



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held in First Floor 12 - Civic Offices, Shute End, Wokingham RG40 1BN on **WEDNESDAY 24 JULY 2019 AT 7.00 PM**

Susan Parsonage
Chief Executive

Published on 16 July 2019

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WOKINGHAM BOROUGH COUNCIL

Our Vision

A great place to live, an even better place to do business

Our Priorities

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

The Underpinning Principles

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors

Chris Smith (Chairman)	Dianne King (Vice-Chairman)	Rachel Burgess
Maria Gee	Angus Ross	Daniel Sargeant
Imogen Shepherd-DuBey		

ITEM NO.	WARD	SUBJECT	PAGE NO.
21.		APOLOGIES To receive any apologies for absence	
22.	None Specific	MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 5 June 2019.	5 - 10
23.		DECLARATION OF INTEREST To receive any declarations of interest	
24.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
25.		MEMBER QUESTION TIME To answer any member questions	
26.	None Specific	EXTERNAL AUDIT - AUDIT RESULTS REPORT 2018/19 To receive the External Audit - Audit Results Report 2018/19.	To Follow
27.	None Specific	FINANCIAL STATEMENTS 2018/19 To consider the Financial Statements 2018/19.	To Follow
28.	None Specific	ANNUAL GOVERNANCE STATEMENT 2018-19 To consider the Annual Governance Statement 2018-19.	11 - 20

29.	None Specific	CORPORATE RISK REGISTER To consider the Corporate Risk Register.	21 - 36
30.	None Specific	2019/20 INTERNAL AUDIT AND INVESTIGATION Q1 PROGRESS REPORT To consider the 2019/20 Internal Audit and Investigation Q1 Progress Report.	37 - 42
31.	None Specific	FORWARD PROGRAMME 2019-2020 To consider the forward programme for the remainder of the 2019-2020 municipal year.	43 - 44

Any other items which the Chairman decides are urgent

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

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Agenda Item 22.

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON 5 JUNE 2019 FROM 7.00 PM TO 8.40 PM

Committee Members Present

Councillors: Chris Smith (Chairman), Dianne King (Vice-Chairman), Rachel Burgess, Maria Gee, Angus Ross, Daniel Sargeant and Imogen Shepherd-DuBey

Also Present

Helen Thompson, Ernst and Young
Malcolm Haines, Ernst and Young
Martin Jones, Specialist Finance
Andrew Moulton, Assistant Director, Governance
Mark Thompson, Specialist Finance
Neil Carr, Democratic and Electoral Services Specialist

5. APOLOGIES

There were no apologies for absence.

6. MINUTES OF PREVIOUS MEETINGS

The Minutes of the meeting of the Committee held on 6 February 2019 and the Minutes of the Extraordinary meeting of the Committee held on 22 May 2019 were confirmed as a correct record and signed by the Chairman.

Angus Ross pointed out that the Minutes of the 6 February meeting included a request that the new Chief Executive be invited to this meeting. Andrew Moulton (Assistant Director, Governance) explained that the Chief Executive had requested a refresh of the Corporate Risk Register and that, following that work, she would be attending the September meeting of the Committee.

7. DECLARATION OF INTEREST

There were no declarations of interest submitted.

8. PUBLIC QUESTION TIME

There were no Public questions.

9. MEMBER QUESTION TIME

There were no Member questions.

10. EXTERNAL AUDIT PROGRESS REPORT

The Committee received the External Audit Progress Report, submitted by Helen Thompson and Malcolm Haines from Ernst and Young.

During the discussion of this item the following points were made

- Group Accounts Assessment - why were none of the subsidiaries assessed under full scope procedures? It was confirmed that the Council-owned companies both individually and collectively did not meet the threshold for a full assessment, i.e. over 15% of the group or over 15% of the Council's total expenditure. However, some review work was carried out (qualitative and quantitative) and no risks had been

identified. The auditors carried out their own assessments, independent of any management views expressed by the Council.

- Pension Liability – it was confirmed that the Local Government Pension Scheme faced a number of ongoing challenges, for example in relation to the implications of the McCloud judgement which related to contingent liabilities.
- PFI Liability Accounting – it was confirmed that the re3 Waste PFI was based on a long term contract. As time progressed the assumptions underpinning the PFI accounting model were adjusted. However, this did not have a significant effect upon the financing of the project.
- Informed Decision Making – an additional significant Value for Money risk had been identified relating to significant changes within the Council's top management team and political leadership (including the Executive Member for Finance).

RESOLVED: That the External Audit Progress Report be noted.

11. EXTERNAL AUDIT FEE 2019-20

The Committee considered the External Audit Fee proposals for 2019-20.

The report set out the range of activities to be covered in 2019/20, including audit of the financial statements and value for money conclusions. Any additional work would be negotiated separately and agreed with the Council in advance.

The Audit Plan was expected to be issued in January 2020. The Audit Plan would communicate any significant financial statement and Value for Money risks identified and the planned audit procedures necessary to respond to those risks.

RESOLVED: That the External Audit Fee letter for 2019-20 be noted.

12. HOUSING RENT ARREARS

The Committee considered the internal controls in place to manage Housing Rent arrears efficiently and effectively.

The report stated that, at the previous meeting, the Chairman had asked for further information on progress relating to two independent reports on rent arrears management, together with updated financial information on the collection of housing rents.

The report indicated that good progress had been made in relation to 42 of the 62 actions. The remaining recommendations were being implemented in 2019/20 as scheduled.

During the discussion of this item the following point was made:

In relation to Table 2 – Arrears Reduction and Arrears % Annual Debt for HRA Properties – Members requested more detailed information on the specific items which made up the overall totals shown in the table.

RESOLVED: That the update report be noted.

13. INTERNAL AUDIT OF COUNCIL TAX REDUCTION SCHEME

The Committee considered the outcome of the internal audit of the Council Tax Reduction Scheme (CTRS).

The report stated that, following initial consideration of changes to the CTRS in January 2019, the Chairman had requested an Internal Audit review of the governance arrangements and processes for setting the CTRS for 2019/20.

Overall, the audit found that effective processes were in place for setting and improving the CTRS. However, controls that should have ensured the successful delivery of the scheme were impacted by a number of factors including instability in leadership with key Member and Officer posts being vacant, the major restructuring programme ongoing at that time and ineffective Member oversight and decision making. A number of areas were highlighted in order to strengthen controls and oversight of the process.

Based upon the review of controls in place relating to CTRS the report stated that the Audit opinion was that the controls were “substantially complete and effective” (the second highest of the four Audit opinions).

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

- Members felt that a more accurate Audit opinion should have been that the “range of Risk Mitigation Controls was incomplete and risks were not effectively mitigated”.
- Would future Member oversight include a standing item on the Community and Corporate Overview and Scrutiny Committee? It was confirmed that the CTRS Audit Plan would be submitted to the Audit Committee and, at that point, the Committee could discuss the appropriate Member oversight arrangements.

RESOLVED That:

- 1) the Internal Audit of the Council Tax Reduction Scheme be noted;
- 2) a further update be submitted to the Committee at its meeting on 24 July 2019.

