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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 19 JULY 2023** AT **7.00 PM**

Susan Parsonage
Chief Executive

Published on 11 July 2023

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

Our Vision
A great place to live, learn, work and grow and a great place to do business

Enriching Lives

- Champion excellent education and enable our children and young people to achieve their full potential, regardless of their background.
- Support our residents to lead happy, healthy lives and provide access to good leisure facilities to enable healthy choices for everyone.
- Engage and empower our communities through arts and culture and create a sense of identity for the Borough which people feel part of.
- Support growth in our local economy and help to build business.

Providing Safe and Strong Communities

- Protect and safeguard our children, young and vulnerable people.
- Offer quality care and support, at the right time, to reduce the need for long term care.
- Nurture our communities: enabling them to thrive and families to flourish.
- Ensure our Borough and communities remain safe for all.

Enjoying a Clean and Green Borough

- Play as full a role as possible to achieve a carbon neutral Borough, sustainable for the future.
- Protect our Borough, keep it clean and enhance our green areas for people to enjoy.
- Reduce our waste, promote re-use, increase recycling and improve biodiversity.
- Connect our parks and open spaces with green cycleways.

Delivering the Right Homes in the Right Places

- Offer quality, affordable, sustainable homes fit for the future.
- Ensure the right infrastructure is in place, early, to support and enable our Borough to grow.
- Protect our unique places and preserve our natural environment.
- Help with your housing needs and support people, where it is needed most, to live independently in their own homes.

Keeping the Borough Moving

- Maintain and improve our roads, footpaths and cycleways.
- Tackle traffic congestion and minimise delays and disruptions.
- Enable safe and sustainable travel around the Borough with good transport infrastructure.
- Promote healthy alternative travel options and support our partners in offering affordable, accessible public transport with good transport links.

Changing the Way We Work for You

- Be relentlessly customer focussed.
- Work with our partners to provide efficient, effective, joined up services which are focussed around our customers.
- Communicate better with customers, owning issues, updating on progress and responding appropriately as well as promoting what is happening in our Borough.
- Drive innovative, digital ways of working that will connect our communities, businesses and customers to our services in a way that suits their needs.

Be the Best We Can Be

- Be an organisation that values and invests in all our colleagues and is seen as an employer of choice.
- Embed a culture that supports ambition, promotes empowerment and develops new ways of working.
- Use our governance and scrutiny structures to support a learning and continuous improvement approach to the way we do business.
- Be a commercial council that is innovative, whilst being inclusive, in its approach with a clear focus on being financially resilient.
- Maximise opportunities to secure funding and investment for the Borough.
- Establish a renewed vision for the Borough with clear aspirations.

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors
Rachel Burgess (Chair)   Mike Smith (Vice-Chair)   Sam Akhtar
David Davies   Peter Harper   Stephen Newton
Jordan Montgomery

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

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 7 JUNE 2023 FROM 7.00 PM TO 8.50 PM**

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

Also Present
Madeleine Shopland, Democratic & Electoral Services Specialist
Graham Cadle, Assistant Director Finance (online)
Catherine Hickman, Head of Audit and Investigations
Andrew Moulton, Assistant Director Governance
Paul Ohsan Ellis, Governance and Risk Manager
Mark Thompson, Chief Accountant (online)
Susan Parsonage, Chief Executive (online)
Hannah Lil, EY (online)
Hannah Thompson, EY (online)
Janet Dawson, EY (online)

1.   ELECTION OF CHAIR 2023-24
RESOLVED: That Councillor Rachel Burgess be elected Chair for the 2023-24 municipal year.

2.   APPOINTMENT OF VICE CHAIR 2023-24
RESOLVED: That Councillor Mike Smith be appointed Vice Chair for the 2023-24 municipal year.

3.   APOLOGIES
There were no apologies for absence.

4.   MINUTES OF PREVIOUS MEETING
The Minutes of the meeting of the Committee held on 1 February 2023 and the Minutes of the Extraordinary meeting held on 13 March 2023 were confirmed as a correct record and signed by the Chair.

The Chair suggested that the action tracker should be a rolling action list, and that a column be added to indicate whether the action was open or closed. She went on to state that at the February the Committee had requested that the Director of Children's Services attend a future meeting. This invitation remained outstanding. In addition, information had been circulated which responded to the financial actions identified at the 13 March meeting.

5.   DECLARATION OF INTEREST
There were no declarations of interest submitted.

6.   PUBLIC QUESTION TIME
There were no Public questions.

7.   MEMBER QUESTION TIME
There were no Member questions.

8.   AUDIT PROGRESS UPDATE

The Committee received an update on the progress of the audit from Hannah Lill, Helen Thompson and Janet Dawson, EY.

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

- A written update would be circulated following the meeting.
- Helen Thompson indicated that she had been the auditor for the Council and that 2020/21 was her sixth year of signing the accounts. Janet Dawson would pick up the audit for 2021/22 and 2022/23. Following that KPMG would take over as the new auditors. Helen indicated that she was leaving EY later in the year and that this arrangement outlined would help ensure a smooth transition.
- The Committee was informed that the audit of the accounts year ended 31 March 2021 remained open and the audit opinion had not yet been issued. Work was complete other than in a small number of areas. The primary reason for the delay related to assurance from the pension fund auditors. There had been delays associated with the administering body of Berkshire Pension Fund, Royal Borough of Windsor and Maidenhead Council. The assurance letter initially sent had contained a caveat which had meant that EY had been unable to issues its opinion. A revised letter had now been sent which removed this caveat, however it contained new wording regarding control weaknesses, which warranted further clarification.
- The delay to 2019/20 had had an ongoing impact.
- Members were informed that the longer an audit stayed open, the greater the risk that further issues would arise.
- Two further issues had been identified at national level – accounting for infrastructure assets (now resolved) and the triennial report for the pension fund. Issues could also arise from quality reviews, which needed to be taken into account as part of the audit approach.
- Hannah Lill commented that the audit results report had been issued in March 2023. At the time it was reported that work was largely complete, other than completion of work around the pension liability valuation. Since then, two further issues had arisen which needed to be addressed before the audit opinion on the 2021 financial statements could be issued. The first was the triennial pension valuation. Changes to the roll forward position using the previous March 2019 valuation had been identified. A review of these changes was required to ascertain if there was an impact on the March 2021 IS 19 Report issued by the actuary. This review had been completed and no amendment was considered necessary. Only documentation of conclusions remained outstanding. With regards to the second factors, following regulatory findings within EY for other audits, the classification of cash and cash equivalents on all open audits had been re-reviewed. Management had been asked to review the classification of assets held as cash and cash equivalents. As a result, an adjustment would be required to the financial statements.
- The other areas that remained open related to the IS19 letter with Deloitte. EY had challenged the area around significant control deficiencies reported. Deloitte had indicated that they could undertake some more work on this area, but it would be delayed. EY was consulting internally as to whether further progress could be made without the additional report from Deloitte.

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- An updated going concern assessment would be prepared to finalise work in that area.
- The 2021/22 audit was on track with the timescale agreed with officers. The main year end audit was due to start on 26 June.
- EY were liaising with officers regarding the timing of the 2022/23 audit.
- Councillor Davies asked whether costs could be recouped with regards to pensions issue. The Assistant Director Finance indicated that there was no such mechanism. Officers were speaking with the pension authority and the Royal Borough of Windsor and Maidenhead Council to try to expedite progress. He added that officers had a good relationship with EY and were frustrated by how the 202/21 was still not finalised. All the Berkshire local authorities were in a similar situation, albeit stuck at different stages.
- The Chair noted the internal consultation within EY regarding progression relating to the pensions matter. She questioned when the Committee would be updated on this, and also when they would be updated on the 2021/2 audit progress. Helen Thompson responded that this consultation would hopefully take place the following week. If it was possible to progress EY would move forwards on disclosures for cash and cash equivalents. Potentially signing could take place in July. With regards to the 2021/22 audit, resources were in place to complete the bulk of the work by September. However, a letter of assurance around the pension element would still be required from Deloitte. It was hoped that an update would be provided to the Committee in November.
- The Assistant Director Finance indicated that consideration had been given as to whether to progress without full assurance and qualify the accounts. However, this would have an ongoing impact.
- Janet Dawson stated that the government was looking at if there was a different way the system could be progressed, and had been in conversation with officers from the Department of Levelling Up and Housing and Communities and also the Shadow System Leader within the Financial Reporting Council.
- Councillor Smith referred to the meeting of the Berkshire Pension Advisory Panel referred to at the Committee meeting on 1 March, at which it had been said that the issue was with the Royal Borough of Windsor and Maidenhead Council accounts as opposed to the pension element. He questioned whether the minutes of the Advisory Panel could be used for assurance purposes. Helen Thompson indicated that there was nothing which EY could place further reliance on, such as a report from Deloitte. Further issues had also been identified which required resolution.
- Mike Drake asked for further information around cash and cash equivalents. Helen Thompson indicated that it had emerged from quality findings. Hannah Lill added that as a result of external quality reviews on a number of audits, EY had been asked to revisit all open audits and ensure that the work over cash and cash equivalents had included an analysis against the requirement for items to be included in that category of the financial statements. As part of that review, officers had identified a portion of investments that should have been reclassified as short-term investments instead of cash and cash equivalents. Officers had been working through that and the required amendments to the 2020/21 financial statements.
- Councillor Newton indicated that he had recently been appointed as the Council's representative on the Berkshire Pension Advisory Panel. He offered to put forward any questions that Members and officers might have. He also indicated that he felt that the audit should not be fully progressed until assurance had been fully provided by Deloitte.

RESOLVED: That the update on the audit progress be noted.

9.   CORPORATE RISK REGISTER

The Governance and Risk Manager introduced the Corporate Risk Register.

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

- The Chief Executive indicated that the Council's top risks were budget and financial resilience and; Health and Social Care reform.
- A new risk, Risk 21 Housing Need, had been added.
- Risk 16 Public transport, had been removed following the successful tender and announcement of additional funding for buses. Risk 19 Election Administration, had been removed following a successful election.
- The Chief Executive went on to highlight other changes to the Corporate Risk Register such as the strengthening of Risk 13 – Safeguarding Adults, and an update to Risk 9 Cyber Security.
- With regards to the Budget and Financial Resilience risk, the Chief Executive emphasised that the Council faced a number of challenges, such as increased demand for Adult Services and Children's Services, and increased complexity of cases, and also a net reduction in the budget as the result of inflation.
- Councillor Harper stated that the Medium Term Financial Plan was listed as an existing control for Risk 1 Budget and Financial Resilience. He questioned whether it was a valid control as capital expenditure for the Barkham Solar Farm was not listed within the MTFP. He had been informed that as it had been approved by Executive it did not appear on the MTFP, and was of the view that every capital expenditure item should be included. The Assistant Director Finance explained that the timing of the commitment affected when an item was included in the MTFP. At the point it was approved it would be added to the MTFP for the following cycle and into the capital monitoring. With regards to the individual scheme, it was in the carry forwards due to be approved by the Executive in June. The Assistant Director Finance agreed to provide a fuller answer outside of the meeting.
- The Chair suggested that the MTFP as control on its own was potentially insufficient. The MTFP had to be robust and thorough.
- Councillor Harper referred to Risk 14 Children's Safeguarding and the fact that a recent Ofsted inspection had scored Requires Improvement. He questioned whether there should be a separate risk around Children's Services. He felt that Risk 14 was overly narrow. The Chief Executive stated that within the detail of the report more detail had been included around some of the improvements made. When a judgement of Requires Improvement was made it was a journey of improvement. Councillor Harper suggested that that the mitigating actions be amended to highlight some of the improvements made.
- With regards to Risk 18 Elections Act Implementation, Councillor Smith asked how many voters had been turned away before entering the polling station, because they did not have sufficient identification. The Assistant Director Governance indicated that the information collected on polling day was that required of the Council, and that this had been previously circulated to Members.
- Councillor Smith questioned whether controls were insufficient should risks remain high. He also asked whether the risks should be decreasing should relevant controls be in place. The Chief Executive explained that some risks such as Budget and Financial Resilience would continue to be high risk even with controls in place. There were lots of additional external factors over which the Council had no control.
- In response to a question from Councillor Smith regarding Risk 5 Outcomes and Costs for Children with SEND, the Chief Executive stated that funding had been

received for new schools, but they had not been built yet. They would provide additional school places and support. Weekly meetings were held with the DfE SEND Adviser. Internal Gold meetings were held on a weekly basis which focused on the Safety Valve project.

- The Chair commented that the Committee wished for the Director of Children's Services to attend a future meeting.
- Councillor Newton queried whether controls and mitigations intended to bring the risks back down to target. In addition, for Risk 15 some of the mitigations were listed as ongoing. Councillor Newton questioned whether they were actually controls in this instance. The Governance and Risk Manager commented that where a risk was above its target risk the controls and mitigating actions aimed to bring it down to the target level of risk. In theory if all mitigating actions were implemented the risk should reduce. However, external factors could have an impact. With regards to Risk 15 the mitigating actions related to a programme of activity which was planned into the future.
- Councillor Newton suggested that it would be helpful to include an explanation as to why a risk had not been mitigated.
- Councillor Newton questioned whether all the mitigations listed could have a month as well as a year target. He also suggested that an additional column could be included after the dates of the mitigating actions column, to show whether mitigating actions were on track or not. Councillor Newton went on to state that some of the dates had passed, and questioned whether this was the result of timing, or other issues. The Governance and Risk Manager responded that the suggested format changes could be made. In terms of mitigating actions which had passed, the report had been produced in May. Work was underway to complete those still outstanding, but the picture had not been adjusted to indicate where mitigating actions had slipped.
- Mike Drake commented that when the actual risk was above the target risk it was not entirely clear whether the mitigating actions were to mitigate against the current actual risk, or to bring the risk down to target.
- With regards to Risk 2 Corporate Governance, Mike Drake suggested that the review of the Corporate Risk Register by the Audit Committee be included as control.
- With regards to Risk 8 Cyber Security, Mike Drake asked whether the Council's cyber security measures were tested and if so if they should be included as a control.
- Mike Drake queried whether how increased house building and resulting infrastructure would be reflected in relation to Risk 9 Deliver Council's Climate Emergency Action Plan. The Chair added that the risk related to the completion of the Plan. However, a big part of this was the Solar Farm and it was unlikely that this would be connected by 2030. She questioned why the risk was not rated higher. Councillor Harper was of the view that the risk should be red and not amber. He also highlighted that one of the mitigating actions listed was to deliver the plan, which was unhelpful. The Chief Executive responded that she had met with National Grid and Southern Electric about connectivity. A lot of factors were outside of the Council's control. Members suggested that the rating of the risk be re-reviewed.
- Councillor Akhtar stated that it would be useful if risks relating to possible legal challenges, were included.
- The Committee discussed highlighting direction of travel.
- The Chair commented governance of council owned companies had been identified as an area of concern in the case of some failing local authorities. The Assistant

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Director Governance indicated that the governance of council owned companies was discussed, and consideration would be given as to whether it should be included on the Corporate Risk Register.

