators (AEA)
- National publicity scheme by Electoral Commission (from Jan 2024)
- Additional Government funding received to support implementation of Voter ID
- Dedicated implementation risk register
- Overall project plan for 2024 elections including parliamentary contingency
- Information publicised on Council website
- Corporate Project Team
- Communications Plan

50

Owner: **ISD** **AM** Change: **Decrease**



⚠️ Current Risk    🎯 Target    ✅ Risk on Target

Mitigating Action	Owner	Date	Status
Association of Electoral Administrators (AEA) health check review	AM	November 2023	Complete
Polling Places Review	AM	January 2024	Complete
Resource planning	AM	March 2024	On track
Communication of electoral commission changes	AM	Jan – May 2024	On track

## Objective at Risk: Community Vision

19

### RISK: 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 Assessment
- Guidance from the ICO
- SAR Policies and Procedures
- Monitoring SAR Caseloads
- SAR Reporting into CS Directorate Leadership Team

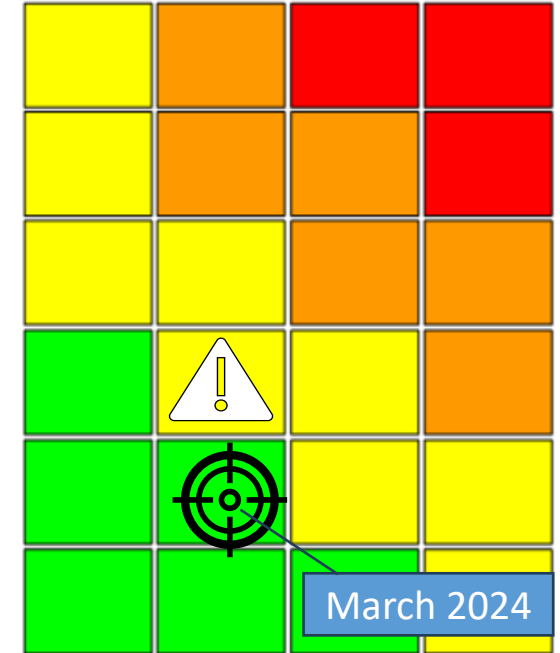
Owner

Change

ISD

GE

None



March 2024

⚠️ Current Risk   🎯 Target   ✅ Risk on Target

51

Mitigating Action	Owner	Date	Status
Information Security & Acceptable Use Policy update	AM	March 2023	Overdue
Implementation of demand management opportunities to reduce SAR requests in children's services	HW	December 2023	On track
Monitoring of FoI requests targeted at potential election disruption	AM	May 2024	On track
Implementation of Information Governance Toolkit Assessment	AM	March 2024	Some issues

## Key Priority at Risk: Right Homes, Right Places

21

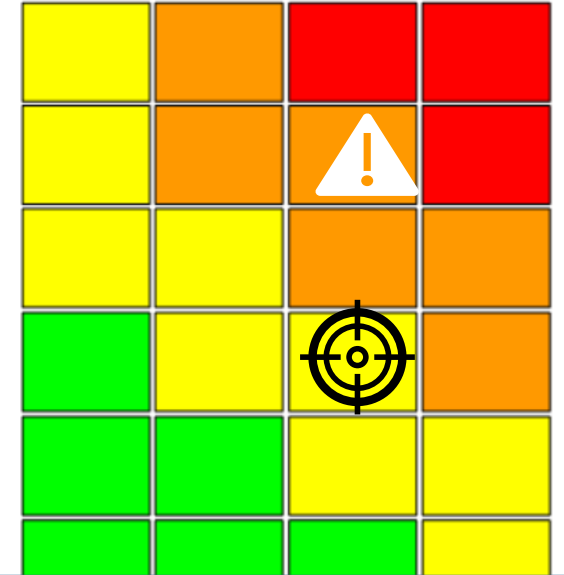
### RISK: Meeting Affordable Housing Need

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
- Assess opportunities in HRA

Owner		Change
SC	GF	None



Current Risk
 Target
 Risk on Target

52

Mitigating Action	Owner	Date	Status
Silver groups has been set up to look at the most urgent housing priorities and senior professionals(specialist) workshops being organised to tackle short term housing matters. (Link to Risk 22)	RH	March 2024	Complete
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	November 2024	On track
Draft Planning policy change to increase the standard and size of affordable housing to meet the needs of all residents of the borough including those with additional physical needs	RH	April 2024	On track

## Key Priority at Risk: Safe, Strong Communities

22

### RISK: Support for Unaccompanied Asylum Seeking Children

Due to insufficient central government funding and in-Borough provision there is a risk that the Council is unable to provide support and local placements for Unaccompanied Asylum-Seeking Children (UASC), including a significant increase in the cost of statutory accommodation for Care Leavers as UASCs reach the age of 18 leading to increased costs and long-term impacts on vulnerable children and young people.

#### Existing Controls:

Ensure all grants are claimed for UASCs Silver Group to identify resources to meet the need.

Managing the increased need for in-borough accommodation and support – increasing the range of offer in the borough.

Successful in challenging the Home Office funding.

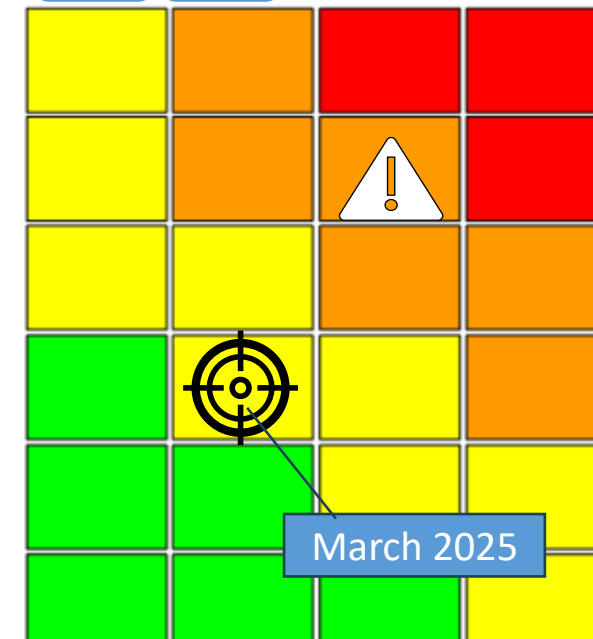
Owner

Change

PB

HW

None



Warning icon Current Risk Target icon Target Risk on Target icon Risk on Target

#### Mitigating Action

Project to Maximise Culturally-Suitable In-House Fostering for UASC.

Care Leaver Target Operating Model Project: Aim is to create accommodation costing no more than the £270 per week per young person provided by the government including: Supported Accommodation; Affordable and Local Semi-Independent Accommodation; Houses of Multiple Occupancy for those with unresolved status.

Owner

Date

Status

HW

September 24

On track

HW

March 25

On track

Objective at Risk: Keeping the Borough Moving/Clean and Green Borough

24

Key Front Line Services Re-procurement

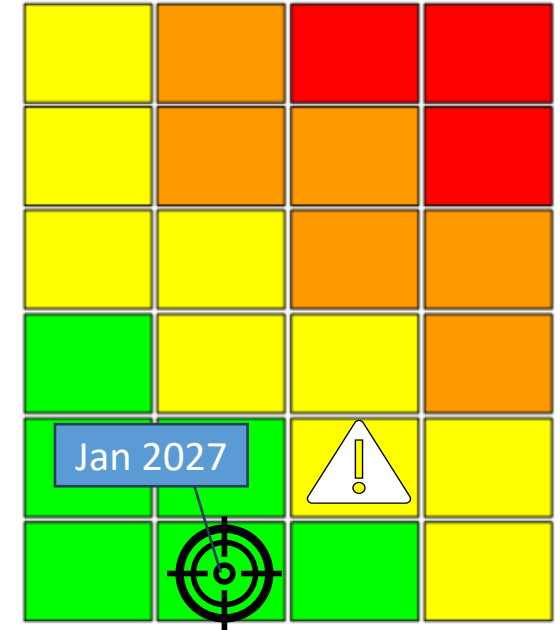
Due to significant Place and Growth Contracts expiring in 2026 (Highways & Street Cleansing, Grounds Maintenance & Waste Collection) there is a risk that contracts are not procured correctly and in time leading to poor service delivery and additional costs.

Existing Controls:

Working groups established.  
Papers being produced to either recommend extension or re-tender.  
Market days held with Contractors.  
Briefing to Portfolio Holders held.

Review of Governance arrangements in place and agreed.  
Project plans in place.

Owner Change  
PF/IS GF None



Current Risk 
 Target 
 Risk on Target

54

Mitigating Action	Owner	Date	Status
<del>Central working group to be formed including Procurement and Service Areas to ensure contracts are ready for 2026</del>	CE/SB	October 2023	Complete
<del>MTFP being submitted to support external expertise on key projects-</del>	SB/PRJ	November 2023	Complete

## Objective at Risk: Clean, Green Borough

25

### Change in waste collections (2024)

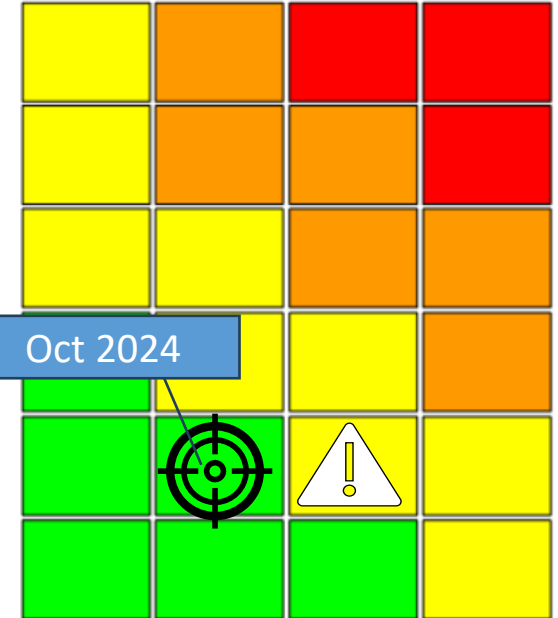
Due to the 2024 bin collection change, there is a risk that financial costs/reputational damage might occur if the project is not delivered correctly or on time.

