



# WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held Virtually  
on **MONDAY 23 NOVEMBER 2020 AT 7.00 PM**



Susan Parsonage  
Chief Executive

Published on 13 November 2020

**Note:** The Council has made arrangements under the Coronavirus Act 2020 to hold the meeting virtually via Team Meetings, the meeting can be watched live at the following link: <https://youtu.be/3j7SIF6JBXg>

This meeting may be filmed for inclusion on the Council's website.

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



# WOKINGHAM BOROUGH COUNCIL

## Our Vision

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

### Enriching Lives

- Champion outstanding education and enable our children and young people to achieve their full potential, regardless of their background.
- Support our residents to lead happy, healthy lives and provide access to good leisure facilities to complement an active lifestyle.
- Engage and involve our communities through arts and culture and create a sense of identity which people feel part of.
- Support growth in our local economy and help to build business.

### Safe, Strong, Communities

- Protect and safeguard our children, young and vulnerable people.
- Offer quality care and support, at the right time, to prevent the need for long term care.
- Nurture communities and help them to thrive.
- Ensure our borough and communities remain safe for all.

### A Clean and Green Borough

- Do all we can to become carbon neutral and sustainable for the future.
- Protect our borough, keep it clean and enhance our green areas.
- Reduce our waste, improve biodiversity and increase recycling.
- Connect our parks and open spaces with green cycleways.

### Right Homes, Right Places

- Offer quality, affordable, sustainable homes fit for the future.
- Build our fair share of housing with the right infrastructure to support and enable our borough to grow.
- Protect our unique places and preserve our natural environment.
- Help with your housing needs and support people to live independently in their own homes.

### Keeping the Borough Moving

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

### Changing the Way We Work for You

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

## MEMBERSHIP OF THE AUDIT COMMITTEE

### Councillors

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

ITEM NO.	WARD	SUBJECT	PAGE NO.
25.		<b>APOLOGIES</b> To receive any apologies for absence	
26.		<b>MINUTES OF PREVIOUS MEETING</b> To confirm the Minutes of the Meeting held on 23 September 2020.	5 - 12
27.		<b>DECLARATION OF INTEREST</b> To receive any declarations of interest	
28.		<b>PUBLIC QUESTION TIME</b> To answer any public questions  A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice.  The Council welcomes questions from members of the public about the work of this committee.  Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to <a href="http://www.wokingham.gov.uk/publicquestions">www.wokingham.gov.uk/publicquestions</a>	
29.		<b>MEMBER QUESTION TIME</b> To answer any member questions	
30.	None Specific	<b>UPDATE ON STATEMENT OF ACCOUNTS</b> To receive an update on the Statement of Accounts.	Verbal Report
31.	None Specific	<b>WOKINGHAM BOROUGH COUNCIL AUDIT COMMITTEE - AUDIT PROGRESS REPORT</b> To receive the Wokingham Borough Council Audit Committee - Audit Progress report.	13 - 20
32.	None Specific	<b>TREASURY MANAGEMENT MID - YEAR REPORT 2020-21</b> To receive the Treasury Management Mid - Year Report 2020-21.	21 - 26

- |            |               |  |                |
|------------|---------------|--|----------------|
| <b>33.</b> | None Specific | <b>CORPORATE RISK MANAGEMENT</b><br>To receive a report on Corporate Risk Management.  | <b>27 - 52</b> |
| <b>34.</b> | None Specific | <b>2020/21 INTERNAL AUDIT &amp; INVESTIGATIONS -<br/>QUARTER 2 PROGRESS REPORT</b><br>To receive the 2020/21 Internal Audit & Investigations -<br>Quarter 2 Progress Report. | <b>53 - 66</b> |
| <b>35.</b> | None Specific | <b>FORWARD PROGRAMME</b><br>To consider the forward programme for the remainder<br>of the municipal year.  | <b>67 - 68</b> |

**Any other items which the Chairman decides are urgent**

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

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**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 23 SEPTEMBER 2020 FROM 7.00 PM TO 8.45 PM**

**Committee Members Present**

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

**Also Present**

Madeleine Shopland, Democratic & Electoral Services Specialist  
Justine Thorpe, Ernst & Young  
Catherine Hickman, Lead Specialist Internal Audit and Investigations  
Amanda Lawes, Audit and Investigation Specialist  
Andrew Moulton, Assistant Director Governance  
Bob Watson, Head of Finance  
Keeley Clements, Director Communities, Insight and Change  
Sally Watkins, Assistant Director Digital and Change

**14. APOLOGIES**

An apology for absence was submitted from Helen Thompson, Ernst & Young.