RESOLVED: That the Corporate Risk Register (at Appendix A) be reviewed to determine that strategic risks are being actively managed.

10. 2022/23 ANNUAL INTERNAL AUDIT AND INVESTIGATION REPORT

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

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

- The Head of Internal Audit and Investigation stated that it had been a successful year for the team.   It was the first year of the new Internal Audit and Investigation service. She highlighted how the team was developing and becoming embedded. For example, relationships had been developed with the Corporate Leadership Team, Chief Executive, and the Chair of the Audit Committee, which had helped to raise the team's profile.
- Mid-year the Chief Financial Officer had requested that the team contribute to the Council's financial savings for the year. A Senior Auditor post had been frozen, and an apprentice post was not recruited to. Some elements of the work programme had been deferred. An in-year review of the Internal Audit and Investigation Plan had been taken to the Committee's September meeting. It had taken these changes into account.
- The team had also undertaken work on behalf three external clients.
- It was noted that the service had achieved its income targets.
- The Committee had been updated on progress made against the 2022/23 Internal Audit and Investigation Plan throughout the year.
- The annual report required the Chief Audit Executive (the Head of Internal Audit and Investigations) to provide an annual opinion on the Council's internal control, risk management and governance framework. From the work undertaken in 2022/23 they had concluded that it was substantially complete and generally effective but with some improvements required.
- The report included a list of high-risk concerns identified in audits throughout the year and the counter measures and targets for actioning those concerns. An action tracker was maintained which was shared regularly with the Chair of the Audit Committee. At the time of reporting there were no outstanding actions which had not been addressed within the agreed timescales.
- The report highlighted any audits which had received a category 3 or 4 audit opinion, the lowest category of audit opinion. Only debtors audit had been rated 3 and none a 4 opinion.
- The Committee was updated on anti-fraud activities which had been undertaken., including the National Fraud Initiative data matching exercise and Empty Property Relief exercise.
- In August and October, there had been an inspection by the Investigatory Powers Commissioners Office regarding the Council's Regulation of Investigatory Powers Act arrangements. Positive comments had been received from the Inspector about the Councils Policy, procedures, and training arrangements.
- The team were required to comply with the standards of their professional body, the Institute of Internal Auditors Public Sector Internal Audit Standards. The Council's was required to have an external review of its Internal Audit Service against these

standards every 5 years. The next review was due and would commence in July 2023, and the results would be presented to the Committee in the summer.

- In response to a question from Councillor Davies, the Chair confirmed that she met monthly with the Head of Internal Audit and Investigation.
- Councillor Harper asked about the 31 people identified as being incorrectly on the housing waiting list during the data matching exercise and the value attached. The Head of Internal Audit and Investigation explained that the value was calculated by the Cabinet Office.
- Councillor Harper went on to ask about what action could be taken if a resident had concerns that a ring-fenced fund was being used incorrectly. He was informed that the team had a reporting line to send information to and that concerns could be looked into.
- With regards to high-risk concerns and agreed management countermeasures, Councillor Newton noted that some of the implementation dates had passed. The Head of Internal Audit and Investigation explained that the annual report had been prepared at the end of March and the dates to which he referred were after that timescale and were therefore not due at the time of reporting. Councillor Newton went on to ask about dates that had been amended and was informed that where dates had moved it was following request from the relevant service manager for an extension to the original target date. Where this had occurred, Internal Audit had discussed this with the relevant service manager and were satisfied with the reasons for the extension request. This was usually for reasons such as resourcing within the service area. Councillor Newton suggested sufficiency of road repairs and efficiency of supplier payment processes as possible areas of review. Members were reminded that the plan was flexible but if items were added, others would be removed.
- Councillor Smith expressed concern that a cyber security audit was not programmed for 2024/25. The Head of Internal Audit and Investigation indicated that the plan could change over time.
- With regards to the National Fraud Initiative data matching exercise, Councillor Smith asked whether sanctions were imposed on those incorrectly using Blue Badges or Concessionary Passes and was informed that they could if that was the option that Council wished to pursue.
- In response to a Member question, it was clarified that the debtors audit had not related to council tax debt as this related to a separate audit review.
- Councillor Akhtar commented that there had been 9 whistleblowing referrals, of which only one had resulted in a preliminary investigation by Internal Audit and Investigation. He questioned whether this was usual and was informed that Internal Audit could recommend other avenues of investigation, such as the relevant department looking at the matter depending on the nature of the referral.
- In response to a question from Mike Drake, the Committee was informed that the three external clients that the Internal Audit and Investigation Service undertook internal audit work for were, Bracknell Forest Council, Hart Council and Rushmoor Council.

RESOLVED: That the Committee reviews and scrutinises

a) The Internal Audit and Investigation Service (IAIS) activity for the financial year end 31 March 2023.

b) Progress in achieving the 2022/23 Internal Audit and Investigation Plan.

11. ANNUAL GOVERNANCE STATEMENT 2022/23 AND LOCAL CODE OF CORPORATE GOVERNANCE

The Committee considered the Annual Governance Statement 2022/23 and Local Code of Corporate Governance.

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

- With regards to the Annual Governance Statement, the Chair reminded Members that the Committee's role was considering whether the document was understandable, was an accurate reflection, contained an audit opinion, and whether the action plan was robust.
- The Code of Corporate Governance set out a framework of what good governance looked like in a local authority, across seven principles.
- Within the Annual Governance Statement there was a self-assessment of compliance with the Code, which officers had completed. This was largely positive. Members were informed that assurance was also received from other sources. For example, each Assistant Director and Director completed a Management Assurance Statement as part of the process. The Head of Internal Audit Opinion had also been referred to.
- Mike Drake commented that the Committee had discussed its role and purpose at the March Committee meeting and had agreed that as a body it provided guidance. However, there was reference within the documents to the Committee providing 'independent assurance.' The Assistant Director Governance agreed to check the documents to ensure that the terminology reflected the most up to date terms of reference.
- Councillor Smith noted that senior officers had received training on the respective roles of officers and Members and working together, and asked whether this could be provided to Members.
- Councillor Smith commented that in Appendix 1 Review of Compliance against Local Code of Corporate Governance, it was difficult to judge why the individual criteria had been judged as a particular assessment. The Assistant Director Governance indicated that officers would look to clarify in the future.
- The Chair suggested that the reasons behind the delays to the account be reiterated to highlight it was due to factors outside of the Council's control.
- Councillor Harper questioned the section headed Openness and Comprehensive Stakeholder Engagement, and referred to a specific example relating to a petition and a Motion. The Assistant Director Governance indicated that there would be a Constitution Review and this issue would be picked up as part of this.
- The Committee would receive a progress report against the Annual Governance Statement action plan, at its November meeting.
- In response to a question regarding external reviews of governance, the Assistant Director Governance referred to the Local Government Association Peer Review. It was agreed that the report of this review would be circulated.
- The Chair suggested that the section relating to the Corporate Parenting Board be augmented. In addition, she felt that further information could be added as to action taken by the Audit Committee e.g. the appointment of an Independent Member. She also referred to a skills audit of the Committee members and private meetings between the Committee and the auditors, without officers present.

RESOLVED: That

1) The Committee review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflected the risk environment and supporting assurances, including the head of internal audit's annual opinion.
2) It be considered whether the annual evaluation for the AGS fairly concluded that governance arrangements were fit for purpose, supporting the achievement of the authority's objectives.
3) the Local Code of Corporate Governance be recommended to Council for approval.

12.   FORWARD PROGRAMME 2023-24

The Committee considered the forward programme for 2023-24.

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

- The Chair questioned the inclusion of items relating to Treasury Management, particularly the Treasury Management Strategy, following amendment of the Committee's terms of reference.
- Councillor Davies referred to Risk 4 of the Corporate Risk Register around uncontrolled building, which referenced the Local Plan Update which was due to be agreed by the Executive in July. He questioned whether Regulations 18 and 19 could be referenced within the risk.
- Members were reminded that the Corporate Risk Register was reviewed on a quarterly basis.
- Councillor Smith suggested that an additional column be added to the forward programme which indicated the expected course of action that the Committee was expected to take for each item.

RESOLVED: That the forward programme be noted.

ACTION	OFFICER	ONGOING/CLOSED
The Chair suggested that the action tracker should be a rolling action list, and that a column be added to indicate whether the action was open or closed	Democratic Services	
Councillor Newton indicated that he had recently been appointed as the Council's representative on the Berkshire Pension Advisory Panel. He offered to put forward any questions that Members and officers might have. He also indicated that he felt that the audit should not be fully progressed until assurance had been fully provided by Deloitte.	Assistant Director Finance	
Councillor Harper questioned the inclusion	Assistant Director Finance	

or otherwise of the Barkham Solar Farm in the MTFP; the Assistant Director Finance explained this was due to timing and agreed to provide a fuller answer outside of the meeting.		
The Chair suggested that the MTFP as control on its own was potentially insufficient. The MTFP had to be robust and thorough.	Assistant Director Finance/ Governance and Risk Manager	
Councillor Harper suggested that mitigating actions for Risk 14 Children's Safeguarding be amended to highlight some of the improvements made.	Governance and Risk Manager / Director Childrens Services	
The Chair commented that the Committee wished for the Director of Children's Services to attend a future meeting.	Director Children's Services	
Councillor Newton suggested that it would be helpful to include an explanation as to why a risk had not been mitigated.	Governance and Risk Manager	
Councillor Newton questioned whether all the mitigations listed could have a month as well as a year target. He also suggested that an additional column could be included after the dates of the mitigating actions column, to show whether mitigating actions were on track or not. Councillor Newton went on to state that some of the dates had passed, and questioned whether this was the result of timing, or other issues. The Governance and Risk Manager responded that	Governance and Risk Manager	

the suggested format changes could be made.		
With regards to Risk 2 Corporate Governance, Mike Drake suggested that the review of the Corporate Risk Register by the Audit Committee be included as control.

With regards to Risk 8 Cyber Security, Mike Drake asked whether the Council's cyber security measures were tested and if so if they should be included as a control. | Governance and Risk Manager | |
Review rating of Risk 9 Deliver Council's Climate Emergency Action Plan.	Governance and Risk Manager/CLT	
The Assistant Director Governance indicated that the governance of council owned companies was discussed, and consideration would be given as to whether it should be included on the Corporate Risk Register.	Governance and Risk Manager	
Councillor Smith noted that senior officers had received training on the respective roles of officers and Members and working together, and asked whether this could be provided to Members.	Assistant Director Governance	
Councillor Smith commented that in Appendix 1 Review of Compliance against Local Code of Corporate Governance, it was difficult to judge why the individual criteria had been judged as a particular assessment. The Assistant Director Governance indicated that officers would look to clarify in the future.	Assistant Director Governance	
The Chair suggested that	Assistant Director	

the reasons behind the delays to the account be reiterated to highlight it was due to factors outside of the Council's control. (AGS)	Governance	
The Committee would receive a progress report against the Annual Governance Statement action plan, at its November meeting.	Assistant Director Governance	
In response to a question regarding external reviews of governance, the Assistant Director Governance referred to the Local Government Association Peer Review. It was agreed that the report of this review would be circulated.		
The Chair suggested that the section relating to the Corporate Parenting Board be augmented. In addition, she felt that further information could be added as to action taken by the Audit Committee e.g. the appointment of an Independent Member. She also referred to a skills audit of the Committee members and private meetings between the Committee and the auditors, without officers present.	Governance and Risk Manager/Assistant Director Governance	
The Chair questioned the inclusion of items relating to Treasury Management, particularly the Treasury Management Strategy, following amendment of the Committee's terms of reference.	Assistant Director Finance	
Councillor Davies referred to Risk 4 of the Corporate Risk Register around uncontrolled building,	Governance and Risk Manager	

which referenced the Local Plan Update which was due to be agreed by the Executive in July. He questioned whether Regulations 18 and 19 could be referenced within the risk.		
Councillor Smith suggested that an additional column be added to the forward programme which indicated the expected course of action that the Committee was expected to take for each item.	Democratic Services	
Mike Drake commented that the Committee had discussed its role and purpose at the March Committee meeting, and had agreed that as a body it provided guidance. However, there was reference within the documents to the Committee providing 'independent assurance.' The Assistant Director Governance agreed to check the documents to ensure that the terminology reflected the most up to date terms of reference.	Assistant Director Governance	

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Wokingham Borough Council

Audit progress update

July 2023

EY
Building a better working world

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

6 July 2023

Dear Audit Committee Members

Audit Progress Report

Pleased find below our Audit Progress Report.

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 2020/21, 2021/22 and 2022/23. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

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,

Helen Thompson

For and on behalf of Ernst & Young LLP

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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.psaa.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 2020/21 audit

2020/21 financial statements

We issued our Audit Results Report in March 2023 and provided a progress update to you in June 2023. Our work was largely complete, other than final completion of our work on the net pension liability valuation where had received an updated assurance letter from the auditor of Berkshire Pension Fund and we were challenging two elements within the letter. We also identified two further issues that had arisen that we needed to address before we could issue the audit opinion on the 2020/21 financial statements. At the date of this report, we are in the process of finalising our work in these areas.

We expect to be in a position to sign your audit report in July 2023.

Area of the audit	Progress to date
IAS 19 assurance letter	We received an updated letter from Deloitte which excludes the previous caveat. However, we challenged two new elements of the letter and have received a response from Deloitte. We consulted internally regarding the response received from Deloitte and we have concluded that we have sufficient assurance over the IAS 19 programme of work.
IAS 19 triennial valuation	We have performed an assessment of the changes between the original and revised IAS 19 reports from the actuaries, taking into account the triennial valuation of the pension fund as at 31 March 2022. We are content that there is no indication of a material impact for 2020/21. We are currently finalising the documentation of our work in this area.
Cash and cash equivalents	We asked management to review the classification of assets held under cash and cash equivalents against the requirements of IAS 7, the CIPFA Code and your accounting policy. Management identified that certain assets should be classified as investments and not cash and cash equivalents. This is a reclassification adjustment only and does not impact either the Comprehensive Income and Expenditure Statement or reserves. However, as the value of these is material, both in 2020/21 and 2019/20, a prior year adjustment is required in addition to amending the 2020/21 financial statements.
	We received management's working paper to support the changes on 22 May 2023 and are working through this. We will need to consult internally on the prior year adjustment.
	Officers are working to provide revised financial statements including the disclosures required regarding the prior year adjustment.
Going concern	Management has provided an updated going concern assessment and cashflow forecast through to August 2024. We are in the process of documenting our work in this area.

Status of the 2021/22 audit

2021/22 financial statements

Our audit is progressing with the support of the Council's accounting team, who have been providing us with timely responses and have been available throughout the planning process to answer our queries. The audit planning has been completed, subject to final review and the audit planning report was presented at the February 2023 Audit Committee.

Our audit planning report 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.

The year end audit started on 26 June 2023 and is scheduled to run to the end of September. We have been liaising with officers to ensure the smooth delivery of the audit, setting up regular touch points and discussing the required working papers. We have also discussed the possibility of having an onsite presence at your offices during the audit and have agreed for the time being that we will only be onsite if we think that it will be beneficial as the audit progresses.