#### Existing Controls:

- a) Business Case Revised
- b) Wheeled bin procurement complete
- c) Wheeled bin delivery procurement awarded
- d) Variation Order with collections contractor (Veolia) ready for Director sign off

- e) Continued engagement with specialist external waste consultant in processes.
- f) Comms engagement started internally
- G) Community engagement staff recruited

Owner	Change
IS	GF
	None



Current Risk
 Target
 Risk on Target

Mitigating Action	Owner	Date	Status
Robust planning and monitoring of costs/savings	SB	June 23- Oct 24	Ongoing
Identify residents that require assisted collection/larger bins/restricted access	SB	March 2024	On track
Recruitment of outreach officers to support resident information and to assist in the Call Centre	SB	February 2024	On track

55

## Objective at Risk: Community Vision

26

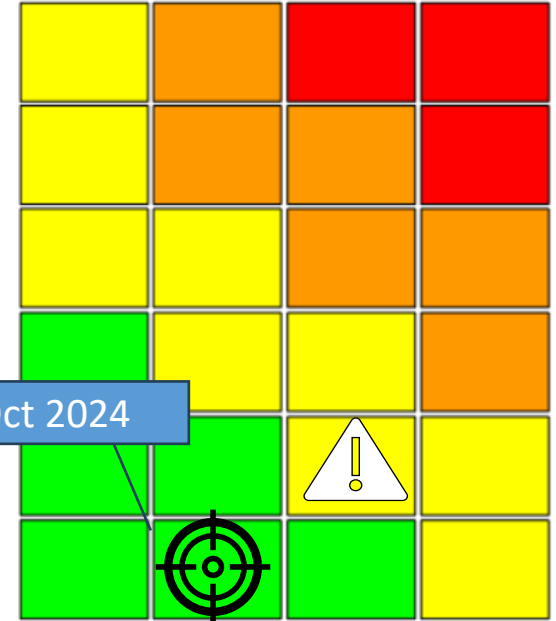
### Procurement Act 2023 Implementation

Due to the Procurement Act 2023 there is a risk that the Council does not comply with the new legal requirements resulting in challenges from tenderers leading to financial loss, reputational damage and delay

#### Existing Controls:

Project governance and plan  
Impact assessment

Owner: IS, GE, New  
Change: New



Current Risk 
 Target 
 Risk on Target

Mitigating Action	Owner	Date	Status
Training and Communication Plan	GC	Oct 2024	On track
Update to the Councils Constitution, Policies and procedures	GC	Sept 2024	On track
Post-implementation monitoring of compliance with new requirements	GC	Apr 2025	On track

56



# Likelihood

57

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"> <li>Unable to function without aid of Government or other external Agency</li> <li>Inability to fulfil obligations</li> <li>Medium - long term damage to service capability</li> <li>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.</li> <li>Death</li> <li>Adverse national publicity – highly damaging, severe loss of public confidence.</li> <li>Litigation certain and difficult to defend</li> <li>Breaches of law punishable by imprisonment</li> </ul>
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"> <li>Significant impact on service objectives</li> <li>Short – medium term impairment to service capability</li> <li>Major financial loss - supplementary estimate needed which will have a major impact on the council’s financial plan</li> <li>Extensive injuries, major permanent harm, long term sick</li> <li>Major adverse local publicity, major loss of confidence</li> <li>Litigation likely and may be difficult to defend</li> <li>Breaches of law punishable by fines or possible imprisonment</li> </ul>
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"> <li>Service objectives partially achievable</li> <li>Short term disruption to service capability</li> <li>Significant financial loss - supplementary estimate needed which will have an impact on the council’s financial</li> <li>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</li> </ul>
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	<ul style="list-style-type: none"> <li>Minor impact on service objectives</li> <li>No significant disruption to service capability</li> <li>Moderate financial loss – can be accommodated</li> <li>First aid treatment, non-permanent harm up to 1 month</li> <li>Some public embarrassment, no damage to reputation</li> <li>May result in complaints / litigation</li> <li>Breaches of regulations / standards</li> </ul>

ITEM NO:

<b>TITLE</b>	<b>2023/24 Internal Audit and Investigation Plan - Quarter 3 Progress Update to 31 December 2023</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024
<b>WARD</b>	None specific
<b>LEAD OFFICER</b>	Catherine Hickman, Head of Internal Audit and Investigation

## **OUTCOME / BENEFITS TO THE COMMUNITY**

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

## **RECOMMENDATION**

The Audit Committee (AC) is asked to review and scrutinise the 2023/24 Internal Audit and Investigation Quarter 3 Progress Report (activity to 31 December 2023).

## **SUMMARY OF REPORT**

The AC approved the 2023/24 Internal Audit and Investigation Plan at its meeting on 30 March 2023. Quarterly reports are provided to AC to update on progress in achieving the Plan throughout the year.

The report at Appendix A, with supporting Appendices A(I) and A(II), is provided for AC to review and scrutinise the progress of work against the 2023/24 Internal Audit and Investigation Plan to 31 December 2023.

This recommendation is being made to ensure that the Internal Audit and Investigation Service (IAIS) remains flexible and agile in planning its work to assist the Council in meeting its statutory requirements and the requirements of the AC's Terms of Reference. In addition, to ensure an ongoing focus on key areas that will feed into the Head of Internal Audit's Annual opinion on the council's internal control, risk management and governance framework.

The Council's 2023/24 Internal Audit and Investigation Plan details the proposed Internal Audit and Investigation activity and seeks to:

- provide key stakeholders with independent assurance that the risks within the Council's fundamental systems and processes are being effectively and efficiently managed.
- allow the Council to demonstrate that it is complying with the relevant legislation and applicable professional standards.
- demonstrate the Council's commitment to good governance; and
- set out that the Team's resources are being properly utilised.

The report: -

- Summarises the work of the Internal Audit and Investigation Service and status of the audits in the reporting period (to end December 2023).
- Key Corporate Risks covered.
- High Risk Concerns and Follow Up activity.
- Provides assurance that no less than satisfactory level of assurance has been identified in the period in respect of the audits completed.
- Provides results of Anti-Fraud activity.
- Outlines compliance with Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.

## **2023/24 – Key Findings to date**

The AC received a Quarter 2 Progress Report at its meeting on 29 November 2023 showing progress against the 2023/24 Internal Audit and Investigation Plan as at 30 September 2023. This report supplements that report with further work progress to 31 December 2023.

In this current period, the team is focused on a number of audits in progress. There have been no new audits finalised from the 2023/24 Plan where the audit assurance was less than level 2, i.e., internal controls “substantially complete and effective.”

In Quarter 1, one audit (Right to Buy Scheme) and a second audit in Quarter 2 (Information Governance) were given a Category 3 Audit Opinion and these were reported and discussed at the June and November AC meetings respectively.

Further quarterly update reports on progress on delivering the 2023/24 Internal Audit and Investigation Plan will be reported to the Committee in line with the Council’s reporting cycle.

The 2023/24 Work programme is based on the resources available to deliver internal audit activity and to be able to provide minimal assurance over key risk areas and provide the Head of Internal Audit Annual Audit Opinion at the end of the year on the Council’s internal control, risk management and governance processes. In order to inform that opinion, assurances will also be taken, where appropriate, from other assurance activity across the Council.

## **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)	Nil	Yes	N/A
Next Financial Year (Year 2)	Nil	Yes	N/A
Following Financial Year (Year 3)	Nil	Yes	N/A

**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. Delivery of the Internal Audit programme is contained within the Medium-Term Financial Plan budget.

**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 internal 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.

**Reasons for considering the report in Part 2**

Not applicable.

**List of Background Papers**

2023/24 Internal Audit & Investigation Plan (approved by AC 13 March 2023)  
 2023/24 Internal Audit and Investigation Plan Quarter 1 Progress Report (to 30 June 2023)  
 2023/23 Internal Audit and Investigation Plan Quarter 2 Progress Report (to 30 September 2023)

**Contact:** Catherine Hickman,  
 Head of Internal Audit & Investigation

**Service:** Governance

**Telephone No:**  
 Catherine Hickman, 07885 983378

**Email:**  
[Catherine.hickman@wokingham.gov.uk](mailto:Catherine.hickman@wokingham.gov.uk)

**Date** 23 January 2024

**Version No.** v1

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**WOKINGHAM BOROUGH COUNCIL**  
**Internal Audit & Investigation**  
**2023/24 Quarter 3 Progress Report**  
**(to 31 December 2023)**

## 2023/24 Internal Audit and Investigation Plan

The purpose of this report is to present to the Audit Committee (AC) the progress in delivering the 2023/24 Internal Audit and Investigation Plan to the end of Quarter 3 of the financial year as part of our regular reporting and the key findings from our work. This is to ensure that the AC discharges its responsibilities in relation to governance, internal control and risk management.

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 to give Members of the Audit Committee assurances 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.



### Summary

The Audit Committee (AC) approved the 2023/24 Internal Audit and Investigation Plan and Strategy at its meeting on 13 March 2023. The Plan continues to remain flexible as the Council responds to its changing risk profile. Any significant changes to the approved Plan will be reported to AC.

This report is provided as part of the quarterly reporting mechanism to AC and is to note the progress of the Team's work as at 31 December 2023.

Appendix A(I) lists the audits completed, at draft stage or work in progress in the period to 31 December 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.

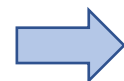
Follow up work is undertaken on all audits attracting the lowest two categories of audit opinion and on those concerns categorised as being Very High or High risk. This report also summarises the activity in regard to fraud and irregularities.

The work undertaken during the period contributes to informing the Head of Internal Audit's annual overall opinion on the Council's internal control, governance and risk framework, as required under the Public Sector Internal Audit Standards.



**Internal Audit and Investigation Plan Status**

Appendix A(I) shows the Internal Audit and Investigation Work Plan status as at 31 December 2023. This details audits finalised, at draft report stage or in progress. Changes since the Quarter 2 Progress Report are highlighted in yellow. 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 Progress Report 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. The table opposite details all of the Councils Key Corporate Risks (as at November 2023) and highlights progress on those being audited during this financial year. 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. Numbering gaps are where risks have been removed or downgraded.

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

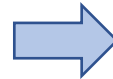
Ref	Risks as at November 2023	Audit in 2023/24
1	Budget & Financial Resilience - Specific Internal Audit coverage 2023/24: - - Financial Resilience/Compliance with CIPFA Financial Management Code Follow Up - Capital Monitoring - Debtors - Creditors - Procurement Cards - Reconciliation - Treasury Management	√ √ √ √ √ √ √
2	Corporate Governance	√
3	Workforce - Specific Internal Audit coverage 2023/24: - - Safer Recruitment - Recruitment and Retention Processes and References - Service Level Agreements	√ √ √
4	Uncontrolled Development (Local Plan Update)	
5	Outcomes and Costs for Children with Send	
6	Health and Safety	
7	ASC Supplier Sustainability and Sufficiency	
8	Cyber Security	√
9	Deliver the Council's Climate Emergency Action Plan	
10	Major Emergency Response (e.g., Pandemic). Specific Internal Audit Coverage 2023/24 - Civil Contingency Act Emergency Planning Preparedness & Crisis Management & Central Government Return	√
13	Adult Safeguarding	
14	Children's Safeguarding	
15	Resources to Support Emerging Communities.	
17	Mainstream Education Provision. Specific Internal Audit Coverage 2023/24: -School Place Planning	√
18	Magnitude of Change for 2024 Elections	
19	Information Governance	√
21	Local Housing Needs	
22	Support for Unaccompanied Asylum-Seeking Children	√

Risk references above, as per Corporate Risk Register, approved by AC November 2023

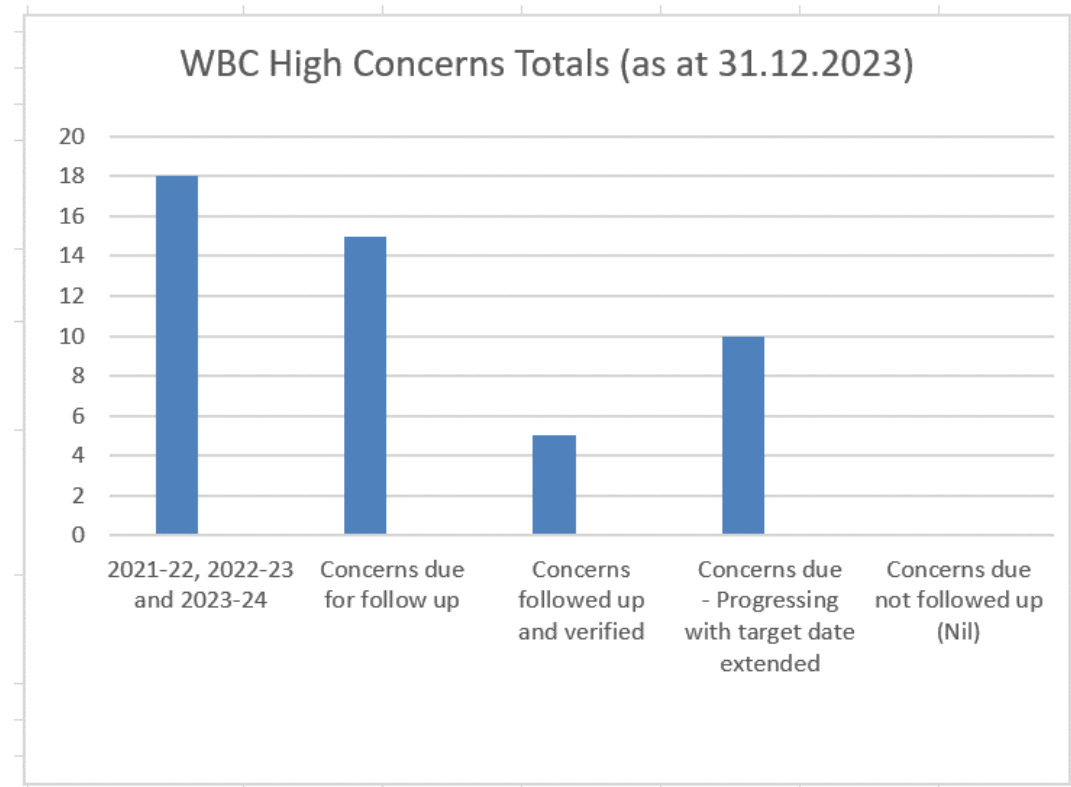
Follow Up Activity

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 total concerns and follow up activity for High-Risk concerns. At the time of reporting, all high-risk concerns due to be followed up have been confirmed and verified as being actioned by their due date with evidence to support this.