**15. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 29 July 2020 were confirmed as a correct record and will be signed by the Chairman at a future date.

**16. DECLARATION OF INTEREST**

There were no declarations of interest submitted.

**17. PUBLIC QUESTION TIME**

There were no Public questions.

**18. MEMBER QUESTION TIME**

There were no Member questions.

**19. UPDATE ON THE PROGRESS OF THE YEAR-END AUDIT**

The Head of Finance and Justine Thorpe, Ernst & Young, provided an update on the progress of the year-end audit.

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

- The Head of Finance stated that the draft statement of accounts had been published in August in accordance with guidelines. Ernst & Young had done some preliminary work prior to the publication of the draft accounts and would also carry out further work in the near future. The final accounts would be produced by the end of November.
- Justine Thorpe indicated that the Finance Team had a finite capacity and had been dealing with the Covid payments, hence Ernst & Young had a second phase of the audit starting 28 September. The draft audit results report would be taken to the Committee's November meeting.
- Councillor Gee stated that the Royal Institute of Chartered Surveyors had changed its advice about giving qualified or unqualified opinions on property values during the Covid period. She questioned whether any of the properties that the Council

had had valued, had had a qualified or unqualified report on those assets, provided. The Head of Finance stated that the accounts were published as at the 31 March, pre dating the impact of Covid on valuations. However, an interim review would be carried out to make sure that nothing had changed as post balance sheet events. He would speak to the valuations team to establish on what basis the assets had been evaluated.

- The Head of Finance indicated that he would write a going concern note to the auditors.
- Justine Thorpe emphasised that Covid had thrown the PPE valuation into uncertainty as it had also done with pension asset evaluations.
- There would be more focus this year on levels of going concern but a risk based approach would be taken.
- Justine Thorpe confirmed that investment properties as well as PPE would be looked at.
- Councillor Ross questioned whether any issues were anticipated with the pension's element of the audit. The Head of Finance stated that he had spoken to the Director of Resources from Royal Borough of Windsor and Maidenhead Council who had been assured by Deloitte, that it would be completed on time. He added that it had been fed back that Ernst & Young would need to undertake their Audit work prior to the November Audit Committee and that it was hoped that the pensions work would be completed by the end of October. Justine Thorpe indicated that the previous year had been the first year that Deloitte had undertaken public sector audits for some time.

**RESOLVED:** That the update be noted.

## **20. CORPORATE RISK MANAGEMENT**

The Committee considered the Corporate Risk Register.

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

- Discussions had commenced on the identification and mapping of interdependencies between risks in order to better understand and mitigate the impact of a number of risks materialising simultaneously. The output from these discussions would be shown in the next iteration of the Corporate Risk Register.
- One new risk had been added covering housing numbers in the Borough (risk no.19). This has been added in response to the Government consultation paper on Planning for the Future,
- The Brexit risk (no.10) had an increased risk profile resulting in further mitigating actions being planned. Members were reminded that the Brexit Officers Group had been re-established.
- The Climate Emergency risk (no. 13) in terms of impact and likelihood had been re-assessed as "Very High." Overview and Scrutiny had been reviewing Climate Emergency and a report on their findings would be considered by the Executive in the future. Mitigations for the risk might change following this.
- The Pandemic risk (no. 18) in terms of impact and likelihood has been re-assessed as "High." The Covid situation was fast moving and changing.
- The Director Communities, Insight and Change indicated that her directorate had been formed in March and that she had joined the Council in May.
- The Director Communities, Insight and Change indicated that she was responsible for;
  - digital and change;