14. ANNUAL REPORT 2018/19 - SHARED AUDIT & INVESTIGATION SERVICES

The Committee considered the Annual Report 2018-19 for the Shared and Audit and Investigation Services.

The report met the annual reporting requirements set out in the Accounts and Audit Regulations 2015 to include an opinion on the overall adequacy and effectiveness of the Council’s system of internal control.

RESOLVED: That the 2018-19 Shared Audit and Investigation Service Annual Report be noted.

15. TREASURY MANAGEMENT OUTTURN 2018-19

The Committee considered the Treasury Management Outturn Report 2018-19.

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

- What was the definition of Minimum Revenue Provision (MRP) Borrowing? It was confirmed that MRP was general borrowing which could be allocated to any scheme, as necessary.
- In order to assist Members, could future reports be printed in colour?
- Could a more detailed explanation be provided to explain the different figures for Internal Borrowing set out on Page 64 of the report?

- Prudential Indicators – was the Council close to the boundary on any of its prudential indicators.
- Average interest rate – could further clarification be provided on the rationale for the average interest rate for borrowing.
- Housing Revenue Fund Loan Portfolio – could further information be provided on the dates when loans were taken out?
- Loans to subsidiaries – could further detail be provided on the make-up of loans to subsidiary organisations.
- Councillor Smith commented that Optalis was able to deliver key services more efficiently than the Council, so it was more than a Profit & Loss issue.
- Could more detail be provided about the accounts of the Council's subsidiary companies?
- General Fund Loan Portfolio – provide more detail on Appendix C including the start date for loans.

RESOLVED That:

- 1) the Treasury Management Outturn report for 2018/19 be noted;
- 2) the actual 2018/19 prudential indicators within the report be noted;
- 3) the report be recommended to Council for approval.

16. CORPORATE RISK REGISTER

The Assistant Director, Governance provided an update on the Corporate Risk Register.

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

- The Corporate Risk Register was being refreshed and the results would be reported to the Committee's meeting on 24 July 2019;
- Sarah Hollamby, Director of Customer and Locality Services, would attend the July 24 meeting to discuss risks within her service areas;
- Susan Parsonage, Chief Executive, would attend the September 2019 meeting to discuss corporate risks;
- The September meeting would also be used for a Member training session on risk management.

RESOLVED: That the update on the Corporate Risk Register be noted.

17. UPDATE ON INTERNATIONAL FINANCIAL REPORTING STANDARDS 9, 15 AND 16

Members were updated on International Financial Reporting Standards (IFRS) 9, 15 and 16 and their adoption into the Council's accounting policies. The standards related to:

- IFRS 9 – Financial Instruments;
- IFRS 15 – Revenue from contracts with customers;
- IFRS 16 – Leases.

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

- IFRS 9 – the main changes related to the classification of financial instruments and impairments of financial assets;
- IFRS 15 – the major revenue sources affected included fees and charges, rents, car parking and charges to third parties in relation to adult social care;
- IFRS 16 – the standard would impact on any Council with material operating leases;
- Implementation of IFRS 16 had been deferred until 1 April 2020;

RESOLVED: That the report be noted.

18. CERTIFICATION OF CLAIMS AND RETURNS - CLAIMS AND RETURNS ORGANISED BY LOCAL AUTHORITIES

The Committee received the Certification of Claims and Returns – Claims and Returns Organised by Local Authorities report.

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

- Councils had a statutory duty to make arrangements for certain grant claims and Government returns to be audited.
- The three audits set out in the report did not identify any significant issues.

RESOLVED: That the Audit Certification Reports 2017/18 for the Teachers' Pension Return; the Pooling of Housing Capital Receipts Return, and the Review of Sub Contracting Arrangements for the Skills Funding Agency (SFA) be noted.

19. UPDATE ON CHANGES TO ACCOUNTING POLICIES

The Committee considered a report which set out proposed changes to accounting policies for inclusion in the Statement of Accounts for the year ended 31 March 2019.

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

- What was the definition of "Investment Property"? It was confirmed that investment properties were used solely to earn rentals and/or capital appreciation.
- The definition of investment property was not met if property was used to facilitate service delivery, production of goods or was held for sale.
- Potential investment properties that were also acquired for economic development and regeneration were treated as operational land and buildings.
- Councillor Smith confirmed that the classifications relating to investment properties would be reviewed at the end of the Regeneration programme.

RESOLVED: That the revised Statement of Accounting Policies, as per Appendix 1, be approved for inclusion in the Statement of Accounts for the year ended 31 March 2019.

20. FORWARD PROGRAMME 2019-2020

The Committee considered the forward programme for 2019-2020.

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

- Equality Act Training – add item to the 24 July meeting.
- Data Protection Breaches – add item to 24 July meeting.
- Council Tax Reduction Scheme – add update item to 24 July meeting.
- Capital Outturn Reports – Chairman to discuss with Officers.

- Returns from large Capital schemes – Chairman to discuss with Councillor Ross.
- Policy for Approving Non-Audit Work – add item to 25 September meeting (circulate National Audit Office guidance).
- Annual Audit Letter – add item to 6 November meeting.
- Draft WBC Accounts – to be circulated to Members in advance of the next meeting of the Committee.

RESOLVED: That the forward programme be amended as agreed at the meeting.

Agenda Item 28.

TITLE	Annual Governance Statement 2018-19
FOR CONSIDERATION BY	Audit Committee on 24 July 2019
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

The Accounts and Audit Regulations 2015 require authorities to prepare an Annual Governance Statement (AGS) in accordance with proper practices in relation to accounts.

The purpose of the AGS is to comply with this legal requirement and provide a transparent and accurate representation of the Council's governance arrangements during 2018/19 and highlight issues that the Council wishes to improve.

RECOMMENDATION

The Audit Committee is asked to consider and approve the AGS on behalf of the Council, prior to it being included in the final Statement of Accounts.

SUMMARY OF REPORT

The AGS covers the following key aspects of the governance environment in place at Wokingham Borough Council during 2018/19:

- Establishing and monitoring the achievement of the Council's objectives;
- Facilitation of Policy and Decision-making;
- Financial Management;
- Performance Management; and
- Risk Management.

It also comments on the effectiveness of the Council's governance arrangements, including the system of internal control and the effectiveness of Internal Audit. It identifies areas of significant governance weaknesses that the Council intends to address to further improve the governance framework in place. This demonstrates the Council's commitment to openness and transparency.

Background

The AGS has been produced by the Corporate Leadership Team (CLT). This followed consideration of a number of Management Assurance Statements (MAS) produced by the Council's five Directors, in conjunction with their senior management teams.

The MAS completed for 2018/19 have been approved by the relevant Director and Executive Lead Member to provide accountability and assurance to the Chief Executive and Leader of the Council, who are legally required to sign the AGS prior to it being included in the final Statement of Accounts.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context

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

Other financial information relevant to the Recommendation/Decision

Nil

Cross-Council Implications

Not applicable

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

Appendix A - 2018-19 Annual Governance Statement
Appendix A(I) – 2018-19 Draft MAS Exceptions & Improvements

Contact Andrew Moulton	Service Governance
Telephone No 07747 777298	Email



ANNUAL GOVERNANCE STATEMENT - 2018-19

The Accounting and Audit Regulations 2015 (at section 6.1 a) require a local authority to prepare an Annual Governance Statement.