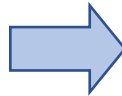
High Risk Concerns Follow Up



	Highs
2021-22	6
2022-2023	10
2023-24	2
High Concerns due for follow up (2021-22, 2022-23 and 2023-24)	15
High Concerns followed up and verified	5
High Concerns due – Progressing with target date extended	10
Concerns due not followed up	0

Follow Up Activity

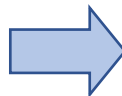
The table opposite shows the total number of High concerns in 2023-24, 2022-23 and 2021-22 and their status of Open or Closed.



Open / Closed Concerns		
Concern	Status	Total
High	Not Yet Due	3
	Closed	5
	Due - Progressing with target date extended	10
Total		18

67

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 were no Overdue High-risk concerns.



	Audit Committee 29/11/23 (Q2 2023-24)	New audit Concerns (in 2023-24 Q3)	Audit Committee 07/02/24 (Q3 2023-24)
Total High Concerns	18	0	18
Total Open High Concerns	13		13
Concerns Overdue	0		0
Concerns not yet due	4		3

## High Risk Concerns and Agreed Management Countermeasures

Audit	Audit High Risk concerns	Agreed Management Countermeasure	Actions due and status verified	Proposed Implementation date
<b>2023-24</b>				
<b>Information Governance</b>	2	1. Data Privacy Impact Assessments (DPIAs) – Changes to be led from the Project Manager or Service to complete documentation. Conversation to take place with Digital and Change team manager re: project management and increase of Comms to raise awareness of legal requirements. DIGB will raise at meetings to representatives for them to discuss and review their areas for historic DPIAs.	Not yet due	31/03/2024
		2. Information Services are responsible for training content. Uptake would need to come from HR Learning & Development Team. There is a signed undertaking with the ICO to complete refresher training at least every two years. Reports have gone out from HR and DIGB and message needs to be reinforced by Senior Leadership.	Progressing / target date extended	29/02/2024
<b>2022/23</b>				
<b>Debtors</b>	5	1. 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 31/03/2024
		2. 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 <sup>st</sup> July 2022, the invoices raised data will be shown on the reports.	a) Progressing / target date extended b) Complete	31/03/2023 to 31/03/2024 31/07/2022
		3. 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
		4. The Council needs to consider further innovation in its methods for receiving income.	Progressing / target date extended	31/03/2023 to 31/03/2024
		5. 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

<b>Contract Management Compliance</b>	4	1. 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.	a) Progressing / target date extended	30/04/2023 to 31/03/2024
			b) Complete	30/04/2023
		2. 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 contract. when we need to start market engagement and the procurement process for each.	a) Not yet due	01/04/2024
			b) Complete	31/07/2023
		3. 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.	Progressing / target date extended	30/09/2023 to 29/02/2024
		4. 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.	a) Ongoing	On-going
			b) Complete	31/05/2023
			c) Progressing / target date extended	01/08/2023 to 31/03/2024
<b>Right to Buy</b>	1	1. We will create an internal policy to ensure the Government Legislation continues to be adhered to together with additional measures formalised within the policy. There will be a Policy Statement published to Tenants to set out expectations from us and them through the process. Internal Audit advice and support will be sought in this.	Not yet due	31/03/2024
<b>2021/22</b>				
<b>Adult Safeguarding</b>	1	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
<b>Recruitment and Safeguarding</b>	2	1. a) <b>Children's and Adults</b> - Remind managers and verify that safer recruitment training is completed b) <b>HR</b> - 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	01/12/2022
			b) Progressing / target date extended	31/03/2023 to 31/03/2024

		2. a) <b>Children's and Adults</b> - Managers to forward all successful candidates recruitment documentation to HR Enquiries mailbox and retain unsuccessful recruitment documentation. b) <b>HR</b> - 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	14/11/2022
			b) Complete	31/03/2023
<b>Reconciliations</b>	3	1. 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 31/03/2024
		2. 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. 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.	a) Progressing / target date extended b) Progressing / target date extended c) Complete	31/03/2023 to 31/03/2024 31/03/2023 to 31/03/2024 31/03/23 to 30/09/2023
		3. 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	5
Concern progressing / Target date extended	10
Target date not yet due	3

## 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.

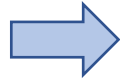
In Quarter 1, one audit (Right to Buy) and in Quarter 2, a second audit (Information Governance) attracted the third category of Audit Opinion. These were discussed with Audit Committee at the September and November meetings.

There were no audits finalised in Quarter 3 that attracted the third or fourth categories of Audit Opinion.

## 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 has included re-active investigations as well as developing pro-active anti-fraud drives. A summary of the key areas activity since we last reported is provided here.



### Anti-Fraud Activities

**National Fraud Initiative Data Matching Exercise** – The National Fraud Initiative (NFI) data matching exercise conducted by the Cabinet Office is to assist in the prevention and detection of fraud. The exercise for 2023/24 commenced in Q3 with the required datasets. This exercise is purely for the Council Tax Single Person Discounts in place. The next detailed NFI Data Matching Exercise will be undertaken in quarters 3 and 4 2024/25.

**Whistleblowing** – There have been 2 new Whistleblowing cases received in Quarter 3 by the service up to the date of this report which are currently being investigated.

**Pro-active Exercises - Empty Property Relief** – An Empty Property Relief exercise commenced in Quarter 2 and was completed in Quarter 3. The number of letters sent out initially for the empty property review was 392 with 173 reminder letters being dispatched. In total, 279 (71.17%) were returned from initial posting or reminder letter. Of these, 155 (55.55%) resulted in a change 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.

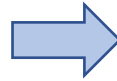
**Expenses Fact Finding Investigation** - Following a request from Human Resources and Organisation Development to investigate the expenses claims of an officer, on behalf of the Service Team Manager, a Fact-Finding investigation was undertaken with a view to determining potential fraudulent travel and other expense claims. The report was used to inform a Disciplinary Hearing.



## Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS), as revised in April 2017, define the service and professional standards for public sector internal audit services.

Compliance is monitored on a regular basis, as part of the review process for individual audits and as part of annual self-assessment reviews of the internal audit service. An external review of the service is required to be undertaken every five years in accordance with the PSIAS. The most recent External Review was undertaken in July 2023.



### 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.”*

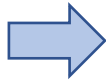
PSIAS: 2450 – *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance,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

The Internal Audit Service is designed to conform to the PSIAS. Under the PSIAS there is a requirement for internal audit services to have an external quality assessment every five years. An external review of the Service against the PSIAS was undertaken by CIPFA in July 2023 and the highest category of conformity has been given, ‘Fully Conforms’, from the range of CIPFA definitions of ‘Fully Conforms (Highest), Partially Conforms, Does Not Conform (Lowest)’. As such, WBC Internal Audit and Investigation Service has the highest level of conformance according to the definitions and action priorities are at the lowest they can be. No areas of non-compliance with the standards were identified, nor were any significant areas of partial non-compliance identified. There were no recommendations for improvement in the report, only five minor advisory suggestions made for consideration that are being actioned and progress in their implementation will be reported periodically to AC.

Work will continue to ensure the Service maintains these standards going forwards.

## CIPFA Statement on the Role of Head of Internal Audit

The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. CIPFA has publicised a Statement on the Role of the Head of Internal Audit in public service organisations to help ensure that organisations engage with and support the role effectively.



### Compliance with CIPFA Statement on the Role of Head of Internal Audit

In addition to the work undertaken to inform the CIPFA External Assessment against the PSIAS, a self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit was undertaken by Internal Audit, that was verified by CIPFA, and this is referred to in the CIPFA External Assessment report.

This assessment identified minor action points that have been incorporated into the PSIAS Action Plan.

Updates on the implementation of the advisory points from the PSIAS External Assessment and the self-assessment against the Role of the Head of Internal Audit will be reported periodically to the Audit Committee.

## Appendix A(I)

## 2023/24 Internal Audit and Investigation Annual Report (1 April 2023 to 31 December 2023)

## Key Corporate Risks

Audit title	Directorate	Status	Final audit report opinion
Budget & Financial Resilience ( <b>Key Corporate Risk 1</b> ) comprising: -			
- Compliance with CIPFA Financial Management Code (Follow Up)	Resources & Assets		
- Capital Expenditure	Resources & Assets	WIP	
- Debtors - Key Financial System	Resources & Assets	WIP	
- Creditors - Key Financial System	Resources & Assets	Final Report Issued	2
- Procurement Cards	Resources & Assets	Draft Report being prepared	
- Reconciliation Follow Up	Resources & Assets		
- Treasury Management Key Financial System	Resources & Assets	Final Report Issued	2
Corporate Governance ( <b>Key Corporate Risk 2</b> )	Resources & Assets		
Human Resources ( <b>Key Corporate Risk 3</b> ) comprising: -	Cross Cutting		
- Safer Recruitment – revisit the 2021/22 Internal Audit Report	Chief Operations Office	WIP	
- Recruitment and Retention Process and References – review of new procedures.	Chief Operations Office	Deferred to 2024/25 – new procedures not ready to audit	
- Service Level Agreements – review of processes and compliance	Chief Operations Office	Deferred to 2024/25 – process not ready to audit	
Self-Assessment of Council's Arrangements Information Governance and Cyber Security Arrangements (Follow Up) ( <b>Key Corporate Risk 8</b> )	Chief Operations Office	WIP	
Civil Contingency Act Emergency Planning Preparedness & Crisis Management & Central Government Return Information ( <b>Key Corporate Risk 10</b> )	Place & Growth	Deferred to Q4 due to Peer Review	
School Place Planning ( <b>Key Corporate Risk 17</b> )	Children's Services	WIP	

## Appendix A(I) Contd./...

Audit title	Directorate	Status	Final audit report opinion
Information Governance (Key Corporate Risk 19)	Resources & Assets	Final Report Issued	3
Unaccompanied Asylum-Seeking Children (Key Corporate Risk 22)	Children's Services	Draft Report issued	