- customer and localities
  - communications, engagement and marketing;
  - Human Resources
  - Strategy and planning
- Covid had changed the Council's work pattern and had led to a change in behaviours. Having the majority of the workforce working from home had put great pressure on the IT system and a robust IT infrastructure had been vital.
  - The Assistant Director Digital and Change indicated that the Council's telephony structure had been built and sized for a primarily office based workforce. Whilst IT had planned to move to a more cloud based solution, this had been planned for 2023/24. However, IT had been able to look at the way in which the telephony system was set up to ensure that there were no breaks in service either for external or internal customers. All critical services were currently forwarded out through the infrastructure. Contact centre staff could continue to work from home during the pandemic. Adults and Children's Services calls had been moved into Netcall, the Council's contact centre solution.
  - The amount of staff working from home had grown from approximately 300 to approximately 1100 during the pandemic. The Council's internet capacity had been increased from 300MB to 700MB. Mitigating actions had been put into place very quickly.
  - Councillor Shepherd-DuBey asked about the single point of failure firewall. The Assistant Director Digital and Change commented that there were sufficient steps in place to ensure that the Council could still continue to work successfully. Over the next year, the Council would look to move its firewall into Microsoft Azure Cloud. At present, there were no corporate level concerns. The Assistant Director Digital and Change offered to provide an update at the Committee's next meeting. She emphasised that 75% of the Council's services were cloud based but there were some that could not be supplier hosted or be run through Microsoft Azure Cloud.
  - Councillor Shepherd-DuBey questioned why the Climate Emergency risk was 'very high'. The Assistant Director Governance indicated that it was one of the Council's key priorities. Councillor Burgess added that the Climate Emergency Task and Finish Group had reviewed and commented on the Climate Emergency Action Plan.
  - Councillor Sargeant asked about measures being taken to mitigate against the workforce risk in light of Covid. The Director Communities, Insight and Change stated that where staff were working from home there was now virtual teams. Many podcasts on running a virtual team and also wellbeing had been produced. Update emails and newsletters were sent to staff and the Chief Executive had introduced the Big Chat, a weekly opportunity to update staff and for them to ask questions.
  - In response to a question from Councillor Ross, regarding her areas of responsibilities, the Director Communities, Insight and Change clarified that the Strategy and Planning team dealt with matters such as the KPI reporting and helping to produce the Council Plan.
  - Councillor Ross noted that with regards to Risk 19, the Corporate Risk Register stated that as it was a new and emerging risk with a short-term timescale, a verbal update would be provided at the Audit Committee meeting. The Assistant Director Governance indicated that he had nothing further to add to the statement made by the Leader of the Council at the Council meeting on 17 September.
  - Councillor Gee expressed surprise that the Government's proposals around land supply had not been included as a separate risk. The Assistant Director Governance indicated that Risk 19 was intended to cover everything within the Government consultation.

- Councillor Gee referred to the risk around SEND reform and questioned how much of the relevant workforce was permanent and how much was temporary, what the level vacancies was, and how this impacted on staff morale. The Assistant Director Governance agreed to seek clarification from the Director Children's Services, who he suggested the Committee invite to the next meeting to present the Corporate Risk Register.
- Councillor Gee stated that not all residents, particularly some more elderly residents, were online. She asked how these residents were supported. The Assistant Director Governance emphasised that the Council had been looking for some time at ensuring that its services were inclusive. Overview and Scrutiny were currently reviewing the Council's response to the Covid pandemic and this included how it had responded to its elderly and vulnerable residents. The Assistant Director Digital and Change added that key services had still been available via telephone during the pandemic.
- With regards to the Safeguarding Children and Young People risk, Councillor Burgess noted that the reporting of domestic abuse had increased as had mental health and emotional wellbeing challenges, and asked how this was being managed and mitigated against. The Assistant Director Governance indicated that he would seek a response from the Director Children's Services.
- In response to a question from Councillor Burgess regarding the data protection risk, the Assistant Director Governance clarified that a data protection audit had recently been carried out and was in its final stages. It would receive a level 2 assurance.
- Councillor Burgess felt that the leaflet drop listed as a mitigating action for Risk 19 was a political decision rather than a genuine mitigating action.
- With regards to the risk around equality duty, Councillor Burgess suggested that an assessment be carried out about how different groups had been impacted by Covid. The Assistant Director Governance indicated that part of Overview and Scrutiny's review of the Council's response to the pandemic, would include this element. It was agreed that the wording of the risk could be crisper.
- Councillor Shepherd-DuBey felt that more could be done around equalities.
- Justine Thorpe suggested that the Audit Committee should not be reviewing individual risks within the Corporate Risk Register and should be seeking overall assurance on the process of risk management to ensure that everything was working well.
- With regards to GDPR, Councillor Shepherd-DuBey asked how the Council managed organisations that handled data for it. She was informed that information sharing agreements were in place and that any data breaches would be reported.