At Wokingham Borough Council, good governance is everyone's responsibility. However, the Leader of the Council and Chief Executive acknowledge their leadership role in relation to good governance.

The Council has defined its governance arrangements in its ***Local Code of Governance: Delivering Good Governance in Wokingham Borough Council***. This details how the Council has operated its governance arrangements in the past year. The Council has undertaken a review of its governance arrangements via management assurance statements completed by Directors (including statutory officers), Internal Audit and external agencies.

This process has identified the following improvements:

Corporate Services

- Updating the Constitution regularly through the year by Council to ensure it remains fit for purpose.
- Strengthening Overview & Scrutiny processes.
- Responding to Data Protection Act Subject Access requests and Freedom of Information Act requests more efficiently through the allocation of additional resource.
- Improving governance to manage technical change and decision making by the strengthening of the IT Boards and Technical Working Group.
- Reinvigorating the Change Board through weekly 'Core Group' sessions, reporting templates and clear escalation mechanisms.
- Strengthening Human Resource management through the creation of a Corporate People Dashboard and improved guidance for managers on the Intranet.
- Establishing a Contract and Commissioning Board; introducing additional governance arrangements aligned to the Council's procurement contracts rules and procedures.
- Reviewing control mechanisms for the Public Health Grant and agreeing improved governance arrangements for 2020/21. This will address the accountability issues and rebalancing the contribution to reflect the reduction in the grant.
- Reviewing contract and quality assurance functions, commissioned activity within Children's and Adults services.
- Introducing through the Strategy & Commissioning function a Quality Assurance Framework for Adult Services.
- Reviewing Care Governance Arrangements.
- Implementing strong governance arrangements for the Continuous Improvement Programme (new 21st Century Council programme).

- Refreshing the Corporate Risk Register in 2018 with strong oversight by the Audit Committee.

Locality & Customer Services

- Fine-tuning SDL (Strategic Development Locations) governance and management arrangements to ensure that they are working effectively.
- Strengthening the terms of reference for the Tenant Landlord Improvement Panel in light of data protection breach and complaints received.
- Establishing strong Highways Alliance governance arrangements with the Council's new Highways Partnership Alliance.
- Monitoring the Grounds Maintenance contract through the grass-cutting season through fortnightly contractor meetings.
- Regular partnership meetings with the Council's parking management contractor.

Children's Services

- Revised and refreshed the Supervision Framework including learning from Practice Weeks.
- Review of Quality Assurance Board and Quality Assurance Framework.

Adult Services

- Action Plan in place following ADASS (Association of Directors of Adult Social Services) Peer Review, monitored monthly.
- Monthly Continuous Improvement Board with action log.
- Regular attendance at the SAB (Safeguarding Adults Board) with active participation.

This process has also identified the following exceptions:

- Internal Audits of the following areas concluding a third level of assurance indicating that a range of risk mitigation controls were incomplete and risks not effectively managed. Action plans are in place to improve these areas-
 - Housing Rent
 - Debtors
 - Shared Building Services
- A delay in the implementation of the finance module for Technology Forge has limited the information of rental payments due impacting the effective management of the property portfolio. This will be addressed in 2019-20.
- In Children's Services, staffing turnover and the use of agency staff has adversely impacted the service.
- In Adult Social Care, the fragmented statutory pathway has meant a less effective service for residents. The Executive decision in June 2019 to transfer some functions from Optalis to the Council is designed to address this.

- During the last year, the Council's senior leadership team has seen significant turnover and positions occupied by interim staff. However, all posts (Chief Executive and Director level) are now filled by permanent appointments.

The Chief Executive has identified the actions required to strengthen these areas of governance and will monitor their implementation.

Overall, the governance arrangements are substantially complete and generally effective but with some improvements required. This is a reflection of the Council's governance framework and the management assurance statements, together with assurances from Internal Audit work and external agencies, and supported by the systems and procedural controls in place against identified risks and mitigating treatment measures.

The Council, therefore, concludes that its governance arrangements are fit for purpose.

Signed:

Leader of the Council:

Date: 31 July 2019

Chief Executive:

Date: 31 July 2019

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Wokingham Borough Council - AGS
Management Assurance Statements - 2018/19
Exceptions and Improvements identified
(Question - Do you recognise the organisation from these issues)

Section 1 - Governance Exceptions		Governance or Management concern
Deputy Chief Executive		
	1 The internal audit of Shared Building Services received a level 3 assurance 'range of risk mitigation controls is incomplete and risks are not effectively mitigated'. The actions to address this are being formulated and implemented in 2019-20.	Governance / Management
	2 A delay in the implementation of the Finance Module (Technology Forge) has led to the detail of rental payments being limited which has impacted on the ability to manage the property portfolio as effectively as we could do. This will be addressed in 2019-20.	Management
	3 Business Services: <ul style="list-style-type: none">• Recording of sickness absence in self-serve model• Recording of Disciplinary, Capability and Grievance related issues in the self-serve model.• Controls regarding creating correctly evaluated job roles in the self-serve model.	Governance / Management
Director - Locality and Customer Services	4 The impact of the economic climate upon Planning and Building Control fee income.	Management
	5 Declining fee income from Building Control services due to reduced market share resulting from increased private sector competition.	Management
	6 The service delivery capacity risks and financial pressures based around the impact of transition to new 21 Century staffing structure, service delivery model, and mobilisation of new Highways contract resulting in temporary operational backlogs.	Governance / Management
	7 Market Place improvements Equality Impact Assessment was not documented correctly – We have improved our SDL governance and management arrangements to address this going forward.	Governance / Management
	8 Dependencies upon cross-corporate/boundary/stakeholder working particularly with respect to infrastructure implementation.	Governance / Management
	9 Internal Audit identified weaknesses in Housing Rents and Debtors – The resulting action plans to address these are being implemented to ensure that all weaknesses are mitigated.	Governance / Management
Director - Children's Services	10 Staffing and establishment structure and associated budget irregularities	Governance / Management

Director - Adult Services	<ul style="list-style-type: none"> ¹¹ Areas that are the responsibility of Children's Services but are not managed by the Directorate, e.g. high needs block, home to school transport and commissioning contracts. ¹² Compliance to statutory duties under the Children's and Families Act 2014, the SEND Reforms and The Children and Social Work Act 2017, particularly regarding the increase in complexity and demand and new duties. ¹³ Legal challenges in respect of ordinary residence. ¹⁴ Compliance to statutory duties under the 2014 Care Act, particularly regarding increase in complexity and demand. ¹⁵ Continuing Health Care challenge from the Clinical Commissioning Group. 	Governance / Management
Director - C.21st Council Programme	¹⁶ None	
Assistant Director - Governance / Lead Specialist - Audit and Investigation	¹⁷ Housing Rents, Debtors and Shared Building Services incorporated above.	Governance / Management
Section 2 - Governance Improvements		
Deputy Chief Executive	<ul style="list-style-type: none"> ¹ Updating of the Constitution. ² The Overview & Scrutiny processes have been strengthened. ³ Additional resource added to the team dealing with Data Protection Act Subject Access Requests and Freedom of Information Act requests. ⁴ Improved governance to manage technical change and decision making by the strengthening of the IT Boards and Technical Working Group. ⁵ Reinigorated the Change Board vis weekly 'Core Group' sessions, reporting templates and clear escalation mechanisms. ⁶ Audit of the Regeneration Programme has identified some medium risks that have/are being resolved. ⁷ Creation of Corporate People Dashboard. ⁸ Improved guidance for managers on SharePoint. ⁹ Service levels at RBWM have improved as the SBS experience of their Estate grows and the data we generate is captured correctly. ¹⁰ Draft recommendation to establish a Contract and Commissioning Board; introduce additional governance arrangements aligned to the Council's procurement contracts rules and procedures. 	