## Key Operational Risks

Audit title	Directorate	Status	Final audit report opinion
Procurement & Commissioning	Resources & Assets	WIP	
(NEW) Contract Management – Preparation for New Procurement Regulations 2023	Resources & Assets	ToR issued	
Enforcement & Safety Service (Part II)	Place & Growth		
Community & Infrastructure Levy	Place & Growth		
Public Health	Adult Services	2024/25 Internal Audit Plan	
S106 Agreements (Follow Up)	Place & Growth		
Use of Temporary Accommodation and Bed and Breakfast	Children's Services		

## Governance Building Blocks

Audit title	Directorate	Status	Final audit report opinion
Risk Management	Cross Cutting		
Governance of WBC Companies	Resources and Assets	Deferred to Q4 due to external review	
Annual Governance Statement (AGS) 2023/24	Cross-Cutting	Ongoing through year with audit input to Statutory Officers' Group	

## Appendix A(I) Contd./...

**Servicing the Business**

Audit title	Directorate	Status	Final audit report opinion
Effectiveness of System of Internal Audit / Public Sector Internal Audit Standards External Assessment Preparation	Cross Cutting	CIPFA External Review Completed July 2023	Internal Audit Service assessed as being 'Fully Complies' with PSIAS
Follow Up Countermeasures / Testing	Cross Cutting	Ongoing	

**Grant Certifications**

Audit title	Directorate	Status	Final audit report opinion
Supporting Families (Quarter 1)	Children's Services	Certified	n/a
Supporting Families – Pre and Post October 2022 Framework (Quarter 2)	Children's Services	Certified	n/a
Supporting Families (Quarter 3)	Children's Services	Certified	n/a
DfT Local Transport Capital Funding Grant	Place & Growth	Certified	n/a
Bus Subsidy Revenue Grant/BSOG	Place & Growth	Certified	n/a
Changing Places Fund	Resources & Assets	Certified	n/a
Disabled Facilities Capital Funding Grant	Place & Growth	Certified	n/a

**Contingency/Consultancy/Management Requests**

Audit title	Directorate	Status	Final audit report opinion
Licensing – GDPR Breach (Management Request)	Place & Growth	Draft Report Issued	
Grazeley School (Management Request)	Children's	ToR	

## Appendix A(I) Contd./...

**Fraud and Investigation**

Audit title	Directorate	Status	Final audit report opinion
Empty Property Relief Exercise	Resources & Assets	Completed - Results in Main Body of Report	n/a
Whistleblowing: Housing enquiry (Tenancy Agreement)	Place & Growth	Completed	n/a
Expenses Fact Finding Investigation	Adults	Completed	n/a
Support for Care Provider Investigation (External Investigation)	Adults	Completed	n/a
Police Disclosure of Personal Data Requests	Resources & Assets	Future requests transferred to Information Governance & Data Protection Team to be dealt with centrally	n/a

**2022/23 Audits Completed in 2023/24**

Audit title	Directorate	Status	Final audit report opinion
Budget & Financial resilience (Key Corporate Risk 1) - Financial Monitoring	Resources & Assets	Final	2
Right to Buy	Place & Growth	Final	3
Risk Management	Cross Cutting	Final	2

Key: -

Audits progressed since Quarter 2 Internal Audit and Investigation Progress Report highlighted in yellow

Appendix A(I) Contd./...

**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

79

**Legend**

C – Certification

E – Exempt

WIP – Work in Progress

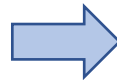
Draft – Draft Report stage

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).



<b>TITLE</b>	<b>2024/25 Draft Internal Audit and Investigation Plan, Strategy and Internal Audit Charter</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Catherine Hickman, Head of Internal Audit and Investigation

## **OUTCOME / BENEFITS TO THE COMMUNITY**

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

## **RECOMMENDATION**

The Audit Committee is asked to:-

- i. Review and scrutinise the 2024/25 draft Internal Audit and Investigation Plan and Strategy (attached as Appendices A and A(I)).
- ii. Approve the 2024/25 Internal Audit Charter (Appendix A(II)).

## **SUMMARY OF REPORT**

This report recommends that the Audit Committee reviews and scrutinises the draft Internal Audit and Investigation Plan and Strategy for the 2024/25 financial year. In addition, that it approves the 2024/25 Internal Audit Charter. This recommendation is being made to ensure that the Internal Audit and Investigation Service plans its work to assist the Council in meeting its statutory requirements and ensures that there is an ongoing focus on the Council's key corporate priorities and risks, whilst also remaining flexible and agile in the planning of its work.

The 2024/25 Internal Audit Charter is presented alongside the Internal Audit Plan for approval. It incorporates the requirements of the Public Sector Internal Audit Standards 2017 with the arrangements for the provision of Internal Audit Services.

The Internal Audit Charter includes the reporting lines for Internal Audit.

## **Background**

Internal Audit supports the Council's S151 Officer (Deputy Chief Executive and Director of Resources and Assets) in discharging his statutory duties: -

- I. Section 151 of the Local Government Act 1972. The Council's Section 151 Officer is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the authority's financial affairs. The work of internal audit is an important source of information for the S151 Officer in exercising their responsibility for financial administration. Reliance upon Internal Audit and their annual programme of work in reviewing the operation of systems of internal control and financial management is fundamental to the fulfilment of that responsibility.

II. The Accounts and Audit Regulations (2015) state that: 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Each financial year, a relevant authority must:-

- a) Conduct a review of the effectiveness of the system of internal control required by Regulation 3; and
- b) Prepare an annual governance statement.

### **2024/25 Draft Internal Audit Plan and Strategy**

The 2024/25 Draft Internal Audit and Investigation Plan and Strategy provides the mechanism through which the Chief Audit Executive (fulfilled by Head of Internal Audit and Investigation) can ensure that there is the most appropriate use of internal audit resources to provide a clear statement of assurance on the Council's risk management, internal control and governance arrangements.

Internal Audit provides an independent and objective opinion to the Council on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives. Internal Audit contributes to the Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on achieving the key priorities.

The 2024/25 Draft Internal Audit and Investigation Plan and Strategy are attached as Appendices A and A(I) to this report. The Strategy (Appendix A) outlines the role, scope and purpose of Internal Audit, the 2024/25 Audit Planning process, resourcing, reporting arrangements and Internal Audit's requirements to conform with the Public Sector Internal Audit Standards (PSIAS), 2017.

Developing the programme of work has included managements' assessment of risk, as well as our own risk assessment of the Council's major systems, strategic and operational areas, other auditable areas and work undertaken to date. It has involved consultation with the Corporate Leadership Team, Directorate Management Teams, the review of risk registers and external guidance (where appropriate), the Annual Governance Statement Improvement Plan and comparison with other authorities and Audit Group Networks.

The Plan is based on the work deemed necessary to be able to provide the annual Head of Internal Audit opinion and for the Deputy Chief Executive and Director of Resources and Assets (S151 Officer) to be able to fulfil their legislative responsibilities.

Appendix A(I) presents the audit topic areas to be reviewed identified during the audit planning process.

The 2024/25 Draft Internal Audit and Investigation Plan and Strategy, once approved, will come into effect from 1 April 2024. Progress on delivering the Plan will be reported to the Committee on a regular basis in line with the Council's reporting cycle.

## 2024/25 Internal Audit Charter

The Internal Audit Charter is a formal document that defines the internal audit purpose, authority and responsibility. The Internal Audit Charter establishes internal audit's position within the organisation, including the nature of the Chief Audit Executive's (fulfilled by Head of Internal Audit and Investigation) functional reporting relationship with the board (Audit Committee); authorising access to records; personnel and physical properties relevant to the performance of engagements; and defining the scope of internal audit activities.

The Internal Audit Charter sets out to communicate key information around the following areas: -

- The purpose or authority of Internal Audit and its definition.
- The role, purpose and function of Internal Audit with a stress on independence to preserve objectivity.
- The objectives of internal audit and the scope of the audit function.
- The professional standards and ethics to be followed by Internal Audit and its employees.
- Reference to the responsibilities retained by Council's management.
- Internal Audit style content including reference to a prepared audit protocol.
- Internal Audit resources and training.
- Internal Audit reporting.

The 2024/25 Internal Audit Charter is presented at [Appendix A\(II\)](#) to this report.

### Analysis of the Issues

The Internal Audit Charter provides the authority for the practice of Internal Audit in the Council and is a key governance document in this respect. The Audit Committee should consider whether the Internal Audit Charter provides Internal Audit with the necessary authority to enable it to fulfil its responsibilities in providing independent and objective assurance to the Audit Committee.

### 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)	Nil	Yes	Revenue
Next Financial Year (Year 2)	Nil	Yes	Revenue
Following Financial Year (Year 3)	Nil	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
An effective internal audit and investigation's function mitigates financial and other risks associated with the Council achieving its objectives. Delivery of the Internal Audit programme is contained within the Medium-Term Financial Plan budget.

<b>Cross-Council Implications</b>
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.

<b>Public Sector Equality Duty</b>
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. In undertaking our audit and investigative work, we ensure we have regard for equalities.

<b>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></b>
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 the rolling programme of Internal Audit work over a three year period includes specific reviews or follow up audits of key corporate risks that have been undertaken in respect of Net-Zero Carbon (Climate Emergency).

<b>Reasons for considering the report in Part 2</b>
Not applicable.

<b>List of Background Papers</b>
2024/25 Internal Audit and Investigation Strategy - Appendix A 2024/25 Draft Internal Audit and Investigation Plan - Appendix A(I) 2024/25 Internal Audit Charter – Appendix A(II) Public Sector Internal Audit Standards 2017

<b>Contact</b> Catherine Hickman Head of Internal Audit and Investigation	<b>Service</b> Governance
<b>Telephone No</b> Tel: 07885 983378	<b>Email</b> catherine.hickman@wokingham.gov.uk
<b>Date</b> 23 January 2024	<b>Version No.</b> v1



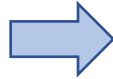
**WOKINGHAM BOROUGH COUNCIL**  
**Internal Audit & Investigation Plan and Strategy**  
**2024-25**

## The Internal Audit Plan Strategy

**This report provides an overview of Internal Audit's proposed work plan and strategy for 2024/25 for the Internal Audit Service from 1 April 2024.**

**The internal audit programme of work aims to provide sufficient and appropriate coverage to enable the Head of Internal Audit and Investigation (who fulfils the role of Chief Audit Executive) to provide a well-informed and comprehensive year-end annual internal audit opinion on the Council's governance, internal control and risk management framework.**

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



### Introduction and Objective

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit and Investigation Plan provides the mechanism through which the Head of Audit and Investigation can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control, and governance arrangements. In addition, the work of internal audit aims to provide an independent and objective opinion to the Council on the level to which the internal control environment supports and promotes the achievement of the Council's objectives.

Prior to the start of each financial year, the Head of Audit and Investigation, in conjunction with senior management, puts together a proposed plan of internal audit work. The objective of our planning process enables the service to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Council in these areas are adequately controlled and managed.

Internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other assurance sources.

## The Internal Audit Plan Strategy

### Methodology

In developing the Internal Audit and Investigation Plan, a review has been undertaken of the potential risk areas for review including consideration of:

- Risk in Focus 2023: Hot topics for internal auditors published by a consortium of institutes of internal auditors that includes the Chartered Institute of Internal Auditors (UK & Ireland)
- Council Corporate Plan and Vision
- Council Corporate and Directorate Risk Registers
- Annual Governance Statement Improvement Plan
- WBC Governance Toolkit
- Various Council Inspection Reports and Lessons Learned re Governance
- Audit Group Networks, Better Governance Forum for 'hot topic' areas

Additionally, consultation has been undertaken with officers to confirm our assessment of the risks, determine areas of audit input that can add value to managers and to ensure that a clear understanding of how Internal Audit work fits with other known sources of assurance:

- The Corporate Leadership Team (CLT)
- Directorate Management Teams
- Section 151 Officer
- Monitoring Officer



## The Internal Audit Plan Strategy

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit's credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.