**RESOLVED:** That the risks and mitigating actions of the Council's corporate risks, be considered and noted.

## **21. RISK MANAGEMENT AUDIT 2020-21**

The Audit and Investigation Specialist presented a report on the Risk Management Audit 2020-21.

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

- An audit of the Council's risk management had been carried out during spring and summer.
- The second highest level of assurance had been given.
- There had been a lot of engagement throughout the audit.

- Three concerns had been identified and action had already been taken with regards to some of them.
- The Corporate Risk Register and the Directorate risk registers had been updated during the process.
- A Risk Management Officer Group was being created and would have representatives from across the Council.
- Councillor Burgess asked the Audit and Investigation Specialist for her views as to whether the Audit Committee should consider the Corporate Risk Register or not, who responded that an overview of the process was helpful. As part of the audit, all of the individual risks had been discussed with officers.
- Councillor Gee asked for an explanation of what was meant by risk appetite and how it would be cascaded throughout the Council. The Audit and Investigation Specialist stated that because the Corporate Risk Register and Departmental Risk Registers were being updated at the time a detailed conversation was not had on Risk Appetite. Different Councils could have different ideas of Risk Appetite. There was a need to balance against the risk the Council or department was willing to accept, and to decide where the risk appetite sat. The tolerance for some risks was higher than others.
- Training would be undertaken on Risk Management.
- Justine Thorpe commented that the implementation of risk management needed to come from both the top and the bottom of the organisation.
- With regards to good practice, Councillor Ross questioned how the Council compared with comparable authorities and was informed by the Audit and Investigation Specialist that the Council performed well.
- Councillor Shepherd-Dubey questioned why N/A had been written against whether an Equalities Impact Assessment (EQIA) had been carried out. The Assistant Director Governance commented that it was not directly relevant as the report purely reflected the results of the audit.

**RESOLVED:** That the findings of a recent Internal Audit review of Risk Management be noted.

## **22. 2020/21 ANNUAL AUDIT AND INVESTIGATION PLAN IN YEAR REVIEW**

The Committee received the 2020/2021 Annual Audit and Investigation Plan in Year Review.

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

- The Lead Specialist Internal Audit and Investigations indicated that the plan had originally been agreed by the Committee in February, immediately prior to Covid.
- Some audits scheduled earlier in the year had not been undertaken due to Covid. The team had been assisting the Finance team in ensuring Covid business payments had been correctly paid out.
- The activity for the remainder of the year had been refocused and the planning for 2021/22 year would begin soon.
- Councillor Gee expressed disappointment that an audit of the asset register that she had requested had not been included.
- Councillor Gee noted that the Brexit audit was no longer taking place but the risk around Brexit had been increased on the Corporate Risk Register. She questioned why this was. The Lead Specialist Internal Audit and Investigations indicated that the team had reprioritised its work. Audit officers would no longer attend the Brexit

officer group meetings but would still be available should advice be required. They would continue to stay abreast of developments.