	<ul style="list-style-type: none"> ¹¹ Review of control mechanisms for the Public Health Grant and agree improved governance arrangements for 2020/21. This will address the accountability issues and rebalancing the contribution to reflect the reduction in the grant. ¹² Review of contract and quality assurance functions, commissioned activity within Children's and Adults services. ¹³ Introduction of a Quality Assurance Framework (adult services). ¹⁴ Review of Care Governance Arrangements. ¹⁵ Introduce additional scrutiny and oversight of the contract monitoring function (ongoing).
Director - Locality and Customer Services	<ul style="list-style-type: none"> ¹⁶ SDL governance and management arrangements have been fine-tuned and continue to be reviewed to ensure that they are working effectively. ¹⁷ Updated the Terms of Reference for the Tenant Landlord Improvement Panel in light of data protection breach and complaints received. ¹⁸ Highways Alliance Governance arrangements with the Council's new Highways Partnership Alliance.
60	<ul style="list-style-type: none"> ¹⁹ Fortnightly meetings to monitor the Grounds Maintenance contract through the grass cutting season. ²⁰ Regular partnership meetings with the Council's parking management contractor.
Director - Children's Services	<ul style="list-style-type: none"> ²¹ Revised and refreshed the Supervision Framework including learning from Practice Weeks. ²² Review of Quality Assurance Board and Quality Assurance Framework.
Director - Adult Services	<ul style="list-style-type: none"> ²³ Action Plan in place following ADASS (Association of Directors of Adult Social Services) Peer Review, monitored monthly. ²⁴ Monthly Continuous Improvement Board with action log. ²⁵ Regular attendance at the SAB (Safeguarding Adults Board) with active participation.
Director - C.21st Council Programme	<ul style="list-style-type: none"> ²⁶ Joint Board has become a formal part of the governance arrangements of the Continuous Improvement Programme (new C21 programme).
Assistant Director - Governance / Lead Specialist - Audit and Investigation	<ul style="list-style-type: none"> ²⁷ Refresh of Corporate Risk Register and approval by Audit Committee.

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Agenda Item 29.

TITLE	Corporate Risk Register
FOR CONSIDERATION BY	Audit Committee on 24 July 2019
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 control environment and helps demonstrate the effective use of resources and sound governance. The Council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant business risks.

RECOMMENDATION

That the Audit Committee note the update.

SUMMARY OF REPORT

The Corporate Risk Register has undergone a comprehensive review and update, following a workshop with the Corporate Leadership Team last month.

There are 11 corporate risks being carefully monitored details of which can be found at Appendix 1. Since the last update the 21st Century Council (21CC) risk has been removed – any residual risks are being addressed through Continuous Improvement Programme in Children's and Adult Services as well as a review of Phase 1 of 21CC.

The Director Locality & Customer Service will attend the meeting to explain the major risks in her directorate and the key actions being taken to mitigate these risks.

Background

The roles and responsibilities of Members and Officers with respect to Risk Management are detailed in the Council's Enterprise Risk Management Policy (ERMP) which was approved by the Audit Committee. The ERMP states that CLT is responsible for identifying and managing the Council's risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.

The Audit Committee is required to seek confirmation that the Council's strategic risks are being proactively managed. Strategic risks are essentially those risks that might occur and could prevent the Council from achieving its objectives as detailed in its Vision, Priorities and Corporate Plan.

Analysis of Issues

With the recent appointments of the new Chief Executive and Director of Adult Services, the CRR has undergone a comprehensive review the results are attached to this report.

The main changes to the CRR since last reviewed by the Audit Committee are:-

- the removal of 21st Century Council risk; and
- the strengthening of the risk mitigations around Adult safeguarding with the planned improvements in the pathway (see Executive of 27 June 2019)

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context

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

Other financial information relevant to the Recommendation/Decision

There are no financial implications to be noted as a result of this update. However there are risks within the register that should they materialise, would have a significant financial impact on the authority.

Cross-Council Implications

A risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. Risk Management is

about managing opportunities and threats to objectives. Therefore good risk management will assist the Council in delivering its services and achieving its priorities.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

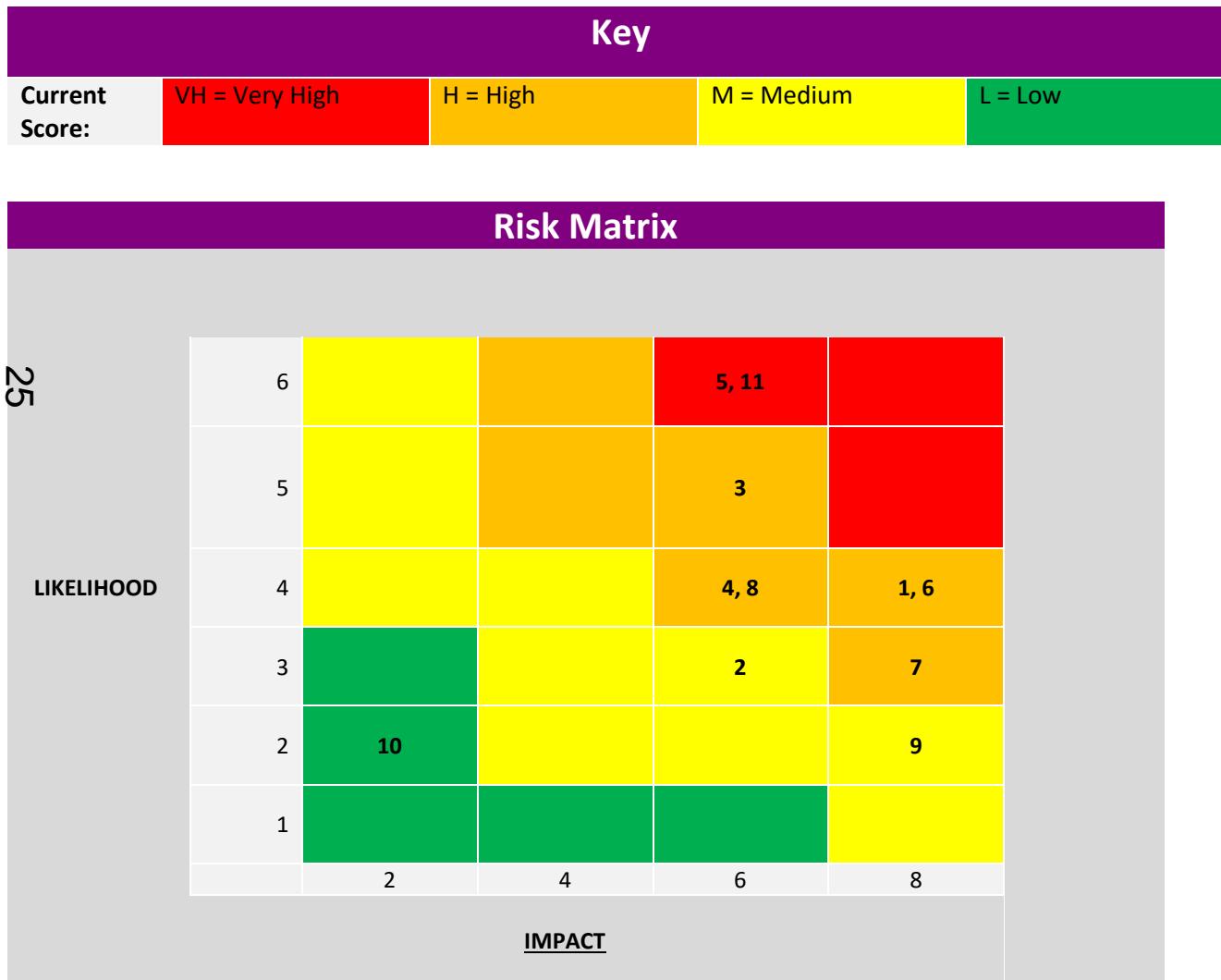
Corporate Risk Register
Enterprise Risk Management Strategy and Policy