The Council has provided draft financial statements that are ready for audit in respect of the Council's financial statements. We expect to receive updated financial statements this week that include the full Group financial statements including the group cashflow statement.

We initially discussed our plans for working papers with officers in February and we shared a number of sample requests at that time to be provided at the start of our audit on 26 June 2023. We are working through the working papers and sample evidence that we have received and officers are working to provide the remaining working papers and responses to our samples.

As with previous years, there is a risk of a delay in receiving the IAS 19 assurances from the auditors of Berkshire Pension Fund. We are liaising with them to ascertain their expected timeline.

Since our last report to you, we have received responses from the component auditors, Haslers LLP and Hazlewoods LLP in response to our queries and all of the requested documentation and are working through these.

We are also liaising with officers regarding the accounting for the change in the group structure relating to the Optalis (Holdings) Limited group.

We will update the Committee at the meeting on 19 July 2023 if there are any announcements by the Department for Levelling Up, Housing & Communities about the future timetable for delivery of local government audits.

Status of the 2022/23 audit

2022/23 financial statements

We have been liaising with officers regarding the timeline for the 2022/23 audit. However, this is dependent on timely resolution of the 2021/22 audit, including receipt of a complete IAS 19 letter of assurance from Deloitte.

We issued our Group Instructions to Haslers LLP and Hazlewoods LLP in April 2023 as component auditors of WBC Holdings Limited and group and Optalis Limited, in advance of them completing their audit planning. We have held planning meetings with both of the component auditors and have arranged ongoing liaison to ensure we are kept up to date with the results of their audits.

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02 Progress Update - Value for Money

Value for money

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.

Status of our 2020/21 VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We will need to do a refresh of our value for money risk assessment prior to issuing the audit report. We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report. This will be within three months of issuing the auditor's report.

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 has not yet started. Our assessment will focus 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 has not yet started.

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TITLE **Risk Management Policy and Guidance**

FOR CONSIDERATION BY Audit Committee on 19 July 2023

WARD None Specific

LEAD OFFICER Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the Council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The Council's Risk Management Policy and Guidance sets out the policy framework and formal guidance to enable pro-active identification and management of risk.
RECOMMENDATION To review, revise as necessary, and recommend adoption of the Risk Management Policy and Guidance to the Executive for approval.
SUMMARY OF REPORT The Audit Committee's Terms of Reference include the responsibility to monitor the effective development and operation of risk management in the council. One of the ways the committee achieves this is to regularly review the Risk Management Policy and Guidance. The Committee last reviewed the policy and guidance in July 2022. The Risk Management Group and Corporate Leadership Team have reviewed the policy and guidance. The main changes to the policy and guidance are a result of a review against the Treasury's updated "Orange Book: Management of risk – Principles and Concepts (2023)". There is no dedicated risk management standard for local authorities. The Orange Book is aimed at the Civil Service, so the principles outlined within have been adapted for a local authority situation. The review has not established any fundamental weaknesses in the policy or guidance and changes relate to increased clarity and codifying existing best practices. The review picks up suggestions by the Audit Committee made in the past year. The guidance now references other important elements of risk management: Council's procurement, emergency planning and health and safety They place an enhanced emphasis on leadership and culture. The need for collaboration, both internal and externally, when considering risk is also strengthened by the changes. The changes to the Risk Management Policy are focused on enhancing the clarity on roles and responsibilities. Changes have been suggested to the Chief Executive, Directors, Risk Management Group and Risk Management Facilitator roles. These improve and clarify the existing roles and responsibilities.

Key changes to the risk management guidance are mirroring the improved link with emergency planning and business continuity. The guidance has provided further elaboration on the strategic approach to risk management linking it with other management activity and broadening risk identification. These changes seek to broaden the process. Likewise, the collaborative nature of risk assessment is enhanced. Further changes throughout the guidance address areas that have been queried throughout the year by the Committee and Officers to improve clarity including around aligning actual and target risks, and the role of mitigating actions. Finally, the guidance provides information for Executive and the Corporate Leadership Team (CLT) on assessing the aggregate level of risk faced by the Council.

Background

The Audit Committee's terms of reference include monitoring the effective development and operation of risk management in the council. The Risk Management Policy and Guidance set out the Council's overall approach to risk management. The effective implementation of the Policy and Guidance supports the Council in managing its risks and ensuring the achievement of its strategic objectives.

The Risk Management Policy sets out the Council approach to risk management. It outlines the scope and principles of risk management applied by the Council. The Policy sets out the roles and responsibilities in respect of risk management.

The Risk Management Guidance is the operational guidance for the Council's management of risk. This Guidance details the benefits of risk management, the critical success factors, relationship with other stakeholders and the risk management process. Finally, the Guidance sets out the Council's overall approach to risk appetite.

Analysis of Issues

The main changes to the Policy and Guidance are a result of a review against the Treasury's updated "Orange Book: Management of risk – Principles and Concepts (2023)". There is no dedicated risk management standard for local authorities. The Orange Book is aimed at the Civil Service, so the principles outlined within have been adapted for a local authority environment.

The changes to the Risk Management Policy are:
- The language used to describe the roles and responsibilities of the Chief Executive have now been simplified to improve clarity and consistency with other roles and responsibilities.
- The practice of the Chief Executive in providing leadership around both governance and culture necessary to support effective risk management has now been codified in the policy. (5.3, p6). The importance of culture to promote risk management has been reflected in the roles and responsibilities of Executive Members (5.9, p8)
- The responsibility for risk facilitation has been changed from the Assistant Director of Governance to the Governance and Risk Manager (5.5, p6). This better reflects their roles and provides greater objectivity to the Assistant Director of Governance in their role as Monitoring Officer.
- The officer Risk Management Group is required to liaise with emergency planning and health & safety enacted by Officers with those responsibilities attending RMG. (5.13, p9)
- Business Continuity Planning is a responsibility of Assistant Directors. (5.7, p7)

The changes to the risk management guidance are more extensive. The main changes are:
- In consultation with the Emergency Planning Team the section on Risk Management, Business Continuity and Emergency Planning have been re-written to reflect their roles. (8.1-8.5, p5)
- The guidance has provided further elaboration on the strategic approach to risk management. This makes explicit areas where strategic risks are likely to

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materialise during management activities, (10.2, p6). Providing managers with examples of activities where risks are likely to originate i.e. strategic planning, option appraisal, service redesign etc. This follows the Orange Book definitions.

- This is also emphasised in revisions to Stage 1 – Risk Identification (p7). For example, highlighting different sources of risk such as limitations on knowledge or unreliable information.
- Emphasis is added that the risk management process is a cycle and therefore iterative. (p6)
- The collaborative nature of risk assessment is made explicit. (p10) This is suggested by the Orange Book and enacts critical success factors 4 and 7.
- Clarity on the symbols used in the risk register are included (p10/12) to address queries received during the year. For example, the difference between the target risk symbol and actual risk symbols contained on the risk register.
- Additional advice has been including around actions managers can take to manage risk when it is above its target risk (p12), de-escalation (p13), and how mitigating actions should reduce risk (p12).
- Executive, supported by CLT, are responsible for agreeing the total amount of risk that is acceptable to the Council. The guidance has been enhanced to provide advice on the process to reduce the overall amount of risk the Council faces. (p14)

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
Whilst there are no direct financial implications, the discipline of risk management mitigates financial risks and can also promote innovation in support of strategic objectives and service delivery; opening the door to the possibility of taking risks to achieve positive outcomes.

Cross-Council Implications

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

Public Sector Equality Duty

Due regard to the Public Sector Equality Duty has been taken in the completion of the review of the Risk Management Policy and Guidance.

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*

Risk management is an important tool to support the Council in achieving this priority.

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

CIPFA/SOLACE Delivering Good Governance in Local Government Framework
HMT Orange Book: Management of Risk – Concepts and Principles

Contact Paul Ohsan Ellis	**Service** Governance
Telephone No Tel: 0118 974 6096	**Email** paul.ohsan.ellis@wokingham.gov.uk

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Enterprise Risk Management Policy

A Framework for Managing Opportunity and Risk

1.0 Introduction

1.1 Wokingham Borough Council's environment is complex and dynamic. The Council provides services directly, through partnership working and via contractors to ~~approximately~~ all~~168,000~~ residents of the Borough. The Council's gross annual budget is in excess of £300 million. Risks (threats and opportunities) are inherent in all services and activities provided.

1.2 The importance of this Policy to the Council will increase given that the Council is becoming less risk adverse (i.e., accepting greater levels of risk) through its ambitious aspirations for the Borough, service delivery models (companies, trusts and partners), and greater use of technology. Managers will be less controlled through rules based management but empowered to take risks and opportunities as they arise.

1.3 The Council and its partners collaborated to produce the Council's Corporate Delivery Plan and long term (2020-2024 Community Vision for the borough: "A great place to live, learn, work and grow and an even better place to do business". The Council has identified six key priorities to enable it to deliver on its Community Vision for the borough.

1.4 This Enterprise Risk Management Policy (ERM) commits the Council to an effective Risk Management Guidance in which it will adopt best practices in the identification, evaluation, and control of risks in order to:

- strengthen the ability of the Council in achieving the Community vision, priorities, and corporate delivery objectives and to enhance the value of the services it provides;
- adopt best practices in decision making through identification, evaluation and mitigation of risk;
- integrate and embed proactive risk management into the culture of the Council;
- heighten the understanding of all the positive risks (opportunities) as well as negative risks (threats) that the Council faces;
- manage risks cost-effectively and to an acceptable level;
- reduce the risk of injury and damage;
- help secure value for money;
- help enable the Council to be less risk adverse;
- enhance partnership and project working; and
- raise awareness of the need for risk management.

1.5 This policy will allow management to make better informed decisions and become less risk adverse through a focus on risk and return which in turn will enhance the value of money provided to our taxpayers (domestic and non-domestic). This policy has a key role in supporting the Council's Commercialisation Strategy. This policy will be implemented through the development and application of ERM Guidance. The ERM Guidance shall be

approved by Corporate Leadership Team and the Audit Committee and Executive on behalf of the Council.

1.6 The importance of this policy has been emphasised in 2020 and 2021 with the impact of Covid-19 providing a framework for effectively managing and responding to the new and emerging impacts on all areas of the Council's operations and strategic objectives.

2.0 Scope

2.1 The importance of ERM within the Council transcends every policy, Guidance, and individual transaction, since losses arising from the failure to manage risk or take opportunities can have systemic repercussions for the Council. As such, effective ERM is of interest to all our stakeholders including Members, managers, inspectors, residents, taxpayers, and suppliers.

2.2 This policy is also applicable to the council's interests in its wholly-owned subsidiaries. The officer responsible for the council's interest in the subsidiary should be familiar with this policy and remains accountable for the management of all such risks.

2.3 Nothing in this policy overrides the Health and Safety risk assessment process which aligns with Health and Safety Executive guidance and are recorded in Business World On (BWO). Significant project and H&S risks should be identified on risk registers where appropriate.

2.4 The Chief Executive, the Corporate Leadership Team, Extended Corporate Leadership Team, 2nd and 3rd Tier Managers, Members of the Audit Committee, Members of the Overview and Scrutiny Committee and the Executive should be fully familiar with this policy.

2.5   All other staff and elected Members should be aware of it.

3.0 ERM Principles

3.1   This policy and the ERM Guidance shall be premised upon a common understanding and application of the following principles:

PRINCIPLE 1	The informed acceptance of risk is an essential element of good governance and management.
PRINCIPLE 2	Risk management is an effective means to enhance and protect the Council over time.
PRINCIPLE 3	Common definition and understanding of risks is necessary, in order to better manage those risks and make more consistent and informed decisions.
PRINCIPLE 4	The management of risk is an anticipatory, proactive process, to be embedded in the corporate culture and a key part of strategic planning, business planning and operational management.
PRINCIPLE 5	All risks are to be identified, assessed, measured, managed, monitored, and reported on in accordance with the Enterprise Risk Management Guidance based on best available information.
PRINCIPLE 6	All business activities are to adhere to risk management practices which reflect effective and appropriate levels of internal controls.
PRINCIPLE 7	2nd Tier Managers should bring to the attention of their respective executive portfolio holders all significant risks on a timely basis.

4.0 Approach to ERM

4.1   This policy is aligned with the Council's Local Code of Corporate Governance. This policy recognises the actions that Council makes with respect to the achievement of the Community Vision, Corporate Delivery Plan priorities, and objectives are ultimately tied to decisions about the nature and level of risk it is prepared to take and the most effective means to manage and mitigate those risks. ERM covers all the council's risks in a unified and consistent manner.

4.2   Risk management at the Council shall be based on an understanding of the quality and nature of the Council's assets and its sources of revenue, and the impact of any associated potential liabilities. This policy, the ERM Guidance, the related management policies and procedures and management committees, shall enable management and the Corporate Leadership Team to meet their ERM responsibilities.

4.3   The Council's approach to risk management is detailed in its ERM Guidance which is available on the Council's internet and intranet.

5.0 Assignments and responsibilities

5.1   ERM shall be integrated into existing corporate processes, thus becoming part of regular day-to-day operations and activities. ERM shall be a collective and collaborative effort by the Council in order to achieve an effective system for the management of risk.

5.2   The following describes the roles and responsibilities that Members and Officers will play in introducing, embedding, and owning the risk management

process and therefore contributing towards the best practice standards for risk management.

5.3 **Chief Executive**

- Ensure that risk management is an essential part of governance and leadership, and fundamental to how the organisation is directed, managed, and controlled at all levels.
- To support an effective risk management culture, they should ensure that expected values and behaviours are communicated and embedded at all levels of the Council.
- ~~The Chief Executive h~~Has overall responsibility for the management of all significant risk within the Council including the creation, membership, and functions of management committees with risk management roles. This includes the Corporate Leadership Team and the assignment and performance review of ~~2nd tier managers~~Directors with responsibility for the management of identified risks.
- Plays ~~The Chief Executive also has~~ a critical role in reporting to the Executive on identified strategic risks and communicating the strategic value of effective risk management to the Executive.
- ~~The Chief Executive also has a role to play in~~ ensuring adequate funding and resources are available for risk management activities.

5.4 **Corporate Leadership Team**

- To collectively ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council.
- To take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff.
- To identify, analyse and profile high-level strategic cross-cutting and emergent risks on a regular basis.
- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council.;
- To ensure that appropriate risk management skills training and awareness is provided to appropriate elected Members and staff.

5.5 **~~Council Risk Facilitator – Assistant Director Governance~~Governance and Risk Manager**

- To facilitate the communication and implementation of this Policy and ERM Guidance to all elected Members, managers, and staff to fully embed them in the Council's service planning and monitoring processes (as per their respective roles and responsibilities).
- To report to Corporate Leadership Team and Audit Committee on the management of corporate and other significant risks and the overall effectiveness of risk management.
- To provide training and support to relevant members and managers ~~with regard to~~about risk management.
  - To co-ordinate all of the Council's risk management registers.

