

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 19 JULY 2023 FROM 7.00 PM TO 8.45 PM**

**Committee Members Present**

Councillors: Rachel Burgess (Chair), Mike Smith (Vice-Chair), Sam Akhtar, David Davies, Peter Harper, Jordan Montgomery and Mike Drake (independent member)

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Graham Cadle, Assistant Director Finance (online)  
Andrew Moulton, Assistant Director Governance  
Paul Ohsan Ellis, Governance and Risk Manager  
Mark Thompson, Chief Accountant (online)  
Helen Watson, Director Children's Services  
Helen Thompson, EY (online)

**13. APOLOGIES**

There were no apologies for absence.

Councillor Stephen Newton attended the meeting online.

**14. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 7 June 2023 were confirmed as a correct record and signed by the Chair.

Members were reminded that the actions list had been circulated to the Committee via email.

Councillor Harper commented that he had had a briefing session with the Assistant Director Finance on the Medium Term Financial Plan and how it fitted together. He had raised a concern as to whether it could be considered a control for the primary risk on the Corporate Risk Register. He still had concerns about how Council had a full view of revenue and capital spending. The MTFP referenced spend for the current year and possible future years, but that not spent in the previous year which was transferred to the current year was referenced in later reports. Councillor Harper suggested further training for Members on this financial control.

**15. DECLARATION OF INTEREST**

Councillor Newton declared a Personal interest in Item 19 Director of Children's Services - verbal overview of directorate risks on the grounds that he was a foster carer.

**16. PUBLIC QUESTION TIME**

There were no Public questions.

**17. MEMBER QUESTION TIME**

There were no Member questions.

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

The Committee received the Wokingham Borough Council Audit Progress Update.

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

- In terms of 20/21 a set of financial statements, the final audit result report and other documents including the letter of management representation, had been provided to the Chair and the Section 151 Officer. A meeting would be held with the Chair on Friday to ensure that she was content to sign the statements. Once signed and completed the statements would be published on the website.
- The audit of 2021/22 was progressing and a full draft set of accounts, including the Group information, had now been provided.
- The Department of Levelling Up, Housing and Communities (DLUHC) had the day before, issued a letter to Council leaders, S151 Officers, Chief Executives, and audit firms, regarding its current proposals to address the backlog of audits. This letter provided a proposed outline of the way forwards and the actions that would be required. Information on the statutory deadlines that would be set for each of the financial years involved, was still awaited. Once this was received a clearer picture of the implications for the Council would be possible. In the interim the 2021/22 audit continued to be progressed.
- The Assistant Director Finance commented that around 27% of Councils had completed their 2021/22 audits. There was still a lot of detail to come on how to further progress. There was still a lot of discussion and consultation to come, and the approach might not be finalised until December.
- Mike Drake sought an update on cash and cash equivalents and asked what the adjustment had been in 2020/21. Helen Thompson commented that the prior year adjustment was a classification difference and did not have an impact on the bottom line. There were no changes between general reserves and restricted reserves other than that previously reported. Helen Thompson went on to state that the reclassification of short term investment for the current year was a £95million reclassification between cash and short term investment. The prior year equivalent value was £28million.
- With regards to ongoing audits, Mike Drake noted that there would not be a site visit and questioned the reason for this, including how existence testing would be performed. Helen Thompson indicated that many Councils were still working largely away from the office. The auditors were looking to move more to face to face and this was being kept under review.
- Mike Drake asked whether transaction testing had been considered for the 2021/22 accounts, at the same time as the 2022/23 accounts, on the basis of efficiency. Helen Thompson stated that there was still uncertainty around what would be audited and when, for 2022/23. There were proposals in the letter from DLUHC about changing the scope of the audit. Until this becomes clearer, there would be a risk that unnecessary work might be completed, and so this was not something being considered at this point.
- Mike Drake sought an explanation around the group structure of Optalis Holdings. The Assistant Director Finance explained that a quarterly report was provided to the Executive on its financial position, the last having been issued in March. Helen Thompson added that the Council and Optalis had slightly changed the structure of the Optalis Holdings at the end of the 2022/23 year. Consideration was being given to as to how it should be accounted for in 2021/22. The Chief Accountant stated that previously the split with the Royal Borough of Windsor and Maidenhead Council had been 55%/45% in the Council's favour. Under the 2020/21 accounts a full group consolidation had been undertaken because Optalis had been treated as a subsidiary company. However, from March 2022 the split had been 50/50, under the CIPFA rules the accounting treatment was no longer full group consolidation but

an equity method. Discussions were being had with EY as to the impact of this for 2021/22.