Risk-based plans need to be developed to determine the priorities of the internal audit activity, consistent with the organisation's goals.



## The Audit Plan Key Features

The Internal Audit Plan reflects some of the highest risk areas to the Council and is designed to ensure that assurance is targeted effectively to enable provision of an opinion on the governance, risk, and control framework. Significantly, this year, approaches include:

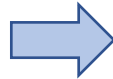
- **Wokingham Centric** – focus on key priorities and key corporate assurances for the Council for 2024/25. For example, in the current financial climate for local authorities it will include Budget and Financial Resilience.
- **Strategic Focus** – Audit will focus on management assurance on key corporate and operational risks versus the reliance on Internal Audit to provide direct assurance. Audits focussed on quality outcomes that increase the likelihood that the Community Vision is delivered,
- **Proactive Risk Identification** – promoting risk management across the Council.
- **Governance Arrangements:** Internal Audit have a key role in assessing the effectiveness of governance arrangements by comparison with principles contained in the CIPFA/SOLACE Governance Framework. A number of audits will support this assessment and will take account of any emerging governance arrangements, for example, Risk Management - to review the Council's Risk Management arrangements to assess how embedded they are across the Council and how this can be driven forward.
- **Auditor Judgement:** Audit of areas not specific to Corporate/Directorate Risk Registers.



## The Internal Audit Plan Strategy

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit's credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.

Risk-based plans need to be developed to determine the priorities of the internal audit activity, consistent with the organisation's goals.



### The Audit Plan Key Features contd./...

- **Consultancy and Value Added** – Management periodically identifies areas where audit input is beneficial e.g. new system/procedures/controls developments. This work is designed to support management in delivering aspirations and problem resolution and as such is included, not as work that will support the annual audit opinion but as value added work. No assurance opinions will be given in consultancy engagements.
- **Grant Certifications** – Mandatory/Statutory certification of grants received from Central Government as stated within each grants grant determination letter's terms and conditions.
- **Advisory and Support** - Periodic briefings for CLT on governance internal control, risk management, for example, lessons learnt from review of recent financial failures in local government.
- **Fraud, Corruption and Financial Irregularities:** The service will investigate fraud, corruption and irregularity arising during the year.
- **Follow up work:** Follow up work on outstanding 'Management actions' will be regularly undertaken. Where Internal Audit reports conclude that a Category 3 or 4 assurance level (bottom two categories of audit opinion), the reviews will be revisited at an appropriate time to establish the effectiveness of agreed management actions in improving control and mitigation of risks. Progress will be reported to the Audit Committee.

## The Internal Audit Plan and Strategy

The Table opposite shows the Council's KCRs and proposed Internal Audit coverage. This aims to demonstrate that Internal Audit activity is focussed on the key risks to the Council, in addition to other required audit activity, e.g. Key Operational Risks, Governance Building Blocks, Fraud and Grant work (as set out at Appendix A(I), which is required to inform the Head of Internal Audit Annual Opinion. It is not possible to cover all KCRs each year, but they will be reviewed on a rolling programme with the top risk Key Corporate Risk 1 audited annually and the other Key Corporate Risks audited once every 3 years. (Numbering gaps relate to where risks have been removed). For 2024/25, risks being covered will include a mix of detailed reviews, follow up activity and also a focus on specific aspects of risks, as requested by Directorate Management Teams. The aim is to ensure that all KCRs have coverage over a fixed time period.

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.



Corporate Risk Register Ref.*	Key Corporate Risks as at November 2023	2024-25	2025-26	2026-27
1	Budget and Financial Resilience - Financial Management - Budget Monitoring, setting and control	✓	✓	✓
2	Corporate Governance		✓	
3	Workforce	✓		
4	Uncontrolled Development (Local Plan Update)			✓
5	Outcomes and Costs for Children with SEND (External Assurance – Safety Valve)	✓		
6	Health & Safety	✓		
7	ASC Supplier Sustainability & Sufficiency	✓		
8	Cyber Security	✓		
9	Climate Emergency		✓	
10	Major Emergency Response (e.g. Pandemic)			✓
13	Adult Safeguarding		✓	
14	Children's Safeguarding		✓	
15	Resources to Support Emerging Communities			✓
17	Mainstream Education Provision		✓	
18	Magnitude of Change for 2024 Elections	Coverage in 2023/24		
19	Information Governance (2023/24 Follow Up)	✓		
21	Local Affordable Housing Needs			✓
22	Support for Unaccompanied Asylum-Seeking Children			✓
23	Significant Procurement Activity P&G (2026) (Preparatory audit work in 2024/25)	✓		
24	Waste Collection Changes	Coverage in 2023/24		

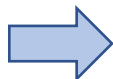
## The Internal Audit Plan and Strategy

**Resources should be appropriate, sufficient, and effectively deployed to achieve the approved plan.**

**The Internal Audit Plan will be delivered by the in-house team.**

**Appendix A(I) sets out the proposed coverage for 2024/25. It should be noted that this plan is flexible and could change in the event of new key risks emerging during the year.**

**Risk assessment is used to inform the amount of staff resource dedicated to each area and the extent, frequency and depth of testing undertaken, with high-risk areas being examined more frequently.**



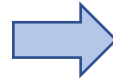
### Resources

The Internal Audit and Investigation Plan is based on judgement of the Head of Internal Audit and Investigation, HoIA (Chief Audit Executive) in order to be able to inform their Annual Audit Opinion on the Council's internal control, governance and risk management framework, a requirement under the PSIAS. It is compiled on the basis of one Senior Auditor post being held vacant until any financial pressures across the Council are known. The Apprentice and Corporate Investigation Officer posts, which were new posts from April 2023, were recruited to in November 2023 and December 2023 respectively.

The IAIS has challenging savings targets for Internal Audit and Investigations work. In addition to the WBC Audit and Investigation activity, internal audit work is undertaken for our client council under a S113 Agreement, which generates income for the Council to assist in achieving these income targets, and the team structure agreed by CLT takes account of these requirements.

## The Internal Audit Plan Strategy

Performance against completion of the internal annual plan will be measured and reported in Internal Audit Activity reports.



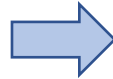
### Plan Monitoring

Potential performance indicators are: -

- **Percentage Key Corporate Risks audited**
  - Focus of internal audit activity on key corporate/operational risks of Council
- **Delivery of Internal Audit Plan**
  - % Audits completed to at least draft report stage 90%
- **Compliance with Public Sector Internal Audit Standards**
  - Annual Self-assessment
  - Five Year External independent review of Internal Audit Service against the PSIAS (maintaining 'Fully Compliant' assessment)
- **Client Satisfaction**
  - Audit satisfaction surveys regarding benefits and value of audit service
- **Audit Effectiveness (Making a Difference)**
  - Annual like-for-like comparison of audit opinions over previous 3 years

## The Internal Audit Plan Strategy

The Head of Internal and Investigation (fulfils the role of 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.



### Reports to Corporate Leadership Team and Audit Committee

A status report on internal audit work will be presented to the CLT and Audit Committee on a regular basis throughout the year. The purpose of these reports is to provide an update on the progress made against the delivery of the 2024/25 Internal Audit and Investigation Plan, the status of audits, i.e. those completed to date including audit opinion, at draft stage or work in progress. The reports will also provide a summary of internal audit performance, the planning and resourcing position.

#### Annual Assurance Report

A formal annual report to the Audit Committee, presenting the Head of Audit and Investigation (fulfils the role of Chief Audit Executive) Annual Audit Opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, will be published to enable it to be taken into account within the annual review of the effectiveness of the system of internal audit and in preparing the AGS.

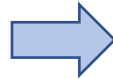
Regular periodic updates will be provided to CLT and the Audit Committee throughout the year that will culminate in the production of an annual report and Annual Head of Internal Audit Opinion on the council's governance, internal control, and risk management framework.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

## The Internal Audit Plan Strategy

The Public Sector Internal Audit Standards (PSIAS), as revised in April 2017, define the service and professional standards for public sector internal audit services.

Compliance will be monitored on a regular basis, as part of the review process for individual audits and as part of annual self-assessment review of the internal audit service.



### 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.”*

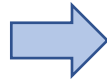
PSIAS: 2450 – *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance,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

The Internal Audit Service is designed to conform to the PSIAS. Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. The last external review was undertaken in 2023 and the results were reported to the Audit Committee. The report concluded that the Internal Audit and Investigation Service received the highest classification.

The HoIA fulfils the role of Chief Audit Executive

## CIPFA Statement on the Role of Head of Internal Audit

The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. CIPFA has publicised a Statement on the Role of the Head of Internal Audit in public service organisations to help ensure that organisations engage with and support the role effectively.



### Compliance with CIPFA Statement on the Role of Head of Internal Audit

In addition to the work undertaken to inform the CIPFA External Assessment against the PSIAS, a self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit was undertaken by Internal Audit, which was verified by CIPFA, and this is referred to in the CIPFA External Assessment report.

This assessment identified minor advisory points that have been incorporated into the PSIAS Action Plan.

Updates on the implementation of the advisory points from the PSIAS External Assessment and the self-assessment against the Role of the Head of Internal Audit will be reported periodically to the Audit Committee.

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**Details****ASSURANCE ACTIVITY**

<b>Section 1- Corporate Risks</b>		
With reference to the Corporate Risk Register, these audits are intended to provide assurance to management that the expected mitigating actions and controls to manage risks are operating as expected. All key corporate risks are expected to be covered over a two-to-three-year period.		
<b>Audit</b>	<b>Reason for Audit</b>	<b>Outline Scope</b>
Budget & Financial Resilience	Key Corporate Risk 1	<ul style="list-style-type: none"> <li>Financial Management including Budget Setting, Budget Monitoring and Budgetary Control.</li> <li>2022/23 CIPFA Financial Management Code (Financial Resilience) audit follow up including review of Office for Local Government (Oflog) and financial resilience indicators.</li> <li>Savings governance – Savings setting and achievement.</li> <li>Review of Lessons Learned from S114 Failures to inform audit work in KCR 1.</li> </ul>
Budget & Financial Resilience	Key Corporate Risk 1	Key systems: - <ul style="list-style-type: none"> <li>Housing Rents – to determine whether controls over the operation of the system are effective.</li> <li>Debtors – to determine whether the controls over the operation of the systems are economic, efficient and effective.</li> </ul>
Workforce	Key Corporate Risk 3 / Chief Executive's Office DMT request	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 risk. Audit activity will focus on Service Level Agreements – review of processes and compliance.
Outcomes and Costs for Children with Special Educational Needs	Key Corporate Risk 5 / Children's Services DMT request	Review the controls in place for External Placements – Commissioning and Value for Money. Social Care Placements and SEND placements.

Health and Safety	Key Corporate Risk 6 / Chief Executive's Office DMT request	To determine, at a high level, whether the controls over the operation of health and safety in the Council are effective.
Adult Social Care Supplier Sustainability and Sufficiency	Key Corporate Risk 7	Scope to be agreed.
Cyber Security	Key Corporate Risk 8	Review to ensure that information security risks are regularly reviewed, identified, treated and networks are protected to identify vulnerabilities that might be exploited causing damage to the systems and network, data loss, and the use of key services.

### Section 2- Key Operational Systems

With reference to the Council's Directorate Risk Registers, these audits are intended to provide assurance to management that the expected mitigating actions and controls to manage risks are operating as expected. All key directorate risks are expected to be covered over an agreed time period.