5.6 **Directors**

- Directors are individually responsible for proper monitoring of the risks identified in their relevant service plans, local action plans and for embedding risk management into the service planning of their relevant services.
- Ensuring that the risk management process is part of all major projects, partnerships, commissioning, procurement, and change management initiatives.
- Ensuring that all reports of a strategic nature written for Members include a risk assessment of the options presented for a decision.
- Report regularly to the Corporate Leadership Team on the progress being undertaken to manage their risks and provide updates on the nature of the significant risks in their relevant Directorate areas.
- To determine the risk appetite for each risk detailed in their Directorate Risk Register.
- Provide assurance on the adequacy of their relevant Directorate's risk and control procedures.
- Bring to the attention of their respective Executive portfolio holders all significant risks on a timely basis.

5.7 **Assistant Directors**

In respect of risk management, each Assistant Director is individually responsible for:

- the proper identification, assessment and monitoring of the risks associated in their area of activity.
- bringing to the attention of their Director all significant risks on a timely basis.
- ensuring that all reports of a strategic nature written for Executive Members include a risk assessment of the options being presented for a decision.
- recommending (to the Governance and Risk Manager) risk management training for their staff (where relevant).
- implementing approved risk management action plans.
- maintaining an awareness of risks and feed them into the risk identification process.
- embedding a culture of pro-active risk assessment in their area of activity.;
- Ensuring that Business Continuity Plans are effective in mitigating risks.

5.8 **Audit Committee**

To provide independent assurance of the adequacy of the ERM Policy and Guidance and the associated control environment. In particular:

- to receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;
- to receive regular reports covering implementation of the Council's ERM Policy and Guidance to determine whether strategic risks are being actively managed;

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- to review, revise as necessary and recommend adoption of the ERM Policy and Guidance to Executive on a regular basis;
- to have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.9 **Executive Members**

- Executive members are responsible for governing the delivery of services to the local community. Executive Members therefore have a responsibility to be aware and fully understand the strategic risks that the Council faces;
- Executive members have the responsibility to consider the risks associated with the decisions they make and will be informed of these risks in the reports that are submitted to them. They are required to consider the cumulative level of risk faced by the authority. They cannot avoid or delegate this overall responsibility, as it is vital to their stewardship responsibilities;
- To support a culture that promotes effective risk management.
- To have the knowledge and skills requisite to their role about risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified;
- To receive regular reports, as presented to the Audit Committee covering the implementation of the Council's Risk Management Policy and Guidance, including updates over the management of all strategic risks.

5.10 **Overview and Scrutiny Committee**

To have due regard for this policy, and specifically, when undertaking scrutiny reviews to consider the Executive's risk identification and evaluation process.

5.11 **Members**

To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.12 **Directorate Leadership Teams**

- To collate on a quarterly basis the key and consistent themes from service, project and partnership risk registers and feed these via their Risk Management Group representative to Corporate Leadership Team and give feedback to the services;
- To collate the highest level and most common operational risks (including those risks of a more health and safety or liability perspective) from a service level for communication and if required, consideration by Corporate Leadership Team;
- To monitor the implementation and embedding of risk management within key Council processes;
- To identify risk management training needs, approve training programmes and presentations;

- To facilitate services on an ongoing basis with maintaining their risk registers and matrix;
- To implement the detail of the Enterprise Risk Management Guidance;
- To ensure that risks and action plans are updated in the Corporate Risk Register;
- To share/exchange relevant information with colleagues in other service areas.

5.13 **Risk Management Group**

The risk management group is composed of each Directorate Risk Management Lead and will meet at least quarterly to:

- To share/exchange relevant information with colleagues in other service areas.
- To review the corporate risk register on a quarterly basis.
- To identify risks that should be escalated from Directorate risk registers to the corporate risk register and risks that should be de-escalated from the corporate risk register to the relevant Directorate risk register.
- To review the key and consistent themes from Directorate, project and partnership risk registers and feed these to CLT and give feedback to the services.
- To identify interdependencies between risks from a service level that in totality represent strategic risks for consideration by CLT.
- To identify risk management training needs, approve training programmes and presentations.
- Provide support to relevant members and managers with regard to risk management in their Directorates.
- To act as a forum for the sharing of best practice.
- To implement the detail of the Enterprise Risk Management Policy.
- Publicise and promote risk management across the council.
- Liaise with Health & Safety and Emergency Planning

5.14 **Internal Audit**

Internal audit will

- provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance;
- report to Members on the control environment; and
- provide an Internal Audit Plan (on at least an annual basis) that is based on a reasonable evaluation of risk and to provide an annual assurance statement to the Council based on work undertaken in the previous year.

5.15 **Staff**

Staff have a responsibility to identify risks surrounding their everyday work processes and working environment. They are also responsible for:

- participating in ongoing risk management within service areas;
- actively managing risks and risk actions (where appropriate); and

- demonstrating an awareness of risk and risk management relevant to their role and to take action accordingly.

6.0   Review and Continual Improvement

6.1   The Audit Committee shall review and recommend adoption of the ERM Policy to the Council on a regular basis or when significant changes require a revision of it.

6.2   The Council should continue to improve the effectiveness of its risk management arrangements through:
- learning from risk events and the application of controls;
- review risk occurrences to identify emerging trends; and
- learn from other organisations about their risk occurrences in order to consider whether there is a likelihood of the Council experiencing a similar occurrence.

Susan Parsonage   **Councillor Rachel Burgess**
Chief Executive   **Chair Audit Committee**

Version Control

Date: 2 June 20232

Version: 176.20

Authors: Paul Ohsan Ellis

VERSION	DATE	DESCRIPTION
1.0	15 February 2009	Working Draft
2.0	3 March 2009	Working Draft
3.0	9 March 2009	Initial Release
4.0	11 March 2009	Draft for Consultation
5.0	25 March 2009	Draft for SLB Approval
6.0	30 April 2009	Draft for Audit Committee Adoption
7.0	13 May 2009	Draft for Approved Audit Committee
8.0	14 May 2009	Final Adopted Audit Committee 13/5/09
9.1	18 June 2010	Risk Management Group Refresh 2010-11
9.2	9 July 2010	Revised Draft for SLB Adoption
9.3	9 September 2010	Revised Draft for Audit Committee Adoption

9.4	7 October 2010	Final Adopted Audit Committee 22/09/10
10.0	31 October 2012	Revised Draft for CLT Adoption
11.0	28 November 2012	Final Adopted by Audit Committee
12.0	4 February 2014	Final Adopted by Audit Committee
12.1	21 November 2014	Final Adopted by Audit Committee
13.0	27 November 2015	Final Adopted by Audit Committee
14	6 September 2018	Final Adopted by Audit Committee (18/9/2018)
15	11 June 2020	Draft for adoption by Audit Committee (29/7/2020)
16.1	2 JuneSeptember 2022	Draft Final for adoption by Executive Audit Committee
17.2	July 2023	Draft for consideration of Audit Committee

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Enterprise Risk Management Guidance

A Framework for Managing Opportunity and Risk

Date: 29 September 2022

Version: 19.0

Authors: Andrew Moulton

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1.0	15 February 2009	Working Draft
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6.0	30 April 2009	Draft for Audit Committee Adoption
7.0	13 May 2009	Draft for approval by Audit Committee
8.0	14 May 2009	Final approved by Audit Committee
9.0	18 June 2010	Refresh by Corporate Governance Group
10.0	3 September 2010	Refresh for approval by Audit Committee
11.0	22 September 2010	Final approved by Audit Committee
12.0	14 November 2012	Final approved by Audit Committee
13.0	22 January 2014	Final approved by Audit Committee
14.0	21 November 2014	Final approved by Audit Committee
15.0	26 November 2015	Final approved by Audit Committee
16.0	6 September 2018	Final approved by Audit Committee
17.0	1 July 2020	Draft for approval by Committee on 29/7/2020
18.0	2 June 2022	Draft for approval by Committee on 2/06/2022
19	**29 September 2022**	**Final approved by Executive**

Risk Management Guidance20220815104758_007043_0022096_RiskManagementGuidancev181 WIPCopy

Contents

1.0   Introduction

1.1   Risk Management is about managing opportunities and threats to objectives and in doing so helps create an environment of "no surprises". It is a crucial element of good management and a key part of corporate governance. Risk Management is an everyday mainstream activity and something that is an integral part of the management of the Council.

1.2   Risk Management is already inherent in much of what the Council does. Good practices like good safety systems, procurement and contract regulations, financial regulations and internal control are not labelled Risk Management but these and many other processes and procedures are used to manage risk.

2.0   Purpose of the Guidance

2.1   The purpose of this Enterprise Risk Management Guidance is to establish a framework for the systematic management of risk, which will ensure that the objectives of the Council's Risk Management policy are realised.

The Purpose of this Guidance
Define what Risk Management is about and what drives Risk Management within the Council
Set out the benefits of Risk Management and the strategic approach to Risk Management
Outline how the Risk Management will be implemented
Formalise the Risk Management process across the Council

2.2   An overview of this framework is detailed in Appendix 1.

3.0   Approval, Communication, Implementation and Review

3.1   The Enterprise Risk Management Guidance has been adopted by the Corporate Leadership Team and has been approved by the Council via the Audit Committee. It has been issued to:

- All Members of the Council
- Corporate Leadership Team
- All Assistant Directors
- Key Stakeholders
- Other interested parties such as External Audit

3.2   It has been placed on the Council's intranet site so that all members of staff can have access and easily refer to it. It is included on all new staff's corporate induction. Therefore, all individual members of staff are aware of both their roles and responsibilities for Risk Management within the Council and their service (depending on their own role within the Council). Risk Management is included within the Council's performance management framework so that staff and managers are aware of how Risk Management contributes to the achievement of the Council's and Service objectives.

3.3 All elected Members have been issued with a copy of the Guidance. It is part of all newly elected Members' induction to the Council it has been included as a training area within the Members Training and Development Programme. The Guidance will be reviewed annually by the Audit Committee.

4.0 What is Enterprise Risk Management?

4.1 Risk is an unexpected future event or action that can affect the Council's ability to achieve its objectives and successfully execute its strategies. It can be a positive (an opportunity) or negative (a threat). Risk Management is the process by which risks are identified, evaluated, and controlled.

4.2 It has critical links to the following areas:
- Corporate governance.
- Community focus.
- Structure and processes.
- Standards of conduct.
- Service delivery arrangements; and
- Effective use of resources.

4.3 Enterprise Risk Management can be defined as:

> **"The management of integrated or holistic risk and opportunity in a manner consistent with the virtues of economy, efficiency, and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks".**

4.4 Risk Management therefore is essentially about identifying the opportunities, risks and weaknesses that exist within the Council. A holistic approach is vital to ensuring that all elements of the Council are challenged including decision making processes, working with partners, consultation processes, existing policies and procedures and also the effective use of assets – both staff and physical assets. This identification process is integral to all our strategic, service and work planning.

4.5 Once the risks have been identified the next stage is to prioritise them to identify the key risks to the Council moving forward. Once prioritised it is essential that steps are taken to then effectively manage these key risks. The result is that significant risks that exist within the Council can be mitigated to provide the Council with a greater chance of being able to achieve its objectives. Included within this should also be a consideration of the positive or 'opportunity' risk aspect.

4.6 Risk Management will improve the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives and enhance the value of the services provided.

4.7 In order to strive to meet the Community Vision, and Corporate Delivery Plan objectives, the Council has recognised the need to further embed Risk Management arrangements. The desired outcome is that risks associated with

these objectives can be managed and the potential impact limited, providing greater assurance that the Vision will be achieved.

5.0   Benefits of Risk Management

5.1   Successful implementation of Risk Management will produce many benefits for the Council if it becomes a living tool. These include:

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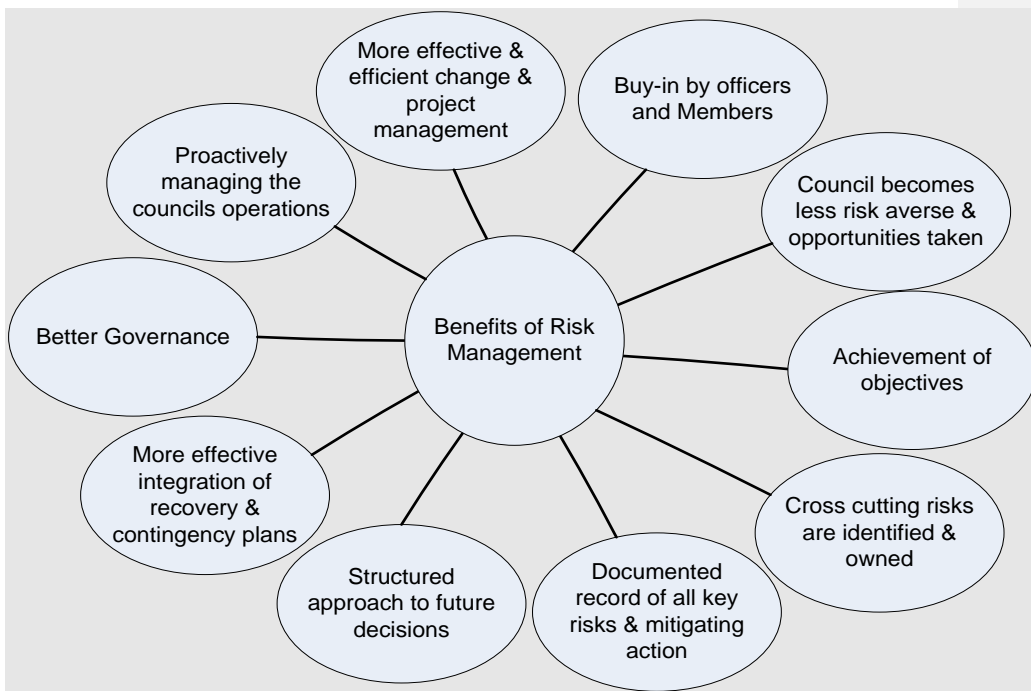
6.0 Critical Success Factors

6.1 To develop a framework which:

Reference	Critical Success Factors
1	Enables the Council's performance and take advantage of opportunities.
2	Focus on the major risks to our strategies and objectives.
3	Provide a clear picture of the major risks the Council faces, their nature, potential impact and their likelihood.
4	Establish a shared and unambiguous understanding of what risks will be tolerated.
5	Develop an awareness of our ability to control the risks we have identified.
6	Is embedded in our planning and decision-making processes.
7	Actively involve all those responsible for planning and delivering services.
8	Clarify and establish roles, responsibilities and processes.
9	Enable and empower managers to manage those risks in their area of responsibility.
10	Capture information about key risks from across the Council.
11	Include regular risk monitoring and review of the effectiveness of internal control.
12	Is non-bureaucratic, cost efficient and sustainable.

7.0 Relationship between Risk Management and Internal Controls

7.1 The Council recognises that Risk Management is an integral part of its internal control environment. The constitution states that internal controls are required to manage and monitor progress towards strategic objectives.