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

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Corporate Risk Register
Summary Page
Updated 5/7/19

APPENDIX A



Summary of Corporate Risks

- 1 Budgeting & financial mgt (inc forecasting demand & investment and commercial strategy)
- 2 Corporate Governance
- 3 Workforce
- 4 Local Plan (including five year land supply)
- 5 Delivering SEND Role
- 6 Safeguarding Children and Young People
- 7 Safeguarding Adults
- 8 Information and Data Management
- 9 Health and Safety
- 10 BREXIT
- 11 Ofsted

Key to Abbreviations

JH Councillor John Halsall

PJ Councillor Pauline Jorgensen

PB Councillor Parry Batth

SM Councillor Stuart Munro

UC Councillor Ullakarin Clark

JK Councillor John Kaiser

CM Councillor Charles Margetts

WS Councillor Wayne Smith

 CT Councillor Charlotte Haitham Taylor

SP Susan Parsonage, Chief Executive

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

SH Sarah Hollamby, Director of Locality & Customer Service

CC Carol Cammiss, Director of Children's Services

MP Matt Pope, Director of Adult Social Services

AC Audit Committee

O&S Overview & Scrutiny Management Committee

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating			
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score	Appetite/ Target
1 27	<p>Budgeting and financial Management (inc forecasting demand & investment and commercial strategy).</p> <p><i>Budgeting</i> - Effectively and efficiently achieving outcomes for the community as per the Council's Plans and Priorities.</p> <p>Risks: a budget that is:-</p> <ul style="list-style-type: none"> a. Value for money b. Achieves priorities c. Meets statutory duties d. Sustainable in the long term e. Owned and managed by those responsible and accountable f. Controlled and monitored to targets set <p><i>Demand</i> - Effectively preventing and managing demand-led services in areas such as Adult Social Care and Children's Social Care and special needs.</p> <p>Risks:-</p> <ul style="list-style-type: none"> a. Forecasting and profiling the demand for the long term. b. Managing increasing public expectations to be realistic to the resources available c. Prevention strategies based on analyses of nature of demand d. Reviewing existing services and/or placements to reduce demand and enable independent living <p><i>Investment and Commercial Strategy</i></p> <p>Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning</p> <p>The Council has significant investment aspirations including Strategic Development Locations (SDL's), Town Centre Regeneration, school rebuilds and housing provision. This is in the context of limited</p>		<ul style="list-style-type: none"> • Medium term financial (MTFP) planning processes over three years. • Budget management and monitoring controls as set out in financial regulations • Internal Audit programme covering major financial systems • C21st Century Council programme (ended spring 2019) • Reduce capital programme in line with delay in receipts • Increase borrowing • Closer monitoring of on-site schemes • Quarterly refresh of capital programme • Refreshed corporate asset management plan • Annual capital bidding system and capital programme in place • Programme Board for Town Centre Regeneration Project • Forward Funding • Asset Review Programme 	<ul style="list-style-type: none"> • Performance management framework implemented and embedded covering Council Plan, Executive Priorities, Services Plans, individual staff appraisals • Continuous Improvement Programme (CIP) for ASC to incorporate risks including increasing demand. • Continuous Improvement Programme (CIP) for Children's Services to incorporate risks including increasing demand. • Ongoing response to internal/external audits and sources of external assurance including implementation of recommendations. • Establishment of Capital Review Group (CRG) and Investment Group with appropriate senior representation. • Establishment of healthy reserve balances in line with good practice. 	SP	JH	8	4	H	L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating			
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score	Appetite/ Target
28	<p>resources and a complex funding source. The Council needs to ensure it guards against any unmet critical needs and prioritise its aspirations over the long term.</p> <p>Risk that the Council fails to deliver key investment priorities through insufficient resources or inadequate planning.</p> <p>Risks:-</p> <ul style="list-style-type: none"> • Insufficient school places for children with additional needs • Financial shortfall • Negative PR • Loss of rental income • Scheme slippage / downsizing <p>This is a permanent, long-term risk to the Council.</p>		<ul style="list-style-type: none"> • Meeting the Council's strategic capital requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan. • Resource planning for Strategic Development Locations (SDL) infrastructure needs. • £100m commercial investment approved. 	Audit Committee to monitor progress						
2	<p><u>Corporate Governance (inc Political Governance)</u></p> <p>Governing effectively to ensure achievement of the Council's purpose and priorities within the resources available and achieving value for money.</p> <p>Risks:-</p> <ol style="list-style-type: none"> a. Assurance framework for carrying out different types of assurance activity that is understood and discharged effectively b. Leadership culture and tone models good governance (i.e. Nolan principles of standards in public life) c. Effective risk management d. Effective decision making tools that inform value for money proportionate to the risk e.g. evidenced in business cases e. Effective arrangements for the safe delivery of services and programmes for the delivery of projects. 		<ul style="list-style-type: none"> • Council and Borough Plan processes. • Code of Local Corporate Governance • Constitution (e.g. Member/Officer protocol, delegations, Code of Conducts etc) • Staff training (Code of Conduct e learning Nov 18) 	<ul style="list-style-type: none"> • Internal Audits of Corporate Governance, Performance Management and Risk Management and implementation of recommendations. • LGA Peer Review action plan completion from 2017 	SP	JH	6	3	M	L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating		
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score
29	<p>Effective political governance that sets priorities to deliver purpose, allocate resources, and holds to account through development of policies and strategies</p> <p>Risks:-</p> <ul style="list-style-type: none"> a. Leadership and culture sets the tone that models and holds to account, motivates, and learns from delivery b. Quality decisions that are based on balancing evidence, public perceptions and political considerations c. Effective monitoring of priorities, risks and business cases d. Leadership and culture sets the tone that models and holds to account, motivates, and learns from delivery e. Quality decisions that are based on balancing evidence, public perceptions and political considerations f. Effective monitoring of priorities, risks and business cases g. Effective Administration and effective political opposition supported to achieve outcomes for the community h. Members partake in development and training to effectively discharge their responsibilities i. Clarity of officer/member boundaries and relationships to avoid politicisation of officers. <p>This is a permanent, long-term risk to the Council.</p>								