Audit	Reason for Audit	Outline Scope
Community Safety & Anti-Social Behaviour	Place and Growth DMT request	Review of systems and processes between Housing and Anti-Social Behaviour including information and intelligence sharing. Review of monitoring and case management approach. Review of gaps in process/system.
Public Health	Public Health/Adults / Children's Service DMT request	Review to give management assurances on risk management and control framework e.g., Governance arrangements, Public Health contracts/arrangements, Budgets, Financial procedures, Performance Management.
Car Park Budgets – Place & Growth	Place & Growth DMT request	Car Park budgets – car park income, parking enforcement, invoices and the NSL contract finances.
Capital Programme and Management – Place & Growth	Place & Growth DMT request	To check the end-to-end processes from creation of a Capital Project through risk reviews, challenge, cost controls to monitoring/feedback. Audit of delivery of outcomes, delivery of projects and governance in place.

Home to School Transport – Children’s Services	Children’s DMT request	Review of mitigations in respect of increasing costs in light of being one of the three biggest costs to local authorities that have attracted S114 Notices.
Preventative Health – Resources and Assets	Resources and Assets Leadership Team request	Review of role of the Voluntary and Community Sector as a key social value.
Equality Impact Assessments – Chief Executives	Chief Executive’s Office DMT request	Review of use and consistency of EQIAs across the Council.

### Section 3 - Governance Building Blocks

These reviews cover the key governance elements and are necessary for the formation of the Chief Audit Executive (CAE) and Annual Governance Statement (AGS)

Audit	Reason for Audit	Outline Scope
Risk Management	AGS Improvement Plan; Governance Building Block	Follow up of actions from Peer Review in respect of Risk Management. To assess how well embedded Risk Management is across the organisation and how that can be driven forward.
Contract Audit	Governance Building Block	To undertake pre, current and post contract audit work for a sample of key contracts.
Governance of Companies	Governance Building Block	To review the governance systems in place for the four trading companies (LATCOs) that WBC wholly owns and in particular, to assess whether they: <ul style="list-style-type: none"> <li>are in line with CIPFA guidance.</li> <li>minimise the risks identified from lessons learned reports by CIPFA and other relevant organisations.</li> </ul> <p>Where possible, assurances will be taken from a recent External review of this area.</p>

Annual Governance Statement (AGS) 2023/24	Governance Building Block	To support and advise management on the completion of the 2023/24 AGS and provide assurance on the follow-up actions taken in respect of the 2023/24 AGS.
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#### Section 4 - Fraud and Investigation

Activity	Outline Scope
National Fraud Initiative Data Matching	Management of Council's provision of data and investigation of matches.
Other Fraud Activities	To include, for example monitoring the Whistleblowing Hotline, monitoring of fraud and Whistleblowing email addresses, proactive investigations, Anti-fraud and Anti-Corruption Fraud Policies Refresh, provision of fraud statistics for relevant external and internal bodies e.g., Transparency Statistics, Investigatory Powers Commissioner's Office statistics; Police Information and Data Request, Regulation of Investigatory Powers Act Monitoring and review.

<b>Section 5 - Auditor Judgement and Servicing the Business</b>	
<b>Activity</b>	<b>Outline Scope</b>
Grant Certification	Mandatory certification of grants received from central government e.g., Troubled Families Grants, Disabled Facilities Grants.
Effectiveness of System of Internal Audit (Public Sector Internal Audit Standards	Ongoing self-assessment against Public Sector Internal Audit Standards after the External Review of the Internal Audit and Investigation Service by CIPFA in July 2023.
Advice on demand	Requests for ad-hoc advice on control, risk management and governance issues.
Contingency	Member/Management requests.
Follow up countermeasures/ testing	Very high/High priority concerns only.

<b>Section 6 – Advisory Activity</b>	
<b>Activity</b>	<b>Outline Scope</b>
Corporate Leadership Team (CLT) Briefings	Periodic briefings for CLT on governance internal control, risk management, for example, lessons learnt from review of recent financial failures in local government.
Statutory Officer Group	Quarterly Corporate Governance Toolkit updates.

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# **INTERNAL AUDIT CHARTER 2024/25**

## **1. Introduction**

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be Corporate Leadership Team (CLT) and the board will be the Audit Committee.

The Charter will be reviewed annually and approved by CLT and the Audit Committee. The Head of Internal Audit and Investigation (fulfils the role of Chief Audit Executive) is responsible for applying this Charter and keeping it up to date.

## **2. Internal Audit Purpose**

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Council to deliver economic, efficient, effective and equality services and achieve the Council’s vision, priorities and values.

## **3. Statutory Requirement**

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015 (as amended in 2020 in respect of the Coronavirus Act requirements). Under these Regulations, the “Council” ‘must ensure that it has a sound system of internal control which:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

The Council ‘must, each financial year (a) conduct a review of the effectiveness of the system of internal control’ and ‘(b) prepare an annual governance statement.’

In addition, the Council ‘must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’, described below.

This statutory role is recognised and endorsed within the Council’s Financial Regulations. In addition, the Council’s S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority’s financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

#### **4. Internal Audit Responsibilities and Scope**

Annually, the Head of Internal Audit and Investigation is required to provide to the Audit Committee an overall opinion on the Council’s internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council’s operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council Risk Registers). Consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure that audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation’s risk management arrangements and risk exposures relating to:

- Achievement of the organisation’s strategic objectives;
- Reliability and integrity of financial and operational information;



- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

## 5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and identify concerns. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Internal Audit and Investigation has direct access to, and freedom to report in their own name and without fear or favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Head of Internal Audit and Investigation's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chair of the Audit Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

## 6. Reporting Lines

Regardless of line management arrangements, the Head of Internal Audit and Investigation has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Chair of the Audit Committee; the Leader of the Council and the Council's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chair of the Audit Committee – on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan.

## 7. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Anti-Corruption Strategy.

The Head of Internal Audit and Investigation should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and anti-corruption culture within the Council to aid the prevention and detection of fraud.

## 8. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken, this will be reported to the Audit Committee.

## 9. Resources

The work of Internal Audit is driven by the annual Internal Audit and Investigation Plan, which is approved each year by the Audit Committee. The Head of Internal Audit and Investigation is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit and Investigation is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Internal Audit and Investigation may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

## 10. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards 2017 (PSIAS), the Accounts and Audit Regulations (2015), as amended 2020 and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;

- The relative complexity, materiality or significance of matters to which assurance procedures should be applied;
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

## 11. Quality Assurance

The Head of Internal Audit and Investigation will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS, is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its Charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the Council’s Annual Governance Statement.

January 2024

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<b>TITLE</b>	<b>Audit Committee Effectiveness Self-Assessment</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This report provides assurance that the Council's Audit Committee has considered its arrangements and effectiveness, and that an improvement plan is in place to further enhance the value that the Committee adds to the Council's overall governance arrangements.

## **RECOMMENDATION**

That the Audit Committee: -

- 1) Reviews and agrees its annual assessment of the Committee's effectiveness at Appendix A based on the October 2022 CIPFA guidance on local authority audit committees;
- 2) Reviews and agrees the associated action plan

## **SUMMARY OF REPORT**

The effectiveness of the Audit Committee has been reviewed in line with the Chartered Institute of Public Finance (CIPFA) self-assessment of good practice. The overall effectiveness was found to be satisfactory with a few areas of improvement which require consideration.

The overall score has increased from 162/200 to 179/200. Since the previous review in February 2023 the main changes have been the update to the Committee's terms of reference in line with the CIPFA best practice and the appointment of a second independent member to the Committee.

The two main improvement points for the Committee to consider are to ensure that the Committee's annual report to Council explicitly refers to this self-assessment and action plan and to proactively see feedback from stakeholders on the Committee's performance. In addition, there are six minor areas for improvement identified. These are detailed in the action plan element of this report.

## Background

Recommended practice is for audit committees to review and assess themselves annually, or to seek an external review. The results of the assessment should be available in the annual report to full Council from the committee. Last year, the Committee undertook its first self-assessment against the CIPFA Position Statement on Audit Committees in Local Authorities. This was reported to the February 2023 Audit Committee.

## Analysis of Issues

This year's assessment has seen an overall improvement from a score 162/200 to 179/200. The most significant areas of improvement have been the update of the Committees Terms of Reference to bring it in line with CIPFA best practice and the appointment of the second independent member of the Committee. The Committee has also strengthened its annual report to Council in May 2023 and met privately with External and Internal Audit. The Committee has undertaken a knowledge and skills assessment that shows that collectively the Committee possess the knowledge and skills identified by CIPFA. As part of the Internal Audit External Quality Assessment the Committee has received assurance that the Council is operating in accordance with the CIPFA Statement on the Role of the Head of Internal Audit. The Committee has strengthened its oversight of Fraud and Corruption and will consider an assurance map at its February meeting.

This year's assessment has identified two moderate areas for improvement: referencing this self-assessment and action plan in its annual report and to obtain feedback from stakeholders on the Committees performance. In addition, there are six minor areas for improvement covered by five actions.

## Action Plan

The ref in the table below relates to the number of the good practice question in Appendix E. The first two actions are moderate improvements the remaining actions are minor improvements.

Ref	Action	Owner	Date
8	Audit Committee Annual Report to Council report on compliance with the 2022 CIPFA Position Statement and results of this evaluation and development work undertaken and planned improvements	Chair	March 24
20	Audit Committee to obtain feedback from stakeholders on the Committees performance.	Chair	May 24
10	Authors of Audit Committee reports to ensure that there is an explicit link within the report to the Committees terms of reference	Clerk	Feb 25
14	Political Leaders to be provided with the knowledge and skills required of Committee members prior to nominating members.	AD Governance	May 24
16	Following nomination of new Committee members in May 2024 undertake a knowledge and skills survey to identify any learning and training needs	Governance and Risk Manager	June 24

25 & 27	Audit Committee Annual Report to Council to fully capture the value that the Committee adds to the Council including recommendations to improve governance, risk and internal control.	Chair	March 24
29	Individual Audit Committee Members to participate in the self-assessment process.	Governance and Risk Manager	Feb 25

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources 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

<b>Other financial information relevant to the Recommendation/Decision</b>
None

<b>Cross-Council Implications</b>
An effective Audit Committee is central to the effective governance and assurance framework over the Council's risks and controls to delivering the Council's vision and objectives. In a challenging economic environment good governance is particularly important to reassure stakeholders that the Council is well run and delivery value for money.

<b>Public Sector Equality Duty</b>
The Council has not identified any equality duty impacts from the work of the Committee.

<b>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></b>
The Audit Committee has sought assurances on the Council's management of the Climate Change risk and ensuring that the level of risk is understood by Council.

<b>Reasons for considering the report in Part 2</b>
Not applicable.

<b>List of Background Papers</b>
CIPFA Position Statement on Audit Committees in Local Authorities

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# Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

## Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

\* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> <li>compliance with the CIPFA Position Statement 2022</li> </ul>																									
<ul style="list-style-type: none"> <li>results of the annual evaluation, development work undertaken and planned improvements</li> </ul>																									
<ul style="list-style-type: none"> <li>how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>																									
<b>Functions of the committee</b>																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> <li>financial management</li> <li>value for money</li> <li>ethics and standards</li> <li>counter fraud and corruption</li> </ul>																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Partially complies and extent of improvement needed				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

### Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?										
<ul style="list-style-type: none"> <li>Separation from executive</li> </ul>										
<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>										
<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>										
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?										
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?										
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?										
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?										
18 Is adequate secretariat and administrative support provided to the committee?										
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?										

### Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?										
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?										
22 Are meetings effective with a good level of discussion and engagement from all the members?										
23 Has the committee maintained a non-political approach to discussions throughout?										

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
<b>Subtotal score</b>						
<b>Total score</b>						
<b>Maximum possible score</b>						<b>200**</b>

\*\* 40 questions/sub-questions multiplied by five.