7.2 The system of internal control also provides measurable achievement of:

- Efficient and effective operations.
- Reliable financial information and reporting.
- Compliance with laws and regulations; and
- Risk Management.

7.3 Internal Audit uses the Council's Risk Registers to inform their work. Internal Audit provide assurance on a cyclical work programme on the Council's key risks as identified by management using this guidance. The Internal Audit overall opinion is an objective assessment of the current and expected level of control. The overall opinion is a statement of the audit view of managements effectiveness in managing the risk.

~~Internal Audit, when evaluating risks during the course of its Internal Audit work, will categorise risks as per this Guidance and will analyse their likelihood and impact in accordance with the qualitative measures / tables contained in this Guidance, thus further integrating and embedding our Risk Management Guidance into the Council's internal control environment.~~

8.0 Risk Management, Business Continuity and Emergency Planning

8.1 There is a link between these areas. However, it is vital for the success of Risk Management that the roles of each, and the links, are clearly understood. Both business continuity and emergency planning are duties placed on the Council as a Category 1 responder, as part of the Civil Contingencies Act 2004. The Council recognises that there is a link between Risk Management, Business Continuity Management and Emergency Planning. This is demonstrated by the lead in all three issues being taken by the Corporate Leadership Team.

Business continuity management

8.2 Business continuity is the processes, plans, activities and governance the Council has in place to continue its priority services during and following a disruptive event. For the Council specifically, good business continuity management means understanding which of our services are considered priority and the key risks that can disrupt them, and having robust and regularly exercised plans in place to mitigate disruption and minimise recovery time. ~~Business continuity management is about trying to identify and put in place measures to protect the Council's priority functions against catastrophic risks that can stop it in its tracks. There are some areas of overlap e.g. where the I.T. infrastructure is not robust then this will feature as part of the relevant Risk Register and also be factored into the business continuity plans.~~

Emergency planning

8.3 The main difference between emergency planning and business continuity - is the focus on reducing harm to people, the environment and infrastructure from an incident. There is also a greater need for collaboration with other responders in planning for, responding to, and recovering from incident.

8.4 Emergency planning and business continuity overlap where an event is causing harm to people, the environment and/or infrastructure, whilst impacting on the Council's ability to run its services effectively.

8.5 The Emergency Planning team input into two other separate risk registers - one collectively owned by the Berkshire Local Authorities Emergency Planning Group, and the Community Risk Register owned by the Thames Valley Local Resilience Forum.

~~Emergency planning is about managing the response to those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency, it becomes a continuity event if it crashes on the office!~~

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9.0 Risk Management in Projects, Partnerships and Health and Safety

9.1 It is recognised that Risk Management needs to be a key part of the ongoing management of projects, Health and Safety and partnerships.

Project / Programme management

9.2 There is a consistent and robust approach to Risk Management used in projects both at initiation and throughout the project.

Partnerships

9.3 The Council has a Partnership Protocol, of which Risk Management is a key aspect. The Partnership Protocol requires that this approach to risk management is adhered to. The Partnership Protocol is available on the intranet.

Health and Safety

9.4 The Council has a Health and Safety Policy, of which management of risk is a critical aspect. Health and safety risks are managed in accordance with Health and Safety Executive guidance and are recorded in Business World On (BWO). The Health and Safety Policy is available on the intranet.

10.0 Strategic Approach to Risk Management

10.1 In order to formalise and structure Risk Management the Council has recognised that there are obvious and clear links between Risk Management and: strategic and financial planning; policy making and review; and performance management.

10.2 ~~The links are as follows~~Risks need to be managed within the following:

- setting strategy and plans
- evaluating options and delivering programmes, projects or policy initiatives
- prioritising resources through budget setting
- supporting efficient and effective operations through service redesign/commissioning
- managing performance
- managing tangible and intangible assets
- delivering improved outcomes through change activities

- ~~Measurement of performance against the key objectives, performance indicators and key tasks.~~

- ~~Management of Key Strategic Risks which could affect the delivery of the above Council objectives/targets is undertaken by the Corporate Leadership Team.~~

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11.0 Implementation Guidance Risk Management

The risk management process

While this process is presented as a series of stages it is important to understand that the risk management process is iterative and that is why is it is presented as a cycle in the diagram below. Implementing this Guidance involves a 5-stage process to identify, analyse, prioritise, manage and monitor risks as shown in figure 1. This section will outline the approach.

Figure 1: The Risk Management Cycle
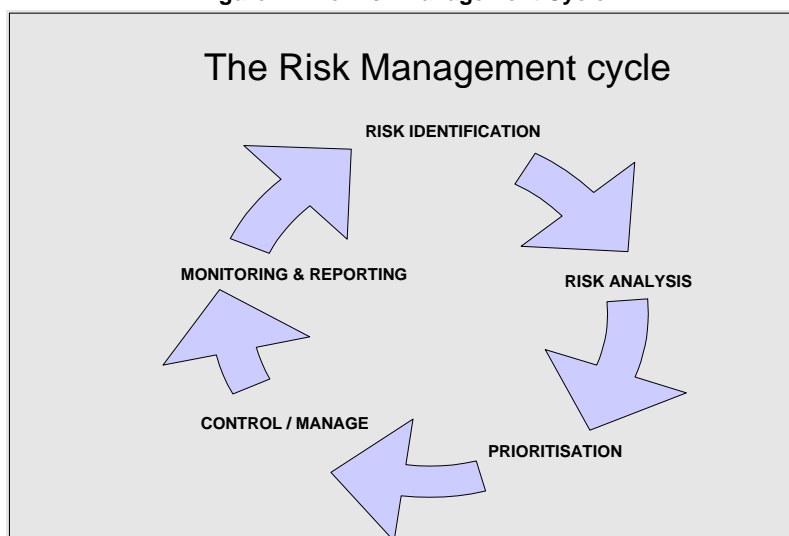
Stage 1 – Risk Identification

The first step is to identify the 'key' risks that could have an adverse effect on or prevent key objectives from being met. It is important that those involved with the process clearly understand the service or Council's key objectives i.e. *'what it intends to achieve'* in order to be able to identify '*the risks to achievement'*. Managers should be horizon scanning for emerging risks and opportunities to ensure they are able to identify risks with sufficient time to effectively manage them. It is important to consider the relevant Service Plans in a broader context, i.e. not focusing solely on specific detailed targets but considering the wider direction and aims of the service and the ~~outcomes it~~outcomes it is trying to achieve. It is important to consider a broad range of risks:

- tangible and intangible sources of risk
- changes in the external and internal context
- uncertainties and assumptions within options, strategies, plans, etc
- indicators of emerging risks
- limitations of knowledge and reliability of information
- any potential biases and beliefs of those involved.

When identifying risks it is important to remember that as well as the 'direct threats', risk management is about 'making the most of opportunities' e.g. making bids for funding,

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successfully delivering major projects and initiatives, pursuing beacon status or other awards, taking a national or regional lead on policy development etc.

Using Appendix 2 as a prompt, various techniques can then be used to begin to identify 'key' or 'significant' risks including: -

- A 'idea shower' session;
- Own (risk) experience;
- 'Strengths, Weaknesses, Opportunities and Threats' analysis or similar;
- Experiences of others - can we learn from others' mistakes?
- Exchange of information/best practice with other Councils, organisations or partners.

It is also recommended that a review of published information such as other Service Plans, strategies, financial accounts, press releases, and inspectorate and audit reports be used to inform this stage, as they are a useful source of information.

The process for the identification of risk should be undertaken for projects (at the beginning of each project stage), partnerships and for all major revenue and capital contracts. Details of who contributes to these stages are explained further in the 'Roles, Assignments and Responsibilities' section of the Enterprise Risk Management Policy.
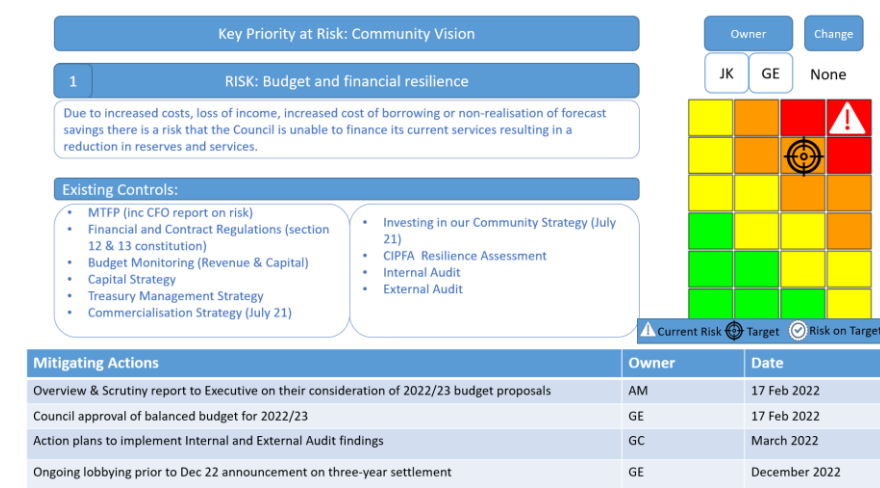
Risks, both opportunity and threats, identified should be recorded in a Risk Register as per figure 2.
Risk should be expressed in the format
"Due to ….
there is a risk that….
leading to….

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Figure 2: Risk Register Summary (example)

Stage 2 – Risk Analysis

The information that is gathered needs to be analysed into risk scenarios to provide clear, shared understanding and to ensure the potential root cause of the risk is clarified. Risk scenarios ~~also illustrate~~detail the possible consequences of the risk ~~if it occurs~~ so that its ~~full~~ impact can be assessed.

There are 2 parts to a risk scenario:-

- The cause describes the situation and/or event (that may be perceived) that exposes the Council to a risk; and
- The consequences are the events that follow in the wake of the risk.

Risk Scenario

Figure 3: Example of the structure of a risk scenario

Due to …increased costs, loss of income, increased cost of borrowing or failure to deliver planned savings there is a risk that...the Council is unable to finance its current services leading to … reduction in reserves and services for residents

Each risk scenario is logged on the respective Risk Register. These registers could be potentially strategic, against a specific Service Plan, or relating to a project, ~~or~~ partnership or procurement.

For further information on the project Risk Register template and guidelines, please refer to the project management methodology.

Stage 3 – Prioritisation

Following identification and analysis the risks will need to be assessed ~~evaluated, different scenarios should be explored~~. Their ranking is determined using ~~decided according to~~ the potential likelihood of the risk occurring and its impact if it did occur.

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Appendix 3 provides the criteria for scoring corporate risks. The risks are plotted on the risk matrixA matrix is used to plot the risks (Figure 4) and once completed this risk profile clearly illustrates the priority of each risk. It is helpful in assessing the risk to consult widely to gain different perspectives on the likelihood and impact. Different professional perspectives will enhance the robustness of the assessment and provide challenge.

When assessing the potential likelihood and impact the risks must be compared with the appropriate objectives e.g. corporate objectives for the strategic risk profile, and service objectives for the Service Plan risk profile. The challenge for each risk is how much impact it could have on the ability to achieve the objective and outcomes. This allows the risks to be set in perspective against each other. The likelihood and impact of a risk should be assessed where the risk is today with the existing controls in place. The current

position of the risk should be recorded on the matrix using the   symbol.

At the beginning of this stage a timeframeperiod needs to be agreed, and the likelihood and impact should be considered within the relevant timeframe. Often a 3-year time horizon is used at strategic level, with perhaps a 1-year timeframe used at service level, to link with service delivery planning. The likelihood and impact should also be considered assessed with existing controls in place, not taking future onesmitigating actions into account at that time.

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Figure 4: Example of the Council risk matrix and filters
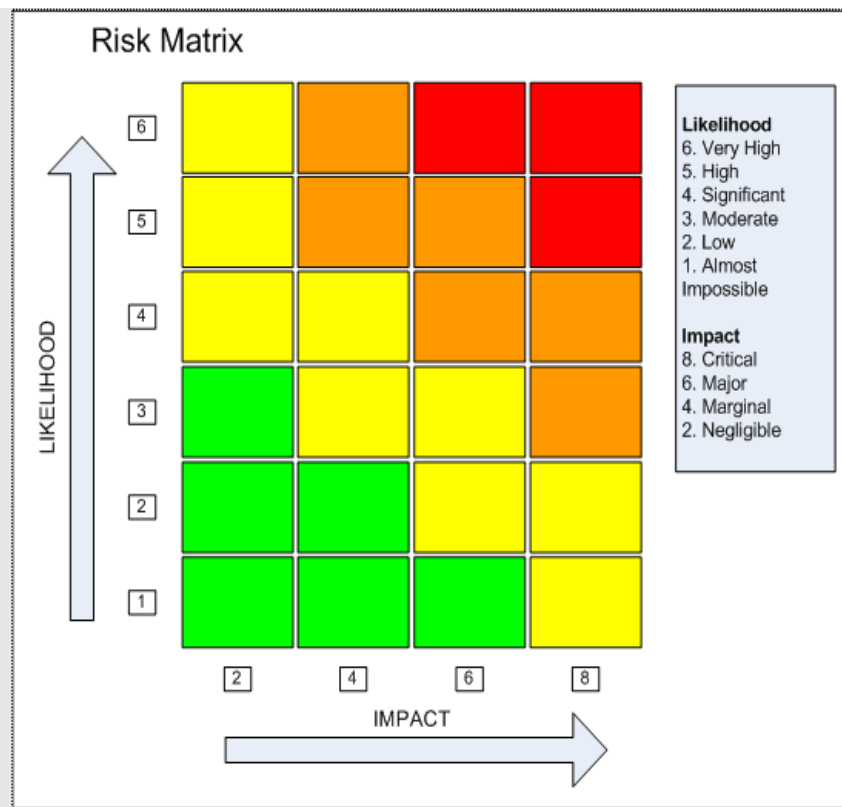
The matrix is also constructed around 4 filters - these being red (very high), orange (high), amber (medium) and green (low). The red and orange filtered risks are of greatest priority. Amber risks represent moderate priority risks. Green risks are low priority but should still be monitored.

If there are numerous red, orange and amber risks to be managed it is prudent to cluster similar risks together. This is to aid the action planning process as a number of risks can be managed by the same or similar activity. Each cluster should be given a title e.g. recruitment and retention, staff empowerment etc. This technique of clustering should only be used when there are many risks to be managed e.g. in excess of 15 red and amber risks and where risks share common causes and consequences and therefore could be managed in a similar way.

Stage 4 – Control / Manage

It is important that each risk has an owner. This should include the responsible Lead Member and a senior officer. It is important at this stage to determine the Council's ~~risk appetite~~target for this risk. This should be through discussion with the relevant Director and Executive Lead Member. Where the risk is within its ~~appetite~~ target the identity of the

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decision maker must be formally recorded under the mitigating action section of the risk register i.e. "no further action at this time" and owner recording who made the decision and the date. If the risk is currently within its ~~appetite~~targetInter, then there is no need to mitigate the risk ~~and~~ then stage 4 can be skipped. The risk should be record on the risk

matrix using this symbol   Where there is a difference between the current level of the risk and the target risk the target risk should be recorded on the risk matrix using this symbol

This is the process of turning 'knowing' into 'doing'. It is assessing whether to control, accept, transfer or terminate the risk on an agreed 'risk appetite'. Risks may be able to be: -

Controlled - It may be possible to mitigate the risk by 'managing down' the likelihood, the impact or both. The control measures should, however, be commensurate with the potential frequency, impact and financial consequences of the risk event.