3	<p><u>Workforce (inc Capacity)</u></p> <p>A workforce that is stable, motivated and attracted to work for the Council with an organisational workload that is aligned to capacity available. Resources are allocated proportionate to priority and risk.</p> <p>Risks:-</p> <ul style="list-style-type: none"> a. Reward and recognition policies b. Recruitment policies c. Value for money 	<ul style="list-style-type: none"> • People strategy • Corporate People Dashboard • Management training 	<ul style="list-style-type: none"> • Updated People strategy including HR continuous improvement plan. <p>Overview & Scrutiny to monitor (through oversight of Performance reports)</p>	GE	JK	6	5	H	L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating		
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score
	d. Sustainable e. Career development opportunities f. Clarity of roles g. Empowerment – staff have appraisal and development that gives clarity to objectives, nurtures and develops, in addition to holding to account. h. Clarity of offer i. (Over)Reliance on key members of staff j. Capacity on the front-line	This is a permanent, long term risk to the Council.							
OE 4	Local Plan (including five year land supply) Reputational, financial and legal risks associated with the process of producing the latest Local Plan.	This is a temporary, shorter-term risk to the Council.	<ul style="list-style-type: none"> Project plan in place Resources allocated to deliver project plan. 	Ongoing monitoring. Public consultation on housing numbers – June/July 2019	SH	WS	6	4	H L
5	Delivering SEND Role Role of the Council in SEND in an environment of academies and national formulas for education budgets, and increasing special needs. Risks:- a. Relationship with education partners and schools b. Future services and delivery models that are fit for purpose c. School places meeting the growth in population d. Managing special needs demand and public expectations of Council resources e. Financial.	This is a temporary, shorter-term risk to the Council.		SEND strategy consultation from 31 January 2019 with the aim of agreeing final strategy in autumn or earlier. Will include plans to reduce High Needs Block overspend. Children's Services Overview & Scrutiny to monitor	CC	UC	6	6	VH L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating			
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score	Appetite/ Target
6	Safeguarding children and young people	Risk of serious or significant harm to a vulnerable child or young person with whom the council is working. WBC has a duty to care for the needs of, and to provide safeguarding services for the most vulnerable children and young people in the Borough. Risks:- <ul style="list-style-type: none">• Avoidable harm to a vulnerable child• Damage to reputation• Litigation• Low staff morale – loss of staff, unstable workforce – poor outcome for future children, impact on budget.• Impact of being judged inadequate by Ofsted could lead to statutory/government intervention.• Not managing the transition to Adult Services	<ul style="list-style-type: none">• Safeguarding Board• Children's Overview & Scrutiny Committee• Policies and Procedures in place• Staff appraisal. Supervision, training• Practice Framework implementation• Quality Assurance System and framework• Recruitment and retention strategy embedded	Children's Services Overview & Scrutiny to monitor -	CC	UC	8	3	H	L
7	Safeguarding adults	Risk of avoidable serious harm or death of a vulnerable adult for whom the council has a responsibility. WBC has a statutory duty to meet the care needs of, and safeguard the most vulnerable adults in the Borough. It is vital to ensure continued focus on Safeguarding systems and procedures.	<ul style="list-style-type: none">• Policies and Procedures (multi-agency) in place• Referral system and assessment processes• Management and supervision of staff	<ul style="list-style-type: none">• Development of strategic plan for Adult Social Care• Implement decision of 27 June 2019 Executive decision re adult social care pathway• Reviewing market failure protocol	MP	CM	8	3	H	L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating			
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score	Appetite/ Target
32	Risks:- <ul style="list-style-type: none">• Damage to reputation and public confidence in services• Possible external intervention from statutory agencies such as DH, CQC or Police)• Disruption of service provision• Litigation• Impact on staff morale• Recruitment and retention problems• Removal and replacement of senior managers• Not managing the transition from Children's Services <p>This is a permanent, long-term risk to the Council.</p>		<ul style="list-style-type: none">• Staff Training and awareness• Berkshire West Safeguarding Board operating effectively• Optalis contract as emergency provider in case of external provider failure• Care Governance Quality Assurance system for providers• Market Failure Protocol in place• Appointment of a new Strategic Safeguarding Lead.• Appointment of permanent DASS.						High	Green
8	<u>Information and Data Management</u> Risk of a significant fine and reputational damage due to loss of confidential/ sensitive data. The Council holds information of a confidential and sensitive nature. There have been past breaches of information security and it is an area under intensive scrutiny from the Information Commissioner. The primary risk is likely to concern paper based documents.		<ul style="list-style-type: none">• Information Security Management System - governance for this area including SIRO & IGG roles• Encrypted IT equipment	Internal compliance review of information and data management arrangements .	GE	JK	6	4	M	Low

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating		
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score
EE	<p>Loss of confidential or sensitive data, leading to a significant fine and reputational damage for the council, with a potentially damaging impact on the resident/ customer to which the information relates.</p> <p>Risks:-</p> <ul style="list-style-type: none"> • Imposition of a substantial fine • Reputational damage/ bad media coverage • Breach of contract and payment of damages • Loss of future business • Increased number of complaints • Loss of trust from partner organisations/contractors. <p>This is a permanent, long-term risk to the Council.</p>		<ul style="list-style-type: none"> • Secure storage/ lockers at council offices • Robust policies in this area • Mandatory refresher programme recently undertaken • Archiving of physical records • Training for staff on document / information handling and basic information security practice • Secure e-mail solution • Document marking scheme • GDPR implemented for 25/5/18 to address new obligations • Training for new members • Additional resource to deal with Subject Access Requests and FoI requests 						
9	<u>Health and Safety</u> If the council fails to protect the health and safety of its employees and other persons who come into contact with the services provided by the authority there is a risk of serious injury or death.		<ul style="list-style-type: none"> • Risk profile - Awareness of high risk areas • Ongoing compliance with statute policies and procedures 	Health and Safety training to be included in the Management Induction Programme for all new managers.	GE	JK	8	2	M L