- Councillor Gee expressed surprise that the number of days for an audit of the Adult Social Care provider market had decreased from 20 to 0. She felt that some key issues were no longer being audited. The Lead Specialist Internal Audit and Investigations commented that the team was working within limited resources. The audit days for some key risks on the Corporate Risk Register, such as financial systems, had increased.
- The Head of Finance indicated that payments and systems and Covid 19 response elements referred to within the Plan, were required by Government.
- Councillor Burgess stated that the reduction of audit days in some areas was concerning but that she understood the reasons provided. She questioned whether it would have an impact on Internal Audit's ability to provide a year end opinion. The Lead Specialist Internal Audit and Investigations stated that she had liaised with the Head of Internal Audit on the matter who had felt that the Plan was correctly balanced. Justine Thorpe, Ernst & Young, indicated that external audit also considered the Head of Internal Audit's opinion.
- The Assistant Director Governance reminded Members that the 2021/22 Plan would be presented at the Committee's February meeting and would focus on key corporate risks.

**RESOLVED:** That the updated 2020/21 Audit and Investigation Plan be noted.

### **23. EFFECTIVENESS OF AUDIT COMMITTEE**

The Committee discussed the effectiveness of the Audit Committee.

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

- The Assistant Director Governance referred to the CIPFA Audit Committees Practical Guidance for Local Authorities and Police contained within the agenda. He indicated that he would produce a brief survey on the effectiveness of the Audit Committee. It was suggested that this be sent to Audit Committee members, all other Members, Ernst & Young, and also the Directors to give a fuller picture.
- The survey would help to identify individual and collective training needs.
- The Audit Committee's terms of reference would be circulated to Members to remind them of the Committee's functions and to establish whether the terms of reference required further review.
- The results of the survey and an explanatory report would be taken to the Committee's November meeting.
- Councillor Gee questioned whether one version of the survey would be produced for Audit Committee members, and another for other Members who may be less aware of the role of the Committee.
- A number of Members supported circulating the survey to all Members.
- Councillor King questioned whether the Audit Committee would see the survey prior to it being circulated to other Members.
- Councillor Burgess identified value for money and fraud as areas where the Committee could receive further training.
- Councillor Burgess referred to the independence of the Committee. She questioned whether the Committee should have an independent member and if the Chairman of the Committee should be a member of the Opposition.

- Justine Thorpe, Ernst & Young commented that she was encouraged by the Committee's enthusiasm.

**RESOLVED:** That

- 1) a survey on the effectiveness of the Audit Committee be produced and circulated to all Members, Ernst & Young and Directors.
- 2) that the results of the survey be presented at the November Audit Committee.

#### **24. FORWARD PROGRAMME**

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

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

- The Committee agreed to invite Carol Cammiss, Director of Children's Services to the November committee meeting for the Corporate Risk Register item.
- The results of the effectiveness of the Audit Committee survey would be brought to the November meeting.
- The Head of Finance asked that the Statement of Accounts be prioritised at the November meeting.
- Councillor Shepherd-DuBey asked that an audit be carried out on equalities in the future.

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

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Wokingham Borough  
Council Audit  
Committee

Audit progress update

23 November 2020

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23 November 2020



Audit Committee Members  
Wokingham Borough Council  
Shute End, Wokingham  
Berkshire, RG40 1BN

Dear Audit Committee Members

Audit Progress Report

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Committee with an overview of the current status of the Council's 2019/20 audit, given the delay in completing the audit caused by the later than planned completion of the Berkshire Pension Fund audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

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## 01 Progress Update

## 02 Timetable for completion



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

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

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



01

# Progress Update





# Status of the 2019/20 audit

## 2019/20 financial statements

Our Audit Plan identified key areas of focus for our audit of the Council's 2019/20 financial statements. This page sets out our observations on work to date on these areas.

Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatements due to fraud or error	Fraud	We are carrying out our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management overriding controls through our work to date.
Incorrect capitalisation of revenue expenditure	Fraud	We are in the process of completing our audit work on capital additions. We are following up a few audit queries in this area particularly around the treatment of REFCUS.
Valuation of Property, Plant & Equipment	Significant	We are carrying out our review of PPE valuations, including a review of assets not revalued. We will be using our EY Real Estate Specialists to test a sample of the Council's assets.  As a result of RICS "material uncertainty" clauses included within the valuation reports we have requested that the estimation uncertainty disclosure (Note 4) is enhanced in this area and our audit report may include an Emphasis of Matter paragraph to draw attention to this disclosure.
Pensions Liability Valuation	Significant	We have reviewed the accounting entries and disclosures in the draft financial statements. We are in the process of assessing the work of the pension fund actuary.  The assurance letter from the auditor of the Berkshire Pension Fund will be provided to us in late January 2021, which will then enable us to conclude our work on the pensions fund assets and liabilities.
Going concern	Inherent risk	Going Concern Compliance with ISA 570. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. We have yet to receive management's detailed Going Concern assessment and an evaluation of the Council's financial resilience to support its commentary in the accounts about the risks and uncertainties regarding the Council's financial position.
PFI estimates	Inherent risk	PFI is a complex area and we commissioned a detailed review of the assumptions used in the RE3 PFI accounting model and a commentary on local adjustments made to the model for the 2018/19 audit. We have yet to review the planned entries and disclosures for the Council's 2019/20 accounts.



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02

Timetable for completion





# Audit timetable for 2019/20

## Timetable of communication and deliverables

2019/20 audit

Audit phase	Timetable	Audit Committee timetable	Deliverables
<u>Planning:</u> <ul style="list-style-type: none"> <li>Risk assessment and setting of scopes</li> <li>Walkthrough of key systems and processes</li> </ul>	January / February 2020		
<u>Interim audit:</u> <ul style="list-style-type: none"> <li>Early substantive testing</li> <li>Walkthrough of key systems and processes.</li> </ul>	March / April		
	June	3 June 2020	Audit Planning Report
<u>Year end audit</u> <ul style="list-style-type: none"> <li>Audit Completion procedures - Phase I (Note1)</li> </ul>	20 July to 14 August		
<ul style="list-style-type: none"> <li>Audit Completion procedures - Phase II (Note 1)</li> </ul>	28 September to 16 October	25 September 2020	
		23 November 2020	Audit Progress Report
<ul style="list-style-type: none"> <li>Audit Completion procedures - Phase III (Note1)</li> </ul>	2 to 18 December and early January 2021		
<ul style="list-style-type: none"> <li>Receipt of IAS19 Pension Fund Assurance from the Berkshire Pension Fund auditor</li> </ul>	early February	3 February 2021	Audit Results Report
			Audit opinions and completion certificates
			Annual Audit Letter

Note 1: We split the final audit visit into phases I to III as the finance team have had to deal with competing pressures in terms of 21/22 budget preparation, COVID payments and the external audit.

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<b>TITLE</b>	<b>Treasury Management Mid - Year Report 2020-21</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 23 November 2020
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

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

Effective borrowing and investments to optimise the resource position for the Council and provide strong financial standing.

## **RECOMMENDATION**

- 1) Audit Committee to support this report and recommend it to Executive. (*Executive will then be asked to recommend the report to Council*).
- 2) To note all approved indicators set out in the treasury management strategy have been adhered to and that prudent and safe management has been maintained.
- 3) To note that the net cost per council tax payer for the financing of all borrowing to date equates to £7.52 which is 0.4% of the average Band D council tax charge.
- 4) To note that the total external general fund debt is £324m, which reduces to £83m after taking into account cash balances (net indebtedness).
- 5) To note the Council's realisable asset value of £496m, of which its commercial assets is estimated at £192m.

## **SUMMARY OF REPORT**

This report provides a summary of the Treasury Management operations during the first six months of 2020/2021. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices. The Council adhered to all agreed prudential indicators. This includes ensuring the necessary liquidity to deliver on the day-to-day operations of the Council. There are two aspects of treasury performance: debt management which relates to the Council's borrowing and cash investment which relates to the investment of cash balances.

Key highlights to note are:

- **The annual cost of servicing this borrowing that falls to the local taxpayer is £7.52 per council tax band D property for 2020/21.**
- **Net indebtedness after cash balances is £83m at end of September.**
- **Realisable asset value of £496m at end of September, meaning an asset to net indebtedness ratio cover of 6:1.**

A detailed breakdown of the Council's performance in these areas is summarised below.