Accepted - Certain risks may have to be accepted as they form part of, or are inherent in, the activity. The important point is that these risks have been identified and are clearly understood.

Transferred or Shared – the Council may choose to share risk or transfer risk with another body or organisation i.e. insurance, contractual arrangements, outsourcing, partnerships etc. Only some risks can be transferred i.e. ~~F~~financial risks can be transferred but the Council will remain accountable for delivery and reputational elements of risk.

Terminated - By ending all or part of a particular service or project.

~~It is important to recognise that, in many cases, existing controls will already be in place. It is therefore necessary to look at these controls before considering further action. It may be that these controls are not effective or are 'out of date'.~~

Most risks are capable of being managed – either by managing down the likelihood or impact or both. Relatively few risks have to be transferred or terminated. These service plans will also identify the resources required to deliver the improvements, timescale and monitoring arrangements.

~~Existing controls, their adequacy, new mitigation measures and associated action planning information is all recorded on the Risk Register, including ownership of the risk and allocation of responsibility for each mitigating action.~~

Where further action is required to bring the current level of risk to meet the target further mitigations should be identified. These should be recorded in the mitigating actions section with clear owners and implementation dates. Where the identified mitigating

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actions are insufficient to manage the risk to its target this should be escalated with the risk owner.

Consideration should ~~also~~ be given ~~here as~~ to the 'Cost-Benefit' of each control weighed against the potential cost / impact of the risk occurring. N.B. 'cost / impact'

High cost/low impact of mitigating risk	**High cost/big impact of mitigating risk**
Low cost/low impact of mitigating risk	**Low cost/big impact of mitigating risk**

Stage 5 – Monitoring & Reporting

The Corporate Leadership Team is responsible for ensuring that the key risks on the Corporate Risk Register are managed and the progress with the risk mitigation measures should be monitored at appropriate intervals. Directors and Assistant Directors are responsible for ensuring that the key risks in the Risk Registers linked to respective services are managed. It is recommended that the 'red risks' feature as a standing item on Directorate Leadership Team meeting agendas.

On a quarterly basis, the Corporate and service Risk Registers should be reviewed and where necessary risks re-prioritised. Risks should be amended so they reflect the current situation, ~~obsolete risks should be deleted~~ if risks have reduced they should be de-escalated to the appropriate register and new risks identified. This ensures that the Risk Registers and resulting risk mitigation measures are appropriate for the current service and corporate objectives. The quarterly review of the Corporate Risk Register must be undertaken by Corporate Leadership Team and the Directorate Registers should be reviewed / updated by the respective Director and Assistant Director with their management teams.

During the year new risks are likely to arise that have not previously been considered on the existing Risk Registers. Also, the environment in which the risks exist will change making some risks more critical or others less important. Every quarter the respective Risk Registers and matrices at each level should be updated to reflect these changes. If such risks require Corporate Leadership Team ownership and management then they should be incorporated into the Corporate Risk Register. If the management of such risks is more appropriate at a service level, then it should be included in the respective service Risk Register. This will need to be undertaken on a quarterly basis by Corporate Leadership Team, Directors and Assistant Directors.

~~It is recognised that s~~Some Directorate risks have the potential to impact on the corporate objectives and these will often be the red risks on the matrix. Every quarter, the Directorate Risk Registers will be fed into the Corporate Leadership Team where a decision will be taken on whether to prioritise any of these risks on the strategic risk matrix and include them on the Corporate Risk Register (owned by Corporate Leadership Team). At the relevant Corporate Leadership Team session to review risk management, each Director will also feedback the headline risks from their individual areas.
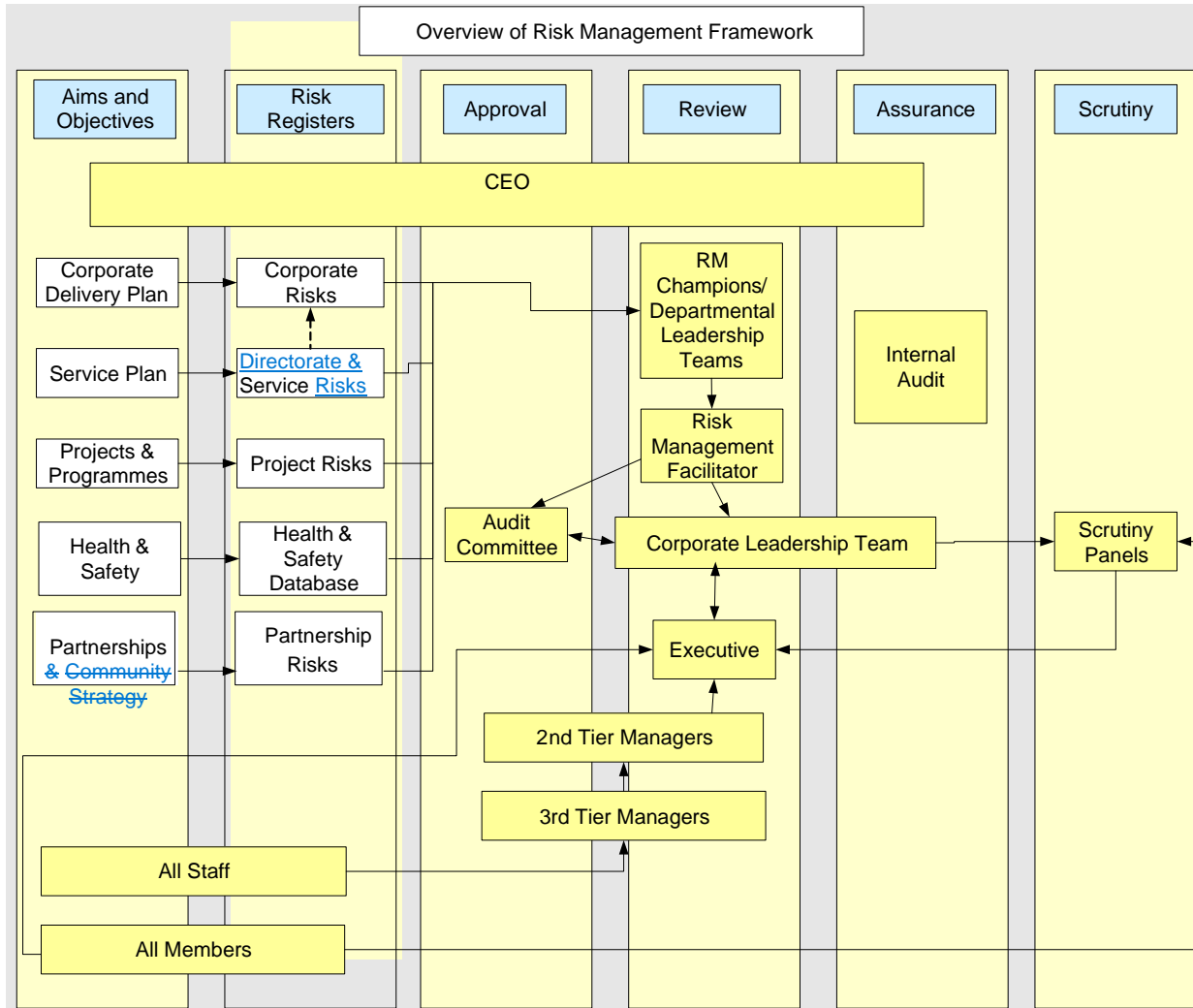
12.0 Target Risk ~~Appetite~~

Target Risk ~~appetite~~ is the phrase used to describe how much risk the council is prepared to take in pursuit of its objectives (also known as risk appetite). Due to its diverse range

of services the council does not have a single risk tolerance and appetite for risk will vary between different services and activities, or even at different times. For certain types of ~~risk~~risk, the Council does not have the power to determine its risk appetite as this is set by legislation i.e. the compliance framework for the safeguarding of children is determined by law.

Considering and setting risk targets~~appetites~~ will enable the council to optimise its risk taking and accepting calculated risks by enabling risk-reward decision making. Equally, it reduces the likelihood of unpleasant surprises. Target ~~R~~risks ~~appetite~~ is determined on each of the risks and is essentially the target we need to manage the risk against ~~i.e. seeking to align the controls with the risk appetite.~~

While individual risks have their own target levels of risks, Executive and CLT have the responsibility to assess the total risk exposure of the Council. They have the responsibility to challenge individual targets where the cumulative effect would be to expose the Council to too great a level of risk. They can use RMG to implement this challenge.

Overview of Risk Management Framework

Aims and Objectives	Risk Registers	Approval	Review	Assurance	Scrutiny

CEO

- Corporate Delivery Plan → Corporate Risks
- Service Plan → Directorate & Service Risks
- Projects & Programmes → Project Risks
- Health & Safety → Health & Safety Database
- Partnerships & Community Strategy → Partnership Risks

RM Champions/ Departmental Leadership Teams

Risk Management Facilitator

Internal Audit

Audit Committee

Corporate Leadership Team

Scrutiny Panels

Executive

2nd Tier Managers

3rd Tier Managers

All Staff

All Members

Append x 1

Appendix 2 – Example of Risk Categories

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment	New political arrangements, Political personalities, Political make-up
Economic	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives	Staff levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives	IT infrastructure, Staff/client needs, security standards, Business Continuity.
Legislative	Associated with current or potential changes in national or European law	Human rights, appliance or non-appliance of TUPE regulations
Environmental	Relating to the environmental consequences of progressing the Council's strategic objectives	Land use, recycling, pollution
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Fail to win quality accreditation, position in league tables
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	Managing expectations, extent of consultation
Managerial/ Professional	Associated with the particular nature of each profession, internal protocols and managerial abilities	Staff restructure, key personalities, internal capacity
Financial	Associated with financial planning and control	Budget overspends, level of Council tax & reserves
Legal	Related to possible breaches of legislation	Client brings legal challenge
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification	Contractor fails to deliver; partnership agencies do not have common goals
Physical	Related to fire, security, accident prevention and health and safety	Offices in poor state of repair, use of equipment

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[Appendix 3 -](#) **Impact** [Impact Scores](#)

Score	Level		Description
8	Critical	Critical impact on the achievement of objectives and overall performance. Hugh impact on costs and / or reputation. Very difficult and possibly long term to recover.	• Unable to function without aid of Government or other external Agency. • Inability to fulfil obligations. • Medium - long term damage to service capability • Severe financial loss – supplementary estimate needed which will have a critical impact on the council's financial plan and resources are unlikely to be available. • Death • Adverse national publicity – highly damaging, severe loss of public confidence. • Litigation certain and difficult to defend. • Breaches of law punishable by imprisonment
6	Major	Major impact on costs and objectives. Serious impact on output and / or quality and reputation. Medium to long term effect and expensive to recover.	• Significant impact on service objectives • Short – medium term impairment to service capability • Major financial loss - supplementary estimate needed which will have a major impact on the council's financial plan. • Extensive injuries, major permanent harm, long term sick • Major adverse local publicity, major loss of confidence • Litigation likely and may be difficult to defend. • Breaches of law punishable by fines or possible imprisonment
4	Marginal	Significant waste of time and resources. Impact on operational efficient, output and quality. Medium term effect which may be expensive to recover.	• Service objectives partially achievable • Short term disruption to service capability • Significant financial loss - supplementary estimate needed which will have an impact on the council's financial • Medical treatment requires, semi- permanent harm up to 1 year • Some adverse publicity, need careful public relations. • High potential for complaint, litigation possible. • Breaches of law punishable by fines only
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	• Minor impact on service objectives • No significant disruption to service capability • Moderate financial loss – can be accommodated. • First aid treatment, non-permanent harm up to I month • Some public embarrassment, no damage to reputation • May result in complaints / litigation. • Breaches of regulations / standards

Appendix 4 – Likelihood Scores

Score	Level	Description				
6	**Very High**	Certain.	>95%	Annually or more frequently	>1 in 10 times	An event that is 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**	Possibly 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.
1	**Almost Impossible**	The risk may never happen.	< 5%	50 years +	>1 in 10,000 +	An event that has a less than 5% chance of occurring in the next 10 years and has not happened in the last 25 years.

TITLE	**Senior Information Risk Owner (SIRO) Annual Report 2022/23**
FOR CONSIDERATION BY	Audit Committee on 19 July 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance on the Council's arrangements and performance on information governance.

RECOMMENDATION

Members are recommended to discuss and note the content of the 2022/23 SIRO Annual Report attached as Appendix 1.

SUMMARY OF REPORT

This report provides Audit Committee Members with an update relating to the responsibilities of the Wokingham Borough Council Senior Information Risk Owner (SIRO) and outlines activity and performance related to information governance for the period 1 April 2022 to 31 March 2023.

The report provides assurances that information risks have been effectively managed and where improvements have been implemented.

The Council continues to be committed to effective information governance, with robust arrangements in place to ensure the council complies with legislation and adopts best practice. Governance arrangements are closely monitored to ensure systems, policies and procedures are fit for purpose, accommodate new working procedures and that all staff and elected members understand the importance of information governance and security so that good practice is everyone's business and embedded as part of the Council's culture.

ICT security and cyber risks continue to present an increasing global, national and local challenge to all organisations and the Council is no different. Arrangements to manage these risks are contained in the report with a summary included to list action already undertaken to maintain and strengthen defences and enhance corporate resilience.

Throughout the year, data protection and information governance has remained high profile with the Data & Information Governance Board meeting monthly to manage risks and drive performance improvements wherever possible. The SIRO Annual Report outlines these areas of performance in detail, showing trends against previous years and provides assurance of arrangements in place.

Background

The Senior Information Risk Owner (SIRO) Annual Report reflects the Council's information governance work undertaken in 2022/23, and provides assurance that personal data is held securely; information is disseminated effectively and provides an overview of key performance indicators relating to the Council's processing of information requests within the necessary legal frameworks.

Analysis of Issues

The detailed annual report is included as an Appendix.

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
Whilst there are no direct financial implications associated with this report, the effective management of information risks mitigates against unplanned expenditure (e.g. fines, recovery of information etc).

Cross-Council Implications
The effective management of information risks affects all aspects of service delivery.

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 information risk management.

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 framework and activities to manage information risk.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

None

Contact Andrew Moulton	**Service** Governance
Telephone No Tel: 07747 777298	**Email** andrew.moulton@wokingham.gov.uk

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Senior Information Risk Owner (SIRO)

Annual Report
Review for the Financial Year 2022/23

Version 4.1; 4th July 2023

Contents

Executive Summary

This report presents the annual Senior Information Risk Owner (SIRO) report. This role is occupied by the Assistant Director Governance who also fulfils the role of Monitoring Officer. This type of report is seen nationally as good practice to inform Senior Leaders and Elected Members of information governance challenges and to satisfy regulatory requirements. The SIRO has responsibility for understanding how the strategic business goals of the organisation may be impacted by any information risks and for taking steps to mitigate those risks.