- With regards to existence testing, the Chair questioned how assets were selected for this. Helen Thompson responded that some was done through the additions testing, and some through a sample of assets on the register. If it was not possible to physically inspect the asset other methods such as online mapping software could be used.

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

## **19. DIRECTOR OF CHILDREN'S SERVICES - VERBAL OVERVIEW OF DIRECTORATE RISKS**

The Committee received an update on the Children's Services risks from Helen Watson, Director of Children's Services.

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

- The Director Children's Services updated the Committee on SEN and the Safety Valve programme which related to risk 5 on the Corporate Risk Register.
- The Safety Valve programme was a national programme which targeted the 20 local authorities with the highest dedicated schools grant deficit, particularly in relation to the High Needs Block. The Council had secured an agreement with the Department for Education in January 2023, coming in during the second wave of the programme.
- Since the 2014 SEN reforms there had been a significant increase in those requiring assistance for Special Educational Needs.
- A whole system approach was being taken and the Council was working with its partners in health and schools. Through the programme the Council had to demonstrate that, through the Safety Valve programme, it would reduce the in year deficit by the end of the programme. A balance had to be reached by the end of the 2028/29 financial year, which would be challenging.
- Work undertaken via the Safety Valve programme was monitored by the Department for Education and the Council had to submit detailed quarterly returns on activity and financial data. There was strong accountability and governance around the programme.
- Members were informed that the Chief Executive chaired a weekly Safety Valve Gold meeting which was attended by officers including the Deputy Chief Executive and the Director of Children's Services. The risk register was considered, and weekly updates received.
- Linked to the Safety Valve proposal, additional capital funding had been brought in. Two new SEND free schools would hopefully be opening in September 2026. This additional investment in the Borough would help with some of the existing challenges of some children having to be educated outside of the local authority area.
- Members were informed of other governance arrangements. The Director Children's Services indicated that she chaired the monthly Safety Valve Board. She also chaired the SEND Sufficiency Board which oversaw the development of the free schools, and also the Local Authority SEND Partnership.
- There were four main workstreams in the Safety Valve Programme and 15 individual projects, each of which had its own work programme.
- Schools Forum were involved in the process and school leaders had signed up to the principles of Safety Valve. Significant work was being undertaken with the

- schools around what needed to be done with the Dedicated Schools Grant in terms of a 1% block transfer to the High Needs Block in autumn.
- Councillor Davies asked about the expected trajectory of the risk score over the next three years. The Director Children's Services commented that the trajectory of the risk needed to shift and that the building of the new free school and additional units such as SEND resource units, would be key to this. Earlier intervention and supporting families at the earliest opportunity would also be vital. In the next few months some more Early Years Provision would be brought onstream with Addington School. The Director Children's Services indicated that there were challenges around the number of Education, Health and Care Plans (EHCP). It was hoped that bringing in additional provision over the coming years would help to reduce this, by having the right provision as early as possible. The Safety Valve programme was very complicated and ambitious and was within a complex national picture, which had worsened as a result of the pandemic.
  - Councillor Davies commented that the risk score for Risk 5 was very far from the level at which it should be, and asked if it was possible to track the trajectory. The Director Children's Services commented that the programme would take place over a number of years. It was particularly challenging at the moment at the number of EHCPs continued to increase. The range of initiatives would have an impact over time. She stated that as quarterly submissions were required to be sent to the Department for Education, Officers had a good grip on the activity and financials, and any nuances were being monitored.
  - Mike Drake noted that 3 mitigating actions were due within the next 3 months and asked how likely it was that they would be achieved. The Director of Children's Services commented that it was hard to represent the scale of the programme, but she was confident progress was being made. The Assistant Director Governance advised that the next iteration of the Corporate Risk Register would show clearer trajectory for risks and increased clarity around longer term mitigating actions.
  - In response to a question from Councillor Smith regarding the increasing deficit, the Director Children's Services stated that the 2014 SEND reforms had had a financial impact on all local authorities. Whilst Safety Valve was designed to help those local authorities with the most significant deficit, there were also other programmes linked to the High Needs Block. There was increasing demand nationally for EHCPs and statutory requirements which had to be met for them. Increased in Borough provision would be beneficial from a financial standpoint and also ensure a better service for young people and their families.
  - Councillor Smith asked whether demand was likely to plateau and was informed that increased early years support and earlier intervention would hopefully help divert from the need for an EHCP in some cases. More in Borough provision would also help to reduce home to school transport costs.
  - Councillor Smith questioned what would happen should the new SEND schools did not open on time and were over budget. The Director Children's Services commented that Officers were working closely with the Department for Education. An academy trust would be appointed to run the free schools and she was optimistic that they would open on time in 2026.
  - In response to a question from Councillor Akhtar regarding the impact of Covid, the Director of Children's Services indicated that the impact of Covid had been wide ranging. Children born in lockdown were less well socialised and speech and language issues had increased. An increasing demand for EHCPs in younger children had also been seen. With regards to placements for children, an increased complexity of need was being seen, and it was sometimes difficult to find a suitable placement in the whole country. The Council was developing its own residential