<b>TITLE</b>	<b>Assurance Mapping</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

To describe the assurance framework which currently exists for the Council, in the interests of clarity and transparency, to aid understanding of how they all work together and to support improvement of practice.

## **RECOMMENDATION**

That the Audit Committee: -

- 1) Reviews the work undertaken on the Assurance Map and makes suggestions for improvement.
- 2) Utilises the Assurance Map to understand how, where and when the Council derives its assurance and use this to strengthen the assurance provision and to reduce duplication/strengthen co-ordination.

## **SUMMARY OF REPORT**

Local authority governance is critically important in this era of financial pressure and rapid change. Local governance arrangements are being stretched and tested as local authorities take on more risks and look for innovative ways to deal with funding pressures and growing demand for services.

Assurance mapping is recognised as a good tool to support Audit Committees in their role of providing independent assurance of the organisation's internal controls and risk management. It is proposed to use this technique to plan and prioritise the Committee's work programme for 2024/25 so that the Committee fulfils its terms of reference.

The report provides the Committee with the first draft of an assurance map for the Council. The report uses the Local Government Association (LGA's) draft Assurance and Improvement Framework to identify the governance arrangements of the Council and utilise this to map the different high-level sources and types of assurance the Council receives.

The attached Assurance Map at Appendix A is intended to be a starting point for discussion and review that will be developed further, particularly when the LGA has published the final results of its work in this area.

The Audit Committee can utilise the Assurance Map when considering the plans of assurance providers; Internal and External Audit, Risk Management and Management to identify any duplication or gaps that need to be addressed.

## Background

1. Assurance is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. An assurance map is a structured means of identifying and mapping the main sources and types of assurance in an organisation and coordinating them to best effect.
2. There are many opportunities for councils to be held to account and these can contribute to trust in the decision-making process. Councils conduct their business in the most open and transparent way of all public authorities. Decisions are based on openly available written advice, and an overwhelming majority of decisions made in the public interest are made in open public meetings.
  - The structures that reinforce this accountability include:
  - free and fair elections for councillors responsible for making public decisions
  - independent external audit
  - independent regulation of service standards and practice
  - opportunities for individuals and their advocates to complain and seek remedy and redress for service and ethical failures.
3. All councils have internal controls, challenges and practices in place to ensure that they adhere to good governance principles. These include:
  - councillor scrutiny
  - audit and risk controls
  - the publication of annual governance statements
  - everyday actions taken by officers who have statutory roles for financial matters
  - propriety in decision-making
  - responsibility for management arrangements.
4. Currently, there is no document or framework which sets out, in one place, the various required elements of council assurance and how they all fit together.
5. **Assurance**
6. Assurance is information, evidence and evaluation of how local authorities are delivering their duties, functions and outcomes, which can be used to hold them to account and may give confidence. There should be no assumption that assurance will always be gained – in some cases the outcome will be 'not assured'.
7. **How does accountability work?**
8. There are multiple elements of accountability in local government for example:
  - councillors to their constituents
  - the executive to the overview and scrutiny function
  - the executive and the organisation to the audit committee
  - officers to the council (through line management)
  - specific statutory officers to the full council (through reporting responsibilities)

- officers to their professional bodies in relation to professional standards and conduct (where applicable)
- the council for its stewardship of public resources (through external audit)
- the council to ombudsmen / inspectors / regulators
- the council to Government departments (through grant funding arrangements)
- the council to parliamentary select committees (as and when required)
- the council to the courts/ redress schemes
- the council to wider partnerships, bodies and authorities.

## **9. Draft principles of assurance and accountability**

The LGA have drafted principles of assurance and accountability are:

- clarity – who is accountable for what?
- proportionality
- a whole-council approach
- a culture of assurance and accountability
- monitoring against standards / benchmarks / local targets
- data quality / credibility of information
- transparency / public accessibility / intelligibility of information.

## **10. What does ‘good’ look like?**

The LGA consultation draft identifies good practice in local government assurance as including:

- visible collective ownership and leadership of good governance at senior political and managerial levels
- everyone – including wider stakeholders – understands their contribution to assurance
- a learning organisation: self-awareness, open to challenge
- assurance as a constant management process, not a one-off event
- assurance activity increases as risk increases
- assurance supports achievement of priority outcomes
- good communication with the public on performance and how they can contribute to holding the council to account
- regional / sub-regional / national oversight, challenge and support

11. The Three Lines of Defence Model outlines how assurance is provided. Both the first and second lines of defence are operated by management. The third line of defence is independent of management is fulfilled by internal audit. First and second line roles may be blended or separated. Some second line roles may be assigned to specialists to provide complementary expertise, support, monitoring, and challenge to those with first line roles. Second line roles can focus on specific objectives of risk management, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance. Alternatively, second line roles may span a broader responsibility for risk management, such as enterprise risk management (ERM). However, responsibility for managing risk remains a part of first line roles.

## Analysis of Issues

12. In May 2023 the LGA launched a consultation on the Assurance and Improvement Framework that sought to map the interaction of the Council's Assurance and Improvement components for a local authority. We have utilised this as the basis of our assurance map.
13. The high-level objective of the Assurance Map is to provide an overview of the Council's governance on a single page. The Assurance Map complements the Council's Local Code of Corporate Governance. These two documents are twins and should be read together.
14. The Council is a part of a complex system and has multiple stakeholder demands. This complexity is reflected in the sources of assurance. The Assurance Map provides a high-level view of the governance system and how assurance is provided over each competent. The challenge the Assurance Map is attempting to fulfil is to integrate both the governance system and assurance in a single view for the Council.
15. One issue that we have identified when reviewing assurance provision is that there are many different assurance ratings and that these have different meaning. Many providers of assurance have their own ratings and some assurance is not formally rated. We have attempted to interpret these assurance ratings using a simple RAG status but acknowledge that this is a simplification and that there is the danger of loss of nuance and important context. The majority of these are outside the Council's control but, where they are, the Audit Committee should support the adoption of a common assurance language throughout the Council.
16. It is important that everything the Council does is subject to a value for money test, and this applies equally to governance. Learning from others attempts to produce assurance maps have demonstrated that they can absorb resources greater than their benefits without stakeholder engagement. We have therefore tried to create a simple first draft to test with the Committee if this approach is going to add value to them. We can then add further detail where the Committee identifies that it adds value.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources 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
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<b>Other financial information relevant to the Recommendation/Decision</b>
Effective governance supports the mitigation of financial risks associated with the Council achieving its objectives.

<b>Cross-Council Implications</b>
Good governance influences all areas of the Council – assurance mapping is one of the ways assurances is provided that the Council’s key priorities and objectives will be achieved.

<b>Public Sector Equality Duty</b>
This is an information report.

<b>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></b>
Assurance mapping supports the identification of effective assurance over the key priorities for the Council.

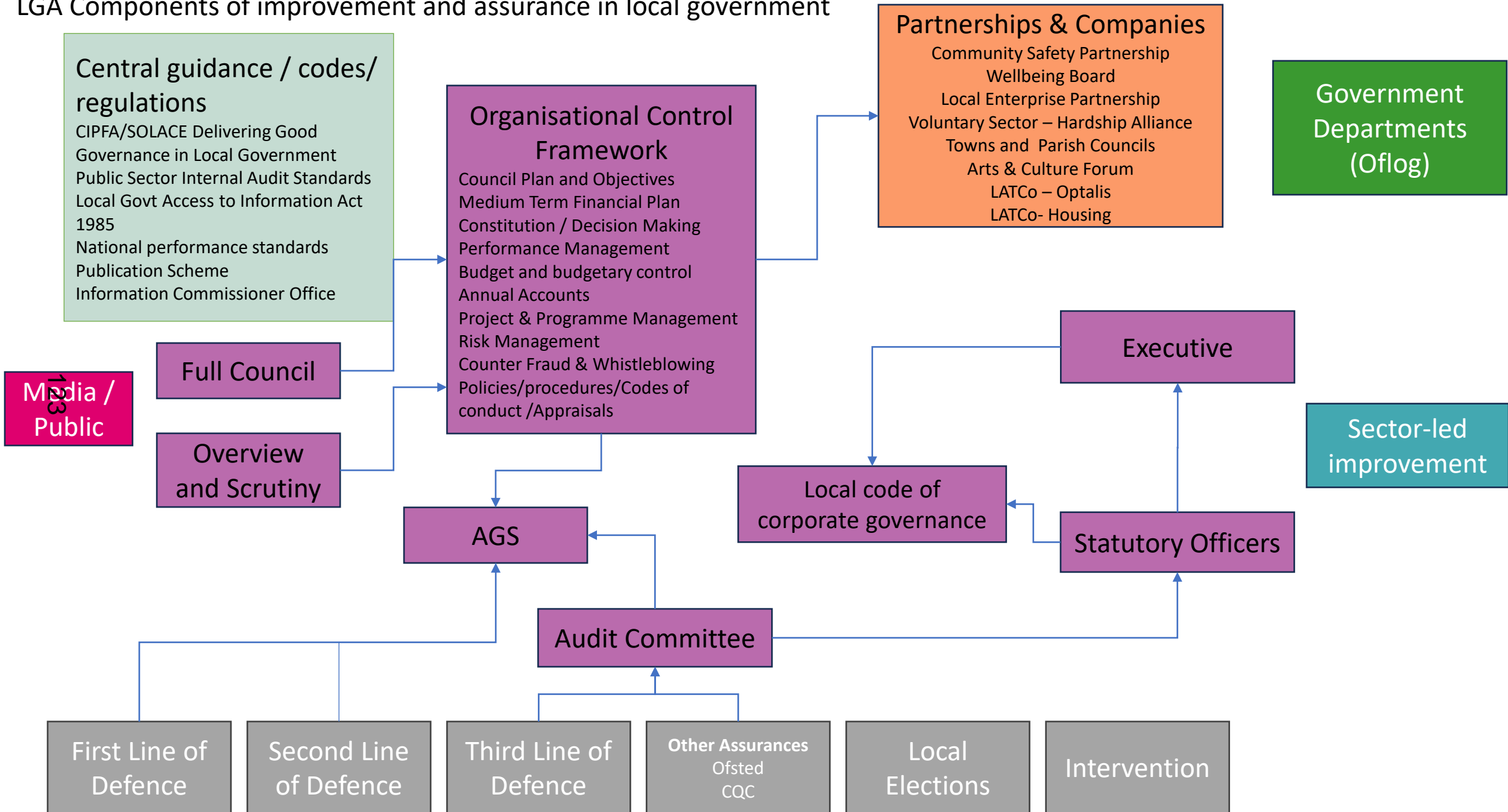
<b>Reasons for considering the report in Part 2</b>
Not applicable.

<b>List of Background Papers</b>
LGA Assurance and Improvement Framework.

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# LGA Components of improvement and assurance in local government



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# Agenda Item 57.

<b>TITLE</b>	<b>Audit Committee Annual Report 2023-24</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 7 February 2024 Council on 21 March 2023
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This is the annual report of the Audit Committee and covers the municipal year 2023/24. The format of the report has been developed to enable the reader to form a view about the effectiveness of the Committee's activities during the year and its oversight of the Assurance and Risk Management Frameworks within which Wokingham Borough Council operates.

## **RECOMMENDATION**

- 1) The Audit Committee is recommended to review the draft annual report for 2023/24 (at Appendix 1), agree any amendments and finalise in preparation for presentation to Council on 21 March 2024 by the Chair of the Audit Committee.

## **SUMMARY OF REPORT**

In accordance with CIPFA (The Chartered Institute of Public Finance & Accountancy) Audit Committee Guidelines for Local Authorities 2018, it is recommended practice for an annual public report to be produced and reported to Council demonstrating how the committee has discharged its responsibilities.