The report provides an overview of the Information Governance agenda across the disciplines of Information Governance and Cyber Security and provides assurances that information risks are being effectively managed. This is the first year the information contained has been produced in this format (as a single report) and demonstrates legislative and regulatory requirements relating to the handling, quality, availability, and management of information, including compliance with legislation such as the Data Protection Act (2018), General Data Protection Regulations (GDPR), Freedom of Information Act (2000), and Environmental Information Regulations (EIR).

The report outlines activity and performance related to information governance for the period of 1st April 2022 to 31st March 2023, and identifies where improvements can be made, and any actions being implemented in the upcoming financial year.

1. Introduction

1.1   Wokingham Borough Council is committed to effective information governance ensuring that robust arrangements are in place for the Council's compliance with legislation and adoption of best practice. We view this as a continuous improvement cycle, where governance arrangements are monitored and reviewed to ensure systems, policies and procedures are fit for purpose and emulate best practice. The Council is equally committed to ensuring all Officers and Elected Members understand the importance of information governance. This commitment seeks to promote the ethos that information governance is everyone's business and is embedded as part of the Council's culture.

1.2   IT security and cyber risks remain a real threat for organisations (locally, nationally, and globally), the cyber threat has increased in line with the ongoing war in Ukraine. The UK Government has warned that critical national infrastructure which we are part of is of particular interest to Russian state cyber activists. Mitigating cyber risks by working to enhance our resiliency remains a priority, we have engaged with a Cyber Security partner the Cyber Security Associates to actively monitor and advise. How the Council manages Cyber risk is outlined within this report, including a summary of action already undertaken and further activities planned. These future plans will help maintain and strengthen defences and enhance corporate resilience.

1.3   Performance in relation to information requests processed under Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection legislation is summarised in this report. The report also provides an update on changes being implemented to strengthen the resources available to meet the high demand for requests for information and advice/support in relation to the legislation. This is work that will continue to be carried forward in 2023/24 as the Council continues to identify improvements that can be made.

1.4   The number of data breaches and concerns reported are shown in comparison with the number of incidents reported in the previous Financial Year. The Council have reviewed its processes, making changes when GDPR was introduced to ensure that we would be able to meet the requirements that the legislation set. We carried out a communications campaign and training regime which strengthened staff awareness and understanding of Data Protection and how to react should a data breach occur. The Council requires staff to carry out refresher training on Data Protection periodically, with a view to ensuring 100% completion in an appropriate timeframe.

1.5   Looking ahead to 2023/2024; a number of recommendations have been agreed to ensure the governance framework remains robust, and the Council is able to demonstrate its commitment to compliance. These actions include:
- Additional resources deployed into Children's Services to help facilitate Subject Access Requests and reduce the backlog
- Refreshing Information Governance Policies and adding new ones where any gaps are identified
- Reviewing the Council's Retention Schedule
- Reviewing and overhaul of Transparency Code requirements and data published on the Council's website in conjunction with the website upgrade
- Review of the Council's fees and charges relating to Freedom of Information, Environmental Information Regulations and Subject Access
- Any serious issues or concerns identified by the Internal Audit that will take place during 2023/24.

2. Key Roles and Responsibilities

2.1   It is important that the Council embeds a culture of recognising that information governance is everyone's business, with Officers and Elected Members taking personal responsibility to ensure information and data is held securely, processed appropriately, and safely destroyed when not required. Whilst all staff are responsible for information risk management and handling of personal data within their own service areas and teams, there are certain individuals who have specific responsibilities in respect of information risk management, which can be summarised as follows.

   a.   **Senior Information Risk Owner (SIRO)** is the senior officer with overall responsibility for information risk and has responsibility for promoting Information Governance policy within the Council. Acting as corporate champion for Information Governance, providing reports and advice in respect

of information risk, and understanding how the strategic priorities of the Council may be impacted by said risk(s). This role is held by the Assistant Director of Governance.

b. **Data Protection Officer (DPO)** is charged with leading and direction the Information Governance activities across the Council, and reporting, as required to, by the SIRO. Acts as the primary contact with the Information Commissioner's Office (ICO) and individuals in matters related to data protection, ensures the Council's implementation of policies, standards and procedures for Information Governance, and identifies areas for improvement providing support to senior managers to adopt new practices and procedures to improve operational performance and reduce risk. This role is held by Information Governance Officer in Legal Services.

The DPO and SIRO roles are based within Governance Services in the Resources & Assets Directorate. The DPO and SIRO meet on a regular basis to ensure any existing or potential issues relating to Information Governance are discussed and appropriate actions put in place.

c. **Caldicott Guardian** is the senior officer within a health or social care organisation who ensures that the personal information of service users is managed in a legally, confidentially, and in an ethically and appropriate manner. A Caldicott Guardian provides leadership and informed guidance on complex matters involving confidentiality and information sharing of health and/or social care data. This role is held by the Director of Adult Social Care and Health.

d. **Corporate Leadership Team (CLT)** is chaired by the Chief Executive and is a high-level strategic group that seeks to ensure proper arrangements are in place for the oversight of Information Governance matters within the Council. CLT will receive quarterly reports from the SIRO, including receiving updates on key issues from the DIGB, and provide their support when needed.

e. **Data Information Governance Board (DIGB)** is responsible for the oversight of information risk within the Council, ensuring that effective information governance, risk management, and IT governance arrangements are in place and disseminated to directorates. Embedding a culture of information ownership and accountability throughout the Council. The Board is chaired by the SIRO and meets monthly. Additional meetings are scheduled as required. Representatives from each directorate attend who are senior managers (either at Assistant Director level or their nominated representative if they are unable to attend), to allow decisions to be made in their Information Asset Owner roles. Other key roles in the organisation such as Head of IT, the DPO, and the Governance & Risk Manager attend to; feedback on, keep apprised of, and take any messages or actions to their respective service areas and teams.

f. **Information Services** is the Council's central team who process all information requests received and co-ordinate with other service areas; FOI, EIR, Subject Access, Police Enquiries (or other organisations requests), Data Breaches and Concerns related to Data Protection. The service provides advice, guidance and assistance to Officers in the Council on matters surrounding these

Information Governance topics, and manages data breaches ensuring any incidents are logged, investigated, and raising recommendations to the Information Asset Owners (and SIRO as required). This team sits within Legal Services.. Nominated solicitors from Legal Services carry out the Internal Reviews related to information requests as required.

g. **Information Asset Owners (IAOs)** are accountable for the information being created, received or obtained within their directorate, what the purpose of holding this information is for, and any associated information risks there could be and business continuity to mitigate/continue to operate in periods where assets are unavailable. They are responsible for ensuring that the Council's policies are implemented in their service areas, for ensuring that their staff are aware of the information governance policies that affect them and their staff complete training as required. To foster a culture of personal responsibility and commitment to information governance matters in their department. Wokingham Borough Council's IAOs are the Assistant Directors.

h. **All staff**, including temporary and agency workers, have a personal responsibility to handle information in accordance with Information Governance policy and Legislation, complete data protection and induction training and continue to complete refresher training periodically, and report any data security incidents, breaches and malpractices they encounter.

3. Risk Management and Assurance

3.1   The Council's Corporate Risk Register contains two risks relevant to this report; Information Management, and Cyber Security. Both risks are monitored and reviewed by DIGB and the Corporate Leadership Team.

3.2   The Information Management risk covers the Council's Publication Scheme and Access to information, our Policies and Procedures, Training, Data Breaches and Concerns, Networking with the other Berkshire Local Authorities, Records Management and Retention, Privacy Impact Assessments, and Data Sharing Agreements.

3.3   The Cyber Security risk covers the Council's access to physical equipment and electronic information including back up and business continuity, updates and upgrades to the Council's network and software, penetration testing of the Council's electronic security, awareness campaigns and simulated phishing campaigns, ensuring compliance with PSN certification, and membership and working with the relevant advisory groups or forums for the South East.

3.4   Part of the assurance of the Council's arrangements is carried out by the Internal Audit Team. Recent internal audit reviews have been carried out with IT to cover the Cyber Security Risk Register and an audit will be taking place in 2023/24 period to cover the Information Management risk. Any recommendations and actions arising will be time tabled and implemented as necessary depending on risk severity.

4. Data Breach Management and Reporting

4.1   The number of incidents reported provides evidence as to the awareness of the requirement to ensure data is held securely, processed in line with legislative requirements, and to report incidents in a timely manner when a potential breach occurs. Any concerns relating to potential data breaches are promptly investigated and assessed against Information Commissioner's Office (ICO) guidance. This is carried out by the Information Services team, where the Data Protection Officer role sits, and are assessed based on (but not limited to) sensitivity of information, type of recipient(s) (e.g. whether it's a professional organisation or member of the public receiving the data), number of people affected, nature of the breach and the likely impact.

4.2   The Council assesses breaches as *Low, Low-medium, Medium, Medium-high, and High*. We may also categorise concerns as *'None'* when the conclusion of investigation the allegations have not been substantiated, or if a third party has had a breach which does not affect Wokingham Borough Council residents' data but we have been informed as part of the third party obligations.

4.3   The Information Commissioner's Office (ICO) states that not all Data Breaches need to be reported to their organisation and their approach is that organisations take responsibility and accountability for minor breaches. The Council do not report breaches up to the Medium category to the ICO (with some exceptions dependent on case details) but carry out necessary actions and record them on their breach register (advised by the ICO to keep records). High breaches would require being reported to the ICO, which needs to be done within 72 hours, while Medium-High breaches we would contact the ICO helpline to discuss the case further to seek their view on the matter. The Officers in Information Services will also use the ICOs Breach Self-Assessment toolkit as reassurance to decisions made when necessary.

4.4   Following investigation and assessment of a data breach, the Information Asset Owner (IAO) is informed by Information Services *if* any process change, training or other learning actions are required when of a significant nature. The Line Manager or Service Manager are informed when the breach is low risk, or minor alterations are required, with their consideration whether to inform the IAO immediately. The SIRO and DPO discuss any significant breaches during their regular meetings, and this is included as a regular agenda item for DIGB detailing the previous month's breaches. From the start of 2023/24 an annual summary will also be provided to aid in spotting trends and patterns to plan ahead through the new financial year.

4.5   The Council recorded and investigated 106 instances of data breaches, alleged breaches, or concerns, during 2022/23.. This figure remained consistent with the previous year, and should be noted that it does not include Cyber Attacks against the Council that our IT Service experience and prevent (Like Denial of Service (DOS)). The risk of the breaches for the year have been categorised as follows;

High	Medium-High	Medium	Low-Medium	Low
0	0	7	17	80

4.6   During 2022/23, the Council submitted one report to the ICO. This related to a breach that was subsequently categorised as 'low-medium' risk.

Learning from breaches:

4.7   As part of the investigation of an incident, learning actions will be captured to identify opportunities to reduce the chances of a similar breach occurring in the future. This may see additional steps incorporated into a process before documents are issued, standard templates created to avoid the inclusion of incorrect information or post being issued via recorded delivery where appropriate.

4.8   Learning is shared across the organisation via either specific service area training or as corporate messages being issued to staff to remind them of good practice in avoiding breaches occurring.

4.9   In 2023/24 and 2024/25, the Council plans to review and refresh how Data Breaches are catalogued when recorded to be able to monitor and filter these cases.

4.10   With the introduction of GDPR the Council implemented improvements and strengthened its data breach reporting, investigations, learning and monitoring. As a result we have seen an increase in the number of breaches that are being reported to the Information Services team, however at the same time the severity of the risk has been reduced, and the number of staff carrying out mitigating actions *before* reporting to Information Services has increased. These prompt actions taken by staff when discovering or being alerted to a data breach greatly reduce the risk to the Data Subjects of these breaches.

4.11   The Council will continue to promote good information governance practices through 2023/24, and messages to staff to ensure that they are aware of actions to take following a breach or suspected breach. This will also include the IT Services work in terms of Cyber Security and simulated Phishing Campaign(s).

5. ICT Security & Cyber Risks

5.1   The dependency on digital information and networks continues to grow and provides the foundation on which front line services are delivered. With a result of the Pandemic, the Council had to shift to remote working sooner than it had anticipated/planned, however the roll out and operation of this was a success. Officers have continued to work from home for the majority and the Council have moved to a hybrid model following the lockdowns and restrictions of Covid-19 pandemic where all officers (exception of some rolls) so there will need to be a more focused shift on the Council's estate. To ensure that Officers are able to access all information that they require to carry out their role, and as far as reasonably possible ensure the upkeep of the Council's network.

5.2 Cyber security continues to be a high risk nationally and in recent years we have seen councils increasingly be the targets and victims of these attacks. The Hackney Council cyber attack in October 2020 demonstrated that the consequences of a significant attack being successful could significantly impact an organisation's ability to operate. The cost of recovery (estimated at £12 million+) would have a significant impact on any councils budget, together with the impact on service delivery. As such, it remains of managing and mitigating the risk of cyber security remain a key corporate priority. Other recent cyber incidents impacting local government include Gloucester City Council and Capita whose Cyber incident resulted in several councils being able to deliver their Revenue and Benefits service for an extended period of time.

5.3 The type of risks includes theft of sensitive corporate or personal data, theft or damage to data, threat of being held to ransom for financial gain, threat of hacking for criminal or fraud purposes and potential denial of service disruption to council ICT systems, intranet, mobile smart devices, public facing websites and misinformation. The Council is no different to other organisation and experience cyber-attack attempts on an almost daily basis. There are periods in the year or events that are taking place where it is known that the Council will experience an increase in attempts. Historically, we have seen increased cyber activity around election time.

5.4 The Council is working towards achieving Cyber Essentials Plus accreditation which provides an accreditation and good practice framework against which risks, controls and progress can be tracked, and an independent assessment of the Council's security. The Council has continued to meet its Public Services Network (PSN) accreditation for the 2023/24 financial year. As part of the commitment to cyber security good practice a robust patching regime is in place for Windows updates and IT continuously reviews and updates its Cyber response plan.

5.5 Cyber risk is included on the Corporate Risk Register and the Council's Internal Audit team has just completed its report and suggested actions. IT will be implementing this over the 2023/24 year while prioritising aspects that are considered high risk. Other items that IT have had involvement are detailed later in the report.

5.6 The Council received a £100k Cyber grant from DHLUC to fund approved projects to increase the Council's cyber resiliency.

5.7 The Council has engaged the Cyber Security Associates as its cyber-partner to provide a 24/7 security operations centre (SOC) to monitor for malicious cyber activity across the IT estate. As a partner, they have developed a cyber-incident plan for the Council and will be working with service areas to ensure this is integrated into their business continuity ahead of formally testing with an emergency planning event focussed on cyber.