## Cost of Financing Debt

The table below shows the gross financing costs of servicing the external borrowing. Gross financing costs reflect the annual interest costs payable and an amount for Minimum Revenue Provision (MRP). To understand the true cost of this, it is important to take into account the income from treasury investments, contributions from 'invest to save' schemes, income from investment / commercial properties which all contribute to reducing the annual cost of this financing. **Taking these factors into account, for the general fund the net financing costs of servicing this debt that falls to the local taxpayer is £7.52 per council tax band D property as set out below.**

	£,000	£,000
General Fund - Financing Cost (including MRP provision)		£7,784
<u>Less</u> contributions towards financing costs from following areas:		
- Treasury investments	(£815)	
- Commercial investments	(£2,820)	
- Town centre regeneration	(£2,536)	
- Housing companies	(£568)	
- Invest to save schemes	(£503)	
		(£7,242)
Net Annual Cost		£542
Net Annual Cost £,000		£542k
Divide by Council Tax Base (no. of band D equivalent properties)		72,036.5
<b>Cost per band D property - £</b>		<b>£7.52</b>

## Council's Net Indebtedness

Net indebtedness represents the underlying debt position the Council holds. The table below shows how this is calculated.

	31st Mar '20 £m	30th Sept '20 £m
General Fund - Capital Financing Requirement	£329	£449
<u>Less</u> Internal funded borrowing	(£125)	(£125)
External Debt Total	£204	£324
<u>Less</u> Cash investment balances	(£123)	(£241)
<b>Net Indebtedness Total</b>	<b>£81</b>	<b>£83</b>

**As at 30<sup>th</sup> September 2020, total external borrowing for the general fund was £324m and treasury investments were £241m resulting in net indebtedness of £83m. The HRA**

borrowing is excluded from this calculation as it is a ringfenced account with external borrowing funded from housing tenants.

The increase in both external debt and cash investments represents the differing nature of external debt and cash investments, external debt is long term and based on supporting the approved capital programme spend as expected. Short term investments which are based on cash balances at a point in time. Cash balances have improved during the first six months of the year due to government grants being paid upfront to help the impact from Covid-19. In addition, capital spend has been slower during the first 6 months of the year with spend expected to pick up over the remainder of the year. External borrowing has also been increased to take advantage of historically low interest rates and to ensure our internal borrowing remains at a prudent level. Internal borrowing is 28% of total capital financing requirement which is broadly in line with the range of 25%-30% suggested by our treasury management advisors. This figure was 38% at 31<sup>st</sup> March '20.

Despite historically low interest rates, the Council are expecting to have no material variances against budget for debt costs and investment income. The final position and performance against prudential indicators will be reported in the outturn report.

External borrowing is within the prudential limits set in the treasury management strategy. The Authorised Limit (maximum external borrowing allowed) was set at £533m, the forecast year end external borrowing (including HRA) position of £391m represents only 73% of this limit.

The council continues to manage its debt in the most financially effective way whilst adhering to statutory requirement including the CIPFA's Prudential Code.

## Asset Value

Whilst it is important to understand the net borrowing for the Council, it is also essential to consider the asset value that this borrowing generates as part of the Council's capital programme. Using the value of assets from our annual accounts plus estimated asset spend this year to date, the asset value for the council is £974m at 30<sup>th</sup> September 2020. Realisable asset value is based on annual accounts valuation and any individual disposal would seek to maximise the receipt to the Council at the time of sale.

	£m	£m
Asset Value as per balance sheet*		£974
<u>Less:</u>		
Highways & Transport assets	(£176)	
Schools assets	(£285)	
Other non-realizable assets	(£17)	
		£478
<b>Value of Realisable Assets</b>		<b>£496</b>
Of which are;		
Operational Assets		£304
Commercial Assets		£192
- Wokingham Town Centre Regeneration	£76	

- Property Investment Group	£70	
- Housing Company	£47	

### Asset Ratios

Taking the value of realisable assets and dividing by the external borrowing or net indebtedness gives a good indication of the debt cover our assets provide.