provision which would help address significant placement costs and lack of local places.

- Members discussed the difficulties that many residents had indicated that they had had in gaining an EHCP for their child. The Director Children's Services referred to the statutory requirements which must be met, and highlighted workforce issues, such as a national shortage of Educational Psychologists.
- The Committee asked for sight of the risk registers for the 15 individual projects under the Safety Valve Programme.

**RESOLVED:** That the update on the Children's Services directorate risks be noted.

## **20. RISK MANAGEMENT POLICY AND GUIDANCE**

The Committee considered the Risk Management Policy and Guidance.

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

- The Chair highlighted an updated recommendation which reflected the Committee's amended role following the change to its terms of reference.
- The Governance and Risk Manager highlighted that a review had been undertaken of the Risk Management Policy and Guidance. The review had found that the Policy and Guidance was sound. Her Majesty's Orange Book on Risk Management, a code of practice on risk management in the public sector, had been used.
- Minor enhancements around clarity and consistency had been identified.
- The Policy set out the Council's strategic objectives for risk management and described how this was delivered in terms of roles and responsibilities for Members and Officers. The Guidance was the more detailed operational application of these principles.
- Councillor Davies asked that there be more consistency in the reference to Directors and Managers.
- Members highlighted a number of instances where the Committee was still identified as undertaking its previous role. Officers agreed to review the documents and make amendments as necessary.
- Councillor Smith was of the opinion that the verification process around risk management could be better explained in the policy. The Governance and Risk Manager outlined the challenge process and indicated that he would review the Guidance to ascertain how this could best be reflected.
- The Chair suggested that the word 'challenge' be used in the documents. She went on to suggest that reference be made to the Risk Management Group receiving feedback from the Audit Committee.
- With regards to Appendix 2 examples of risk categories, Councillor Harper questioned why reputational risk was not referred to in this section. He went on to suggest that the impact on residents be further emphasised under the impact scores section.
- Councillor Newton referred to the Audit Committee document which had been previously circulated to the Committee, and questioned whether a review of the Committee to understand its level of compliance would be carried out. The Governance and Risk Manager explained that an annual review of the Committee's effectiveness was taken to the February meeting and an action plan detailing how progress against the CIPFA code would be made.

- Councillor Newton went on to comment that the relevant Executive Member was made aware of key risks in their area. He stated that risks were a corporate responsibility and suggested that the Audit Committee and relevant Overview and Scrutiny Committees also be made aware of significant risks so that they could be satisfied that it was being addressed. The Assistant Director Governance indicated that Officers would look at the suggestion around risk management. Councillor Davies was of the view that the existing risk management escalation process was sufficient.
- An assurance framework detailing the whole system of assurance in a local authority would be taken to the Committee's February meeting.
- Mike Drake questioned whether it was highlighted at an early stage when a riskier project was being undertaken, and if so, if mitigating actions were detailed. The Assistant Director Governance responded that risks were highlighted in Executive reports, but the Committee could choose to recommend that Executive reports contain a specific section relating to risks.
- Councillor Smith asked about whistleblowers and was informed that there was a Whistleblowing Policy and details on the Council's website on using the whistleblowing process.
- The Assistant Director Finance referred to Woking Council which had recently declared a Section 114 notice and commented that their level of borrowing was £2.4 billion with a requirement of £50million interest off those investments. The Council's was around £360million. The Treasury Management Strategy set out clear indicators around the level of borrowing and the level of return. The Revenue Monitoring reports highlighted where the Council's budget was.
- Councillor Akhtar asked how a single point of failure was mitigated against and also segregation of duties for Officers involved in key procurement activity. The Governance and Risk Manager indicated that this was set out within the Financial Regulations and the Procurement Regulations within the Constitution. He suggested that this be referenced within the Risk Management documents.
- Mike Drake commented that it was important to identify a risk before it had occurred.