6. Access to and requests for Information

6.1 The Council is committed to operating in an open, ethical, and transparent manner. Enabling residents, clients, and customers to scrutinise the way that the Council operates, ensures that we continue to utilise resource as effectively as possible, deliver the best possible services to residents and use public funds in the most appropriate manner. Individuals have a number of access routes to request data from the Council and escalate concerns to the regulatory body.

Freedom of Information (FOI) & Environmental Information Regulations (EIR)

6.2 Information Services records, monitors, and ensures fulfilment of FOI and EIR requests; all responses are quality assured by the team before being issued.. The team has worked with the SIRO to implement changes in 2022/23 to help the Council towards reaching its 90% on time response target which is set by the Information Commissioners Office.

6.3 As there can be overlap between these two pieces of legislation when a request is submitted, due to the questions posed or the information held, the Council reports on these as a combined statistic rather than attempt to separate them out. These avenues for requesting information share similar frameworks, and have the same timeframes for responding to a request which allow us to group these two pieces of legislation statistics together.

6.4 FOI and EIR activity remained relatively high throughout the year, although there were periods around the holidays (School breaks, Christmas, Easter, etc.) when the Council did see a drop in requests submitted. While we did see requests reduce during the pandemic, we have started to see that the submissions gradually increase and appear to be returning towards the pre-pandemic submission figures.

6.5 Whilst requests are applicant and motive blind, from the data available it is notable that residents comprise a relatively small proportion of total requests, the bulk of residents coming from the media, businesses, and students. We also receive requests from other organisations for bench marking purposes, Elected Members, and Central Government. The figures for the previous two financial years are as follows.

Year	Requests Received	Requests answered on time	Percentage (ICO target 90%)	Resources Cost*	Staff Hours^
2021/22	1140	967	84.8%	£38,074.98	1,523
2022/23	1052	940	89.4%	£32,445.80	1,298

The above figures may differ from the website, as we have removed duplicates, blank/spam bot web submissions, withdrawn requests, or non-related FOI/EIR contacts from the figures. Figures based on date due of request and not date received.

*Cost is only as accurate as staff record on the system. Only takes into consideration time which is applicable to be recorded under the FOI/EIR legislation, therefore doesn't reflect true costs involved.

^Hours is figure derived from 'cost divided by 25', as ICO sets £25 per hour, rounded to nearest full hour. We recognise this is not a true cost or time taken due to what is allowed to be recorded set by legislation.

6.6   Whilst the Council marginally fell short of the 90% target set by the ICO in 2022/23, there have been significant improvements in performance over the course of the year. We are confident that the measures put in place over the latter half of 2022/23 will continue through 2023/24 and that the Council will achieve the 90% target.

6.7   Wokingham Borough Council publishes its response to requests that we receive under FOI and EIR, along with other useful information.
- https://www.wokingham.gov.uk/council-and-meetings/information-and-data-protection/publication-scheme/
- https://www.wokingham.gov.uk/council-and-meetings/open-data/datasets-and-open-data/
- https://www.wokingham.gov.uk/council-and-meetings/information-and-data-protection/see-answers-to-previous-information-requests/

6.8   Looking ahead, Information Services are reviewing FoI requests received in previous years to supply to services a list of common and frequently requested information to further increase information already published which is commonly requested. This will be used to aid information demand and to proactively publish information that should be openly available. The Council's website is being updated in summer 2023 so this is an opportunity for the Council to increase the data being published with the refreshed website design.

Data Protection Act (DPA) 2018

6.9   Under the Data Protection Act and General Data Protection Regulations (GDPR) 2018, any living person, regardless of their age, can request information about themselves, known as a Subject Access Request (SAR), held by the Council.

6.10   The following figures are based on the elapsed time between submission and response noting that some requests are more complex and can be extended to 60 or 90 days. The within time limit includes those complex requests which have been extended to 90 days, and not just those requests answered within 30-day period.

	2021/22			2022/23		
	Received	Responded in time	Percentage in time	Received	Responded in time	Percentage in time
ASC	11	7	64%	16	9	56%
CS	76	21	28%	90	44*	49%
IS	32	24	75%	24	20	83%
Total	119	52	44%	130	73	56%

Adult Social Care and Health (ASC), Children Services (CS) and Information Services (IS). IS handle any non Children and Adult Services related requests, e.g. Housing, Council Tax, Human Resources.

*At the time of writing the report there are 17 requests which are still active and their due dates have not expired due to being extended to 90 days and being received in Q4 of 2022/23.

6.11 While it is clear that there is more work to be done within the Subject Access process, there have been reasonable achievements and improvements that have been made during the 2022/23 period as seen with the figures above, especially with cases relating to children.

6.12 Our priority for 2023/24 is to continue working on the backlog of requests that have built up within Children Services, with the aim to by the end of the 2023/24 period to have caught up with requests. We are balancing new requests against those which have been with the Council for a period of time already. Resource will be monitored, along with considerations about how the best way to process requests, meet demand, and complete requests within the rules of the legislation.

Schedule 2 Enquiries

6.13 There are exemptions within the Data Protection Act 2018 that allow organisations to submit 'Schedule 2' requests to the Council. These are requests for personal data usually submitted by the police, utility companies, or other Councils, and generally fall under either the 'prevention and detection of crime' (for police) or 'collection of a tax or duty' (everyone else).

6.14 The Council received 80 requests under Schedule 2 exemptions during 2022/23. This is an 18% increase form 2021/22 when the Council received 68 enquiries. Of the enquiries received. 91% were answered within a few days of being received. The Council's aim for 2023/24 is to reduce the number of requests which experienced significant delay, clarify the performance standard, andbuild more resilience in the process.

Internal Reviews

6.15 Applicants who submit an FOI, EIR, or Subject Access can request an internal review if they are dissatisfied with the response provided. This could be as a result of an incomplete answer, information being withheld under an exemption/exception, or undue delays in response. If the applicant remains dissatisfied with the Internal Review response, they are able to escalate their complaint to the Information Commissioner.

6.16 Internal reviews provide the Council with an opportunity to review the request handling process prior to any potential referral to the Information Commissioner's Office by the applicant and, if appropriate, correct the response that they received. During 2022/23 the Council has processed the following Internal Reviews;
- FOI/EIR: 7
- Data Protection Act: 3

6.17 The Council administers one thousand access to information requests each year and only approx. 1% required escalation to Internal Review. While we acknowledge that we will never reach zero internal reviews in any given year, as applicants have a right to request one, the figure demonstrates that applicants in

the vast majority are satisfied with the responses provided. The Council's Information Services team in prior years implemented improvements to the process and quality assurance mechanisms being strengthened to reduce the amount of internal reviews being carried out by the Councils Legal Service. The aim for 2023/24 is to continue this working practice and keep review figures around the 1% figure.

Referrals to the Information Commissioner's Office (ICO) about information requests

6.18 If an applicant is not satisfied with the outcome of an Internal Review, they can refer their case to the Information Commissioner who will assess the case and make an independent decision about the way the council has handled the request. They are also able to refer to the ICO should they believe that the Council are not handling their information governance duties appropriately. The role of the Information Commissioner is to uphold information rights in the public interest. Part of the Information Commissioner role is to respond to complaints about the way local authorities have handled requests for information, make recommendations on best practice and take appropriate enforcement action.

6.19 The Council has not self- referred to the ICO (in relation to access to information) on any occasion during the 2022/23 period. To the Council's knowledge, none of the above Internal Reviews were escalated to the ICO: No decision notices against Wokingham Borough Council have been issued for 2022/23.

6.20 The Council, did however, also receive four contacts separately from the ICO in relation to Subject Access requests in which the applicant directly approached them to request the ICO's involvement. All four cases were in relation to the applicant being advised there would be a delayed response to their Subject Access and the ICO required the Council to complete these requests within 14 days from date of ICO contact. The Council complied with issuing a response to the applicant within the ICO's timeframe in all four instances. As mentioned in prior section the Council has taken measures to reduce and clear the backlog through 2023/24 period.

Referrals to the First Tier Tribunal (FTT)

6.21 If an applicant is dissatisfied with the Information Commissioner's decision, they have the right to refer the matter to the First Tier Tribunal (FTT). The Council can also appeal fines issued for data breaches and enforcement notices to the FTT. The FTT is independent of the Information Commissioner and considers representations from both parties before it reaches a decision. Any party wishing to appeal against an ICO Decision Notice has 28 days to do so.

6.22 During the 2022/23 Financial Year the Council did not receive or make any referrals to the First Tier Tribunal.

7. Information Governance Policies and Procedures

Internal Audit

7.1   The Information Governance service area is due for its internal audit during the 2023/24 period. This will review items such as policies and procedures, training, data breaches, access to information routes, publication scheme, retention and disposal regimes and any concerns from the previous audit. Anything that is identified as being high priority out of this audit will be actioned during 2023/24.

ICO Self-Assessment toolkits

7.2   To indicate where the Council stood in terms of Information Governance and IT Security in 2021/22 an ICO Data Protection Self-Assessment was undertaken. This informed the priorities for the year ahead and compared the Council's practices against ICO best practice. The Council will complete another Self-Assessment(s) at the end of the 2023/24 period and compare their progress and achievements against the prior assessment(s).

Data Information Governance Board (DIGB)

7.3   The Data Information Governance Board (DIGB) comprises senior officers from across the Council. The Board is responsible for leading and promoting the Council's information governance arrangements and reports regularly to the Corporate Leadership Team.

Policy and procedures

7.4   All staff are required to review and sign the Council's '*Information Security and Acceptable Use of ICT'* policy. This is supplemented by regular training in this area.. During 2023/24 the policy will be reviewed to ensure it continues to reflect best practice.

Internal training and communications

7.5   The Council refreshed its Data Protection eLearning content in 2022/23. Staff are required to complete full refresher training on Data Protection every two years. This year, rather than have every officer go through the training regardless of join date to the organisation all at once, Information Services worked with Human Resources to alter the training so that it would auto enrol individuals to take the training one month before their training certificate expired. This will allow for better monitoring and escalation of non-compliance.

7.6   The Council's Intranet on Data Protection will be refreshed and improved in 2023/24 with all information accessible in one location as a hub to make it simpler

and quicker for staff to access the information, templates and guidance that they need.

Information Asset Register (IAR) and Register of Processing Activity (RoPA)

7.7   In 2018, in preparation for the introduction of GDPR, the Council reviewed information assets in depth and created its' RoPA.

7.8   A priority for 2023/24 is to review and refresh these registers. Work has begun in April 2023 to update the Excel based IARs with consideration to migrate these registers to a system in the future which will allow for better monitoring and updating.

7.9   Alongside this piece of work, the Council also is required to have an up to date comprehensive ROPA to give assurance to the Information Commissioner's Office that they were complying with the requirements of Data Protection Legislation. The ROPA is a living document which details a granular level of data processing information for an organisation. This initial work and consideration is likely to continue into the 2024/25 financial year.

Information Sharing Agreements (ISA), Privacy Impact Assessments (PIA) and Software

7.10 Another priority for 2023/24 is to identify and catalogue and review all agreements.

Data migration and Document Management System

7.11 The Council is upgrading its Document Management system from Information@Work to NEC DM System, with a view during 2023/24 to also update the Document Management system used in Social Care to migrate to NEC DM. This will reduce the number of Document Management systems in use and also offer a consistent approach which should make it easier for officers to use and manage information. Retention will be added into the system which will allow for less reliance on officers manually removing data when its retention has been reached.

External Certificate

7.12 The Council has continued to maintain the required assurance certifications, such as Public Service Network (PSN) and NHS Toolkit. All these processes for external certification involve submitting evidence to the supervising Government body to show we comply with their requirements. Work has also commenced on Cyber Essentials, a government certification overseen by the National Cyber Security Centre and regarded as a key indicator of assurance. The Council will continue to maintain these external certifications, and we plan to monitor any news or updates as we understand that PSN may be replaced in future.

8. Corporate Governance Actions

8.1 The Council is committed to a clear strategy and sustainable framework for Information Governance. A number of actions have been identified throughout this report to be carried out during 2023/24 to further strengthen Information Governance. Next year's SIRO report will review the Council's achievements of these actions.

8.2 Throughout 2023/24 there will be continuous monitoring and updates to senior leadership about Information Governance, and the Council will adapt as needed to mitigate risk. This will be taken into consideration when the 2023/24 report is produced.

9. Conclusion

9.1 In summary, good progress has been made during 2022/23 with key actions taken to strengthen the Council's approach to effectively manage information risks and ensure a robust approach to information governance. In particular, as the potential for cyber risk increases, it is essential the Council takes action to understand and mitigate risk in this area.

9.2 Information governance is highlighted within the Corporate Risk register and the regular meetings of DiGB and Corporate Leadership Team, coupled with regular meetings between the SIRO and DPO all demonstrate the commitment the Council has to maintaining and improving effective information governance.

Further Information - For further information and guidance please contact:-

- SIRO – Andrew Moulton, Assistant Director Governance
  Andrew.moulton@wokingham.gov.uk

- DPO – Stuart Bignell, Information Governance Officer
  Stuart.bignell@wokingham.gov.uk

- Head of IT – Glynn Davies
  Glynn.davies@wokingham.gov.uk

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION AND PURPOSE	RESPONSIBLE OFFICER
Wednesday 27 September 2023	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	2023/24 Internal Audit and Investigation Quarter 1 Progress Report	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	3.	Audit Progress Update - *provide an update on the 2021/22 and 2022/23 audits*	**EY**
	4.	2020/21 Auditor's Annual Report - *summarise the completion of the 2020/21 audit, including our commentary on the value for money proper arrangements.*	**EY**

Agenda Item 22.

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION AND PURPOSE	RESPONSIBLE OFFICER
Wednesday 29 November 2023	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	2023/24 Internal Audit and Investigation Quarter 2 Progress Report	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	3.	Anti Fraud and Anti Corruption Policies Refresh	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	4.	Annual Governance Statement	**Graham Ebers, Deputy Chief Executive**
	5.	Statement of Accounts (or February)	**Graham Ebers, Deputy Chief Executive**
	6.	Draft Audit Results Report for 2021/22 - *summarise the outcome of our audit testing, including any work left to complete.*	**EY**
	7.	CIPFA code of practice – improvement plan update	**Graham Ebers, Deputy Chief Executive**

Private: Information that contains a small amount of sensitive data which is essential to communicate with an individual but doesn't require to be sent via secure methods.

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION AND PURPOSE	RESPONSIBLE OFFICER
Wednesday 7 February 2024	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	2023/24 Internal Audit and Investigation Quarter 3 Progress Report	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	3.	2024/25 Draft Internal Audit and Investigation Plan, Strategy and Internal Audit Charter	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	4.	2021/22 Auditor's Annual Report - *summarise the completion of the 2021/22 audit, including our commentary on the value for money proper arrangements*	**EY**
	5.	2022/23 Audit Planning Report - *outline the audit strategy, including the identified significant risks, for the 2022/23 audit of accounts*	**EY**
	6.	Council Assurance Map- *To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.*	**Graham Ebers, Deputy Chief Executive**

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