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating		
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score
34	<p>There is a risk that a health and safety failing could result in an intervention by a relevant enforcement agency and potential enforcement action or conviction.</p> <p>Risks:-</p> <ul style="list-style-type: none"> a. Enforcement notices and HSE fines for intervention b. Unlimited fine c. Custodial Sentence d. Publicity Order (Corporate Manslaughter only) e. Remedial Order (Corporate Manslaughter and HSWA) f. Publicity Order (Corporate Manslaughter only) g. Removal of key staff h. Reputational damage i. Service delivery loss due to depleted resources j. Damage to individuals wellbeing k. An avoidable death or injury <p>This is a permanent, long-term risk to the Council.</p>		<ul style="list-style-type: none"> • Seeking Assurance programme • Compliance with Health and Safety policies and procedures • Management and Member performance monitoring reporting from Health and Safety staff • Contracts with third parties include a Health and Safety clause, setting out what the Council expects from the contractor in relation to Health and Safety obligations • Incident reporting, following Health and Safety process should death or serious injury occur • Training of managers and staff - Health and Safety training • Annual historical benchmarking review of all Corporate Manslaughter and relevant Health and Safety cases in order to identify the key risk area 	<p>Training for managers and staff who procure and manage contracts to ensure that the Council as a client discharges its H&S duties.</p> <p>To set up a Lone Working and Work-related Violence Task & Finish Group with representatives from all services to develop a short term and long term improvement plan.</p> <p>Latest statutory Health & Safety report for 2018/19 refers to current plans – see 27/6/19 Executive for details.</p> <p>Internal Audit of Health & Safety reported April 2018 giving a category 2 “good” level of assurance.</p>					

Ref	Risk		Existing controls	Further Actions to Mitigate Risk	Lead		Risk Rating			
	Cause	Consequence/ Impact			Officer	Member	Impact	Likelihood	Current Score	Appetite/ Target
			<ul style="list-style-type: none"> Review across the Council of the arrangements in place to protect staff against violence at work 						Y	G
10	BREXIT As the UK prepares to implement the result of the 2016 Referendum there is a risk that the Council fails to plan for the implications and impacts of BREXIT. There is also the risk that Government focus on Brexit, delays or postpones decisions on other areas e.g. Children's Services (SEND agenda), Adult Social Care, and local government financing. This is a temporary, shorter term risk to the Council.		<ul style="list-style-type: none"> Self-assessment of preparedness undertaken Corporate Working Group established to develop more detailed responses. 	<ul style="list-style-type: none"> Further guidance from Central Government <p>Overview & Scrutiny to monitor</p>	GE	JK	2	2	L	L
11	Ofsted Children's Services will be inspected by our regulators later in 2019. There is likely to be a SEND inspection and an ILACS inspection. The directorate will not be given notice of when the inspections will occur. Risks:- a. The directorate is vulnerable to a negative inspection in the SEND inspection. The predicted outcome for the ILACS inspections is to receive a grading of requires improvement.		<ul style="list-style-type: none"> Performance data Self evaluation 	<ul style="list-style-type: none"> Work has been commissioned to ameliorate the position. The continuous improvement board set up from February 2019 to address actions arising. 	CC	UC	6	6	VH	G

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Agenda Item 30.

TITLE	2019/20 Internal Audit and Investigation Q1 Progress Report
FOR CONSIDERATION BY	Audit Committee on 24 July 2019
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

The Internal Audit and Investigation Progress Report details the work of the team from the 1 April 2019 to 30 June 2019. This is an update on the progress towards the formation of the Chief Audit Executive's annual audit opinion on the Council's internal control and governance framework, which forms part of the Annual Governance Statement. It provides assurance through the Audit Committee to the Council and the wider public that the Council is managing its key risks and identifies any weaknesses identified in the governance, risk management and internal control environment. This assurance supports the Council in the achievement of its vision, priorities, principles and objectives and provides for better and improved outcomes for our residents.

RECOMMENDATION

The Audit Committee is asked to note the 2019/20 Internal Audit and Investigation Quarter 1 Progress Report (attached).

SUMMARY OF REPORT

The report summarises the work completed by Internal Audit and Investigation during the period and enables the Committee to discharge its oversight function in relation to these activities.

The report provides the opportunity for the Assistant Director, Governance (and Chief Audit Executive) to provide details of the work undertaken this financial year and highlight any areas of weakness the Committee should be aware of.

Background

This Progress Report fulfils two functions for the Audit Committee:

- It enables the Committee to hold the Assistant Director, Governance (and Chief Audit Executive) to account for the performance of Internal Audit and Investigation.
- It facilitates the Audit Committee in holding management to account for managing weaknesses identified during the course of Internal Audit and Investigation activities.

Analysis of Issues

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

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

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

Other financial information relevant to the Recommendation/Decision

Nil

Cross-Council Implications

Not applicable

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

None

Contact: Andrew Moulton	Service: Shared Audit and Investigation Service
Telephone No: 0774 777 7298	Email: andrew.moulton@wokingham.gov.uk
Date 24 June 2019	Version No. v1

Appendix A

Shared Audit and Investigation Service
Wokingham Borough Council Performance Report
2019/2020 to 30 June 2019
Audit Committee 24 July 2019

2019/20 Quarterly Progress Report (to 30 June 2019)

1. Introduction

1.1 This report summarises the work of Internal Audit and Investigation to 30 June 2019.

2. Internal Audit

Performance against Audit Plan to 30 June 2019

- 2.1 Appendix A (I) presents progress made against the approved 2019/20 Internal Audit and Investigation Plan approved at the meeting of this Committee on 7 February 2019. We are reporting progress as at the 30 June 2019 and are actively managing the Audit Plan to take account of developments regarding the 21st Century Council initiative to ensure that our audit work is focussed on assisting the organisation to achieve its objectives and to add value.
- 2.2 There were 18 audits carried forward from 2018/19, 4 are at final report stage, 4 at draft report stage, 3 are work in progress and 7 have been deferred to 2019/20. For 2019/20 audits, there are 5 that are work in progress.
- 2.3 There was one 2018/19 audit review that received the third category of audit opinion (Range of Risk Mitigation Controls is incomplete and risks are not effectively Mitigated) and no audit reviews receiving the fourth category of audit opinion (There is no effective Risk Management process in place) that has been completed to Final Report stage since the 2018/19 Annual Shared Audit and Investigation Service report submitted to the Audit Committee on 5 June 2019 that relate to the 2018/19 financial year. The audit attracting the third category of opinion (Public Health) had opportunities for improvement identified in the area of governance. Management have been working actively on addressing the issues raised by the audit and are confident a higher level of assurance would be conclude next time this area is reviewed.
- 2.4 Where concerns are classified as being Very High or High that have been tolerated by management, these are highlighted to the Audit Committee. There have been no cases in Quarter 1 of Very High or High concerns being tolerated by management.
- 2.5 Management are given one month between the draft and final reporting stage to address any countermeasures and, where applicable, improve the overall audit opinion. There were no audits during the quarter where the opinion was improved from the draft to final report stage.
- 2.6 Progression of the 2019/20 Audit and Investigation Plan has been affected due to impacts of 21 CC changes and clarification of officer roles and responsibilities in relation to audit areas being reviewed. In addition, a number of audits have highlighted areas where controls need to be addressed from work undertaken areas affected by 21 CC. A list of these issues has been compiled and is being considered by the Assistant Director, Digital and Design as part of the Council's Continuous Improvement Programme.