**RESOLVED:** That the adequacy and effectiveness of the updated Risk Management Policy and Guidance be considered by the Committee as part of its role in monitoring the effective development and operation of risk management in the Council.

## **21. SENIOR INFORMATION RISK OWNER (SIRO) ANNUAL REPORT 2022/23**

The Committee considered the Senior Information Risk Owner (SIRO) Annual Report 2022/23.

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

- The Assistant Director Governance took Members through the report. The report provided 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.
- CLT had received a half day briefing on cyber security recently, which had helped to raise the prominence of this issue to senior officers.
- It was noted that Internal Audit were due to report internally on information governance.

- With regards to data breach management and reporting, there had been one reportable breach which had been reported immediately. It had related to physical information which had been lost but then swiftly recovered. The Information Commissioner had been complimentary regarding the speed of the reporting (within 24 hours) and had taken no further action. An internal reporting culture was encouraged and over 100 reports had been made internally. This would help to target training and identify any knowledge gaps.
- It was noted that over a thousand requests for information were received each year. There was a target of responding to Freedom of Information requests within a certain timeframe of 90%. Last year 89.4% had been achieved.
- Councillor Harper asked whether information regarding right to be forgotten requests could be provided in future reports. The Assistant Director Governance indicated that it could. The number of requests received had been small.
- A number of typos were identified which would be amended.
- Mike Drake praised the report and asked about benchmarking with similar councils. The Assistant Director Governance indicated that he would provide this information for the next meeting. More comprehensive information could be included in the next report.
- The Chair questioned whether information regarding requests received also included those requests which had been rejected due to the level of resources that would be required to respond. The Assistant Director Governance did not believe that any requests had been rejected. The Chair suggested that this information be added to the report.
- Councillor Smith again expressed surprise that Internal Audit were not due to audit cyber security earlier, given its vital importance. The Chair commented that it would be audited twice over three years.
- Councillor Smith asked for more information on the type of data breaches. The Assistant Director Governance agreed to provide more information.
- With regards to fostering a culture of self reporting, Councillor Davies questioned how a balance could be created. The Assistant Director of Governance agreed that a balance was important. However, if a pattern of conduct was identified it would be picked up through the disciplinary process or capability process if it related to a significant one off matter.
- Councillor Newton noted that the number of Freedom of Information requests had decreased, and that this may have helped to raise the percentage of achievement. The number of hours taken had also decreased. He questioned whether the resource in the team had decreased, and if the number of requests increased whether officers would be able to respond sufficiently. The Assistant Director Governance indicated that the resources were largely the same. Improved information on the Council's website may have helped to reduce the number of requests for information.
- Councillor Newton thanked officers for the improvements made.

**RESOLVED:** That the 2022/23 SIRO Annual Report be noted.

## **22. FORWARD PROGRAMME 2023-24**

The Committee considered the forward programme for the remainder of the municipal year.

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

- Members questioned whether any of the November items could move to the September meeting. The Assistant Director Governance commented that the Annual Governance Statement could potentially be taken to the September meeting.
- It was noted that an update on the 2020/21 audit was no longer required.

**RESOLVED:** That the forward programme for the remainder of the municipal year be noted.

| ACTION   | OFFICER  | ONGOING/CLOSED  |
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| <p>JUNE MEETING - 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 of Improvement was made it was a journey of improvement. Councillor Harper suggested that the mitigating actions be amended to highlight some of the improvements made.</p> | <p>Governance and Risk Manager / Director Childrens Services</p> | <p><b>Open.</b><br/>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |
| <p>JUNE MEETING - Councillor Newton suggested that it would be helpful to include an explanation as to why a risk had not been mitigated.</p>  | <p>Governance and Risk Manager</p>                               | <p><b>Open.</b><br/>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |
| <p>JUNE MEETING - 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.</p>  | <p>Governance and Risk Manager</p>                               | <p><b>Open.</b><br/>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |



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| <p>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.</p>  |  |  |
| <p>JUNE MEETING - 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.</p> <p>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.</p> | <p>Governance and Risk Manager</p>     | <p><b>Open.</b></p> <p>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |
| <p>JUNE MEETING - Review rating of Risk 9 Deliver Council's Climate Emergency Action Plan.</p>  | <p>Governance and Risk Manager/CLT</p> | <p><b>Open.</b></p> <p>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |
| <p>JUNE MEETING - 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.</p>  | <p>Governance and Risk Manager</p>     | <p><b>Open.</b></p> <p>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September.</p> |
| <p>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.</p>   | <p>Assistant Director Governance</p>   | <p><b>Open.</b></p> <p>LGA has been asked to support this training.</p>  |
| <p>JUNE MEETING - Councillor Harper questioned the section headed Openness</p>  | <p>Assistant Director Governance</p>   | <p><b>Open.</b></p> <p>Constitution review to start</p>  |

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| 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.                                    |   | shortly (through CRWG) and reported to full Council later in municipal year.  |
| JUNE MEETING - The Chair also referred to a skills audit of the Committee members and private meetings between the Committee and the auditors, without officers present.  | Governance and Risk Manager/Assistant Director Governance | <b>Open</b> – skills audit.<br><b>Open</b> – private meetings with auditors.  |
| JUNE MEETING - 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. | Governance and Risk Manager                               | <b>Open.</b><br>Actions will be addressed in next iteration of Corporate Risk Register to be considered by Committee on 27 September. |
| JULY MEETING - The Committee asked for sight of the risk registers for the 15 individual projects under the Safety Valve Programme.   | Director Children's Services                              | <b>Open</b>   |
| JULY MEETING – Risk Management Policy and Guidance<br>Members highlighted a number of instances where the Committee was still identified as undertaking its previous role. Officers agreed to review the documents and make amendments as necessary.  | Governance and Risk Manager                               | <b>Open.</b>  |
| JULY MEETING - Councillor Smith was of the opinion that the verification process around risk management could be better explained in the policy. The Governance and Risk Manager outlined the challenge process and   | Governance and Risk Manager                               | <b>Open.</b>  |

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| <p>indicated that he would review the Guidance to ascertain how this could best be reflected.</p>  |  |                     |
| <p>JULY MEETING - The Chair suggested that the word 'challenge' be used in the documents. She went on to suggest that reference be made to the Risk Management Group receiving feedback from the Audit Committee.</p>  | <p>Governance and Risk Manager</p>                               | <p><b>Open.</b></p> |
| <p>JULY MEETING - With regards to Appendix 2 examples of risk categories, Councillor Harper questioned why reputational risk was not referred to in this section. He went on to suggest that the impact on residents be further emphasised under the impact scores section.</p>  | <p>Governance and Risk Manager</p>                               | <p><b>Open.</b></p> |
| <p>JULY MEETING - Councillor Newton went on to comment that the relevant Executive Member was made aware of key risks in their area. He stated that risks were a corporate responsibility and suggested that the Audit Committee and relevant Overview and Scrutiny Committees also be made aware of significant risks so that they could be satisfied that it was being addressed. The Assistant Director Governance indicated that Officers would look at the suggestion around risk management.</p> | <p>Governance and Risk Manager/Assistant Director Governance</p> | <p><b>Open.</b></p> |
| <p>JULY MEETING – SIRO Report<br/>Councillor Harper asked whether information regarding right to be forgotten requests could be provided in future reports.</p>  | <p>Assistant Director Governance</p>                             | <p><b>Open.</b></p> |

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| <p>JULY MEETING - Mike Drake praised the report and asked about benchmarking with similar councils. The Assistant Director Governance indicated that he would provide this information for the next meeting. More comprehensive information could be included in the next report.</p>   | <p>Assistant Director Governance</p> | <p><b>Open.</b></p> |
| <p>JULY MEETING - The Chair questioned whether information regarding requests received also included those requests which had been rejected due to the level of resources that would be required to respond. The Assistant Director Governance did not believe that any requests had been rejected. The Chair suggested that this information be added to the report.</p> | <p>Assistant Director Governance</p> | <p><b>Open.</b></p> |
| <p>JULY MEETING - Councillor Smith asked for more information on the type of data breaches.</p>   | <p>Assistant Director Governance</p> | <p><b>Open.</b></p> |