## Background to Annual report of Audit Committee

A draft report of the activities of the committee for the financial year 2023/24 has been prepared and is included within Appendix 1. It has previously been circulated for review and comment to Audit Committee members. It is proposed that any suggested amendments/additional comments are discussed and agreed at the committee.

The final report will then be produced for the Chair of the committee, to schedule and present to Council on 21 March 2024.

Compliance with CIPFA's guidance for Local Authority Audit Committees 2018, demonstrates the committee's commitment to high standards and the production of the annual report demonstrates the role the committee exercises in being a key component of good governance for Wokingham Borough Council.

## 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

The work of the Audit Committee spans all aspects of the Council's governance, risk and internal control arrangements.

### Public Sector Equality Duty

This is a report for information only.

***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***

There are no specific implications arising from this report.

### Reasons for considering the report in Part 2

Not applicable.

<b>List of Background Papers</b>
None

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# **WOKINGHAM BOROUGH COUNCIL**

## **DRAFT Audit Committee Annual Report 2023/24**

For approval at Audit Committee 7 February 2024

## **Foreword by Councillor Rachel Burgess - Chair of Audit Committee**

I am pleased to introduce the annual report of the Audit Committee, summarising the contribution the committee made during the 2023/24 Municipal Year to the achievement of good governance, effective internal control, and strong public financial and governance reporting within the Council.

All members of the committee bring a balanced, independent, and objective approach to business of the committee. The committee is well supported by several officers who regularly attend meetings and offer their expertise, and I would like to thank both committee members and officers for their contributions this year.

The committee has provided robust challenge and meaningful review of the Council's arrangements for risk, governance and audit, and in particular has:

- Overseen the production of the Annual Governance Statement for 2022/23 and monitored the progress of improvement actions;
- Received and reviewed in detail assurance reports on the key aspects of the Council's internal control arrangements, including risk management and financial governance, providing robust challenge to our arrangements and monitoring for areas in need of improvement;
- Provided oversight to the Council's internal audit function ensuring it meets the highest standards of good practice, receiving the annual report and opinion alongside regular updates on progress against the internal audit plan, including follow up in relation to limited assurance reviews.
- Monitored progress of the Council's statutory accounts which are subject to completion of the external audit; and
- Received regular updates and formal reports from the Council's External Auditor.

The committee continues to work hard with officers to understand and strengthen governance arrangements across the Council, and to ensure that risks are escalated appropriately. During the year the committee has built upon the cycle of internal control approach to officer reporting introduced in the 20/21 municipal year, with a continued focus, which remains non-political, on ensuring that governance arrangements are robust and that there is appropriate democratic oversight.

The committee seeks to continually improve in its role. Following formal annual evaluation of the committee in February 2023, a number of improvements have been introduced during the year 2023/24. These include the appointment of a second independent member of the committee, closer links and interaction between the committee Chair and the Head of Internal Audit and Investigation including the opportunity for the Committee to meet in private with both the Head of Internal Audit and the External Auditor, a skills audit of committee members, and effective training of members, in particular with regard to risk management and the role of an effective audit committee. The re-appointment of a committee Chair in 2023/24 who is not a

member of the ruling party builds further on previous positive steps towards independence from politically-motivated discussion.

In what are extremely challenging times for local authorities across the country, there is no room for complacency in the Audit Committee, and further improvements are planned for the forthcoming year. The committee continues to adopt a varied work programme informed by a recent study of the Council's "assurance map," receiving annual assurance reports to provide routine oversight of arrangements, but taking a flexible and agile approach, adapting to emerging issues and concerns. We welcome feedback from members, officers, auditors, and the public in pursuit of our aims as a committee and to ensure continual improvement.

Councillor Rachel Burgess

Chair Audit Committee

## 1. INTRODUCTION

This annual report to Full Council demonstrates the importance the Council places on the authority's governance arrangements. The Chartered Institute for Public Finance and Accountancy (CIPFA) describes the overall aim of good governance as:

“to ensure that resources are directed in accordance with agreed policy and according to priorities that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities”

*CIPFA Delivering Good Governance in Local Government Framework 2016 Edition (the Good Governance Framework)*

Good governance is ultimately the responsibility of Full Council as the governing body of Wokingham Borough Council. This report provides assurance as to the way in which the Audit Committee has discharged its role to support Full Council in this responsibility.

In addition, the report underpins the Annual Governance Statement, whose production is overseen by the committee, and will be provided to all Members. In particular, the report on the work of the Council's Audit Committee demonstrates how the committee has:-

- Fulfilled its terms of reference;
- Complied with national guidance relating to local government audit committees; and
- Contributed to strengthening risk management, internal control and governance arrangements.

## 2. COMMITTEE INFORMATION

### Role of Audit Committee

The audit committee is appointed by Full Council to support the discharge of its functions in relation to good governance by providing a high-level focus on audit, assurance and reporting. CIPFA defines the purpose of an audit committee as follows:

1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
2. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Audit Committees – Practical Guidance for Local Authorities and Police (2018)

The Terms of Reference for the Audit Committee are reviewed regularly against current regulations, CIPFA position statement and guidance for audit committees and best practice in comparable authorities.

The latest review of the Committee's effectiveness took place in February 2024 providing further assurance of compliance against the CIPFA position statement and resulting in further, relatively minor, actions to strengthen effectiveness.

The core functions of the committee, reflected in its Terms of Reference, are to:

- Consider the Council's arrangements relating to the Accounts;
- Consider the Council's arrangements relating to external audit requirements;
- Review the adequacy of policies and practices to ensure compliance with statutory and other guidance;
- Review the adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management);
- Consider the Council's arrangements relating to internal audit requirements.

## **Membership**

For the 2023/24 municipal year there were seven elected members and two non-voting independent member appointed to the committee. The Committee was pleased to welcome a second non-voting independent with effect from September 2023:

- Councillor Rachel Burgess (Chair)
- Councillor Mike Smith (Vice Chair)
- Councillor Sam Akhtar
- Councillor David Davies
- Councillor Peter Harper
- Councillor Jordan Montgomery
- Councillor Stephen Newton
- Mike Drake (Independent Member)
- Sandeep Vig (Independent Member) – from September 2023

## **Independence of the committee**

As a Council appointed committee, the Audit Committee is appointed in accordance with the requirements of political balance but, in line with CIPFA guidance and best practice, strives for political neutrality. Michael Drake was appointed in September 2022 as a non-voting Independent Member to the committee with Sandeep Vig appointed in September 2023. The introduction of independent members to the committee has enhanced the independence of the committee as it discharges its

functions. In addition, the professional experience and knowledge of its independent members, gives depth and insight to the robust challenge the committee provides in considering the assurances received.

### **Knowledge and Skills Framework**

Members bring with them a range of knowledge and skills from their working life and elected representative roles to the work of the committee. The skills and knowledge of the committee are further complemented by those of the Independent Members, who has brought with them a wealth of knowledge and experience in an audit setting and applies this knowledge, skill and experience to Wokingham Borough Council. A programme of development has been undertaken during the year to ensure that new members of the committee have the necessary knowledge and skills to discharge the functions of the committee – this has included specific training in Risk Management (November 2023) and more general training from CIPFA on the role and functions of Audit Committees in May 2023.

Further e-briefings have been provided to the committee from, for example CIPFA, to ensure that all Members remain up to date and informed to enable fulfilment of the committee's role.

In addition, the Chair attends meetings of the South East Regional Audit Forum, a body set up to share good practice and topical information with expert speakers.

The committee looks forward to participating in further development opportunities over the 2024/25 municipal year which will commence with an introductory session led by CIPFA in May 2024.

### **Operation of the committee**

The committee has met on five occasions during the year with meeting dates structured around the receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements for production of the Accounts and Annual Governance Statement. This frequency of meetings ensures the committee can fulfil its responsibilities in an efficient and effective way.

All meetings of the committee are streamed live on YouTube to facilitate easy access to the committee for residents, members of the press, and other interested parties.

The committee is supported by several officers who attend regularly and bring expertise in relation to finance, corporate governance, internal audit, legal compliance, and risk management. In addition, during the year the Committee has been attended by the Chief Executive, Deputy Chief Executive (and Chief Finance Officer), and various directors from the Corporate Leadership Team.

The work undertaken by the committee to support their approval of the Annual Governance Statement and Accounts, and in furtherance of the core functions of audit committees identified by CIPFA, is summarised in this section. The Accounts and Annual Governance Statement Council has delegated to the committee the

authority to approve the Council's Annual Governance Statement and the audited Statement of Accounts on behalf of the Council.

The committee considered the 2022/23 Annual Governance Statement in June 2023, and went on to monitor implementation of improvement actions at its November 2023 meeting. As part of its review, the committee considered the Local Code of Corporate Governance, reflecting the seven principles of good governance set out in CIPFA Good Governance Framework.

The committee received regular updates on the auditors' sign off of the 2020/21 Statement of Accounts which took place in summer 2023. During consideration of the accounts the committee sought assurance from officers on matters including the Council's MRP (minimum revenue provision) method for paying debt and received confirmation that the method is recognised in statutory guidance and in line with other authorities. Members also sought and received assurance on changes to the accounting treatment of infrastructure assets.

### **External Audit**

The committee plays a significant role in overseeing the Council's relationship with its external auditors, and takes an active role in reviewing the external audit plan, progress reports and annual report setting out the findings of the value for money review. Ernst & Young (EY) is the Council's current appointed auditor, and will continue for the 2022/23 accounts, after which the appointment will come to an end. EY will be replaced by KMPG as the appointed auditors for the 2023/24 accounts and beyond.

During the year, the committee has received regular reports and verbal updates from the external auditor setting out progress against the external audit plan for the 2021/22 and 2022/23 accounts.

**(Will need to update on latest position following 7 Feb Audit Committee)**

### **Internal Control**

The committee has responsibility for monitoring the effectiveness of the Council's system of internal control and management of corporate risks. Through robust consideration of annual assurance reports in relation to a wide range of internal controls the committee has obtained assurance that relevant systems and processes are documented and defined; clearly communicated; effectively embedded; meaningfully monitored; and reviewed and refined.

### **Internal Audit**

The committee works closely with the internal audit function, both overseeing the independence and effectiveness of the service, and receiving assurance from the

service as to the adequacy and effectiveness of the Council's internal control environment.

The committee has received and considered regular reports from the Head of Internal Audit and Investigation throughout the year providing updates on progress against the 2023/24 Internal Audit and Investigation Plan, together with information relating to the wider work of the Internal Audit section. The committee are advised of the outcomes of every internal audit review, with greater depth, and follow up reviews, provided in relation to reviews resulting in limited assurance (category 3 level of assurance).

During the course of the 2023/24 municipal year the committee has considered one review (to date) identifying limited assurance overall:

- Information governance

In June 2023, the committee received and considered the Internal Audit & Investigation Annual Report and noted a satisfactory overall opinion for 2022/23. The committee was satisfied that the work undertaken to support the opinion had been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing. Assurance on the work of the internal audit team was further bolstered in September 2023 when the results of the external quality assurance review were reported which concluded that the function meet the highest category of assurance in compliance with the Public Sector Internal Auditing Standards (PSIAS).

The committee reviewed and agreed the annual risk based audit plan for the 2024/25 year in February 2024.

## **LOOKING FORWARD**

The committee will approve its work programme for the 2024/25 municipal year at its June 2024 meeting setting out the receipt of regular update reports and annual assurance reports. Through the continuing receipt of regular reports, the Audit Committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the authority to ensure that our arrangements are up to date and fit for purpose, communicated, embedded and routinely complied with.