Deferred Audits / Responses

2.7 During the year to date, a number of requests have been made for programmed Q1 audits to be deferred until later in the year, which could impact on the completion of the 2019/20 audit plan. These include:-

Deferred Audits

- Cashiers
- Creditors
- Council Tax and NNDR
- Housing Benefits

Delayed Responses

- 2.8 For one audit (General Ledger), due to uncertainties of who should record the responses to the Management Action Plan, the finalisation of the report has been delayed. In addition, for one audit (Statutory Roles and Responsibilities), information is awaited from management to enable the commencement of the audit fieldwork.
- 2.9 Contingency days to date have been spent on one piece of consultancy work in respect of Fosters Extra Care Scheme which was requested by management and is currently in progress. The outcome of the reviews will be reported in a future quarterly report.

Outstanding responses as at 30/6/19

- 2.10 There is one outstanding response awaited from management in respect of a review of the Council's Corporate Governance arrangements.

3. Corporate Investigations

- 3.1 The first quarter of this year has been focussed on one grievance investigation and one Member Code of Conduct investigation. No further update is available regarding the 2017/18 investigation at a school that was referred to the Police and that the Crown Prosecution Service has accepted for prosecution.

Regulation of Investigatory Powers Act

- 3.2 No new investigations have been undertaken during Q1 2019/20 that have required Regulation of Investigatory Powers Act surveillance approval to be requested.

2019/20 Wokingham Borough Council Internal Audit Plan Status
(as at 30 June 2019)

AUDIT TITLE	DIRECTORATE	STATUS	DRAFT AUDIT REPORT	FINAL AUDIT REPORT
			OPINION	OPINION
<u>2019/20 Audits</u>				
<u>Key Corporate Risks</u>				
Corporate Health and Safety	Corporate Services	WIP		
<u>Key Operational Risks</u>				
Direct Payments – Adults	Adult Services	WIP		
Equality	Cross Cutting	WIP		
<u>Servicing the Business</u>				
Facilitating the AGS	Corporate Services	WIP		
Grazeley Primary School	Corporate Services	WIP		
<u>2018/19 Audits Carried Forward</u>				
<u>Key Financial Systems</u>				
Budgetary Control and Reporting	Corporate Services	FINAL	2	2
Fixed Asset Register	Corporate Services	FINAL	2	2
General Ledger	Corporate Services	DRAFT**	2	
Capital Accounting	Corporate Services	DRAFT	2	
BACS, CHAPS and Cheques	Corporate Services	WIP*		
Cashiers	Corporate Services	C/F (Q1 2019/20)***		
Creditors	Corporate Services	C/F (Q1 2019/20)***		
Payroll	Corporate Services	C/F (Q1 2019/20)		
Benefits/CTRS	Locality and Customer Services	C/F (Q1 2019/20)***		
Council Tax & NNDR	Locality and Customer Services	C/F (Q1 2019/20)***		
<u>Governance Building Blocks</u>				
Corporate Governance	Cross Cutting	DRAFT	3	
Project Management	Cross Cutting	DRAFT	2	
Statutory Roles and Responsibilities	Cross Cutting	WIP****		
<u>Key Corporate Risks</u>				
Information and GDPR Compliance	Cross Cutting	C/F (Q1 2019/20)		
School Places	Children's Services	C/F (Q1 2019/20)		
<u>Key Operational Risks</u>				
Public Health	Corporate Services	FINAL	3	3
Town Centre Regeneration	Cross Cutting	FINAL	2	2
Fosters Extra Care Scheme	Adult Services	WIP		

*This audit area has been fragmented in to other Key financial Systems audits to ensure complete coverage.

**This audit is awaiting responses from management due to uncertainties around countermeasure responsibilities leading to a delay in finalising.

***These audits have not been started due to a request from management to defer.

****Awaiting information from management to enable the commencement of the audit fieldwork to take place.

Audit Opinion – Legend

1. Complete and Effective	<ul style="list-style-type: none">◆ All necessary Treatment Measures are in place and are operating effectively.◆ Residual risks have been reduced to an acceptable level◆ There are no unacceptable financial implications.◆ Concerns reported are minor. <p>(Risk management processes are strong and controls are adequate and effective).</p>
2. Substantially Complete and Generally Effective	<ul style="list-style-type: none">◆ Most key Treatment Measures are in place and these operate effectively.◆ The majority of residual risks have been reduced to an acceptable level.◆ There are some unacceptable financial implications.◆ The majority of concerns are of a predominately moderate impact/liability. <p>(Risk management processes are good and controls are adequate although only partially effective).</p>
3. Range of Risk Mitigation Controls is incomplete and risks are not effectively mitigated	<ul style="list-style-type: none">◆ Not all key Treatment Measures are in place and / or do not operate effectively◆ Residual risks have not all been reduced to an acceptable level◆ There are some unacceptable financial implications associated with more than one risk mitigation control or because of a lack of risk mitigation control.◆ There are a number of concerns that are predominantly of a major impact/liability. <p>(Risk management processes and controls are adequate but not effective in mitigating the identified risks).</p>
4. There is no effective Risk Management process in place	<ul style="list-style-type: none">◆ There are no appropriate Treatment Measures in place.◆ Residual risks remain at an unacceptable level◆ Reported concerns are predominantly of a catastrophic or major impact/liability. <p>(Risk management processes and controls are weak).</p>
C	Certification
E	Exempt from classification

**WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME –
2019/20 MUNICIPAL YEAR**

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 25 September 2019	1.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	2.	Complaints and compliments	Customer Services
	3.	Policy for Approving Non-Audit Work	Graham Ebers, Deputy Chief Executive

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DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 6 November 2019	1.	External Audit Progress Report	Ernst & Young
	2.	2019/20 Audit Plan	Ernst & Young
	3.	Annual Audit Letter	Ernst & Young
	4.	Treasury Management Mid-Year Report 2019/20	Graham Ebers, Deputy Chief Executive
	5.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	6.	Internal Audit and Investigation Q2 Progress Report 2019/20	Shared Audit and Investigation Service

**WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME –
2019/20 MUNICIPAL YEAR**

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 5 February 2020	1.	Certification of Claims and Returns – Annual Report 2018/19	Ernst & Young
	2.	Certification of Claims and Returns – Claims and Returns Organised by Local Authorities.	Graham Ebers, Deputy Chief Executive
	3.	Treasury Management Strategy 2019/20	Graham Ebers, Deputy Chief Executive
	4.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	5.	Internal Audit and Investigation Q3 Progress Report 2019/20	Shared Audit and Investigation Service
	6.	Annual Audit & Investigations Plan 2020-21	Shared Audit and Investigation Service

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To be scheduled:

- Equality Act Training
- Data Protection Breaches
- Council Tax Reduction Scheme