- Value of Realisable Assets ratio to External Borrowing – 1.53:1
- Value of Realisable Assets ratio to Net Indebtedness – 5.98:1

### Investment of Cash Balances

Cash flow balances vary significantly throughout the year due to differences in timing of income (council tax, developer contributions, grants, etc.) and timing of expenditure (running costs - revenue, and investment in assets and services – capital). During times when the council holds cash balances, investments will be made based on security, liquidity, and yield (in this order). Due to the uncertainty around Covid-19, whilst the council have been fortunate with the cashflow support from central government (e.g. grants paid earlier than planned) we have kept more investments on a short term and secure basis across the first 6 months of year and will continue over the coming months. This has ensured the liquidity is available to meet Covid-19 pressures however has meant returns on investments are lower due to the duration of the investment and lower risk counterparties (e.g. lending to other local authorities).

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

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

### Other financial information relevant to the Recommendation/Decision

- the net cost per council tax payer for the financing of all borrowing to date equates £7.52 which is 0.4% of the average Band D council tax charge.
- total external general fund debt is £324m and the Councils net indebtedness after cash balances is £83 million.
- the Council's realisable asset value of £496m, of which its commercial assets is estimated at £192m.

<b>Cross-Council Implications</b>
None

<b>Public Sector Equality Duty</b>
This is a report on the performance of the Treasury service of the Council and is not requesting any funding or service changes that would impact on any members of the community and thus has no equalities impact.

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

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

<b>Contact</b> Bob Watson – Head of Finance	<b>Service</b> Business Services
<b>Telephone No</b> Tel: 0118 974 6151 07801 664389	<b>Email</b> bob.watson@wokingham.gov.uk

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# Agenda Item 33.

<b>TITLE</b>	<b>Corporate Risk Management</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 23 November 2020
<b>WARD</b>	None Specific
<b>DIRECTOR</b>	Deputy Chief Executive & Director of Resources and Assets - Graham Ebers

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

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant risks.

## **RECOMMENDATION**

The Audit Committee is asked to consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR (Appendix A);

## **SUMMARY OF REPORT**

One of the roles of the Audit Committee is to provide assurance on the adequacy of the Council's Risk Management Strategy and associated control environment. It does this by periodically reviewing the Strategy, and evaluating the effectiveness of the Corporate Risk Register.

At its previous meeting on 23 September, the Audit Committee received an update on the latest Council Corporate Risk Register (CRR) and were provided by a detailed update by the Director of Communities, Insight & Change on the key risks in her directorate. Since the last meeting, Directors have updated their Directorate Risk Registers and considered any further changes to the CRR. The details of the CRR is attached to this report (Appendix A).

There have been no significant changes since the last report to the Committee.

The Director of Children's Services will attend the meeting in order for Members to gain assurance about the corporate risks in her area.

## Background

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

Extract from Constitution (paragraph 4.4.3.2 (d))

*To provide an independent assurance of the adequacy of the Risk Management Strategy and the associated control environment. In particular:-*

*i) To receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;*

*ii) To receive quarterly reports reviewing implementation of the Council's Risk Management Policy and Strategy to determine whether strategic risks are being actively managed;*

*iii) To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur;*

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

- 1.2 The Audit Committee has historically received a report on the Corporate Risk Register at each meeting (ii above). The remit of the Committee is to gain assurance on the risk management process as opposed to a detailed analysis of individual risks. In discharging this responsibility, the Committee is advised to focus its review in seeking assurance that the risk management framework ensures that new key risks are identified, that risk mitigations are in place and are effective, and that management action ensures a match with the risk appetite of the Council.

## Corporate Risk Register

- 2.1 The Enterprise Risk Management Policy (ERMP) states that the Corporate Leadership Team (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.
- 2.2 Since the September 2020 meeting of the Audit Committee, Directors and Assistant Directors have reviewed their directorate risk registers and considered whether any new risks have emerged. Changes made since the last meeting fall into the category of either presentational or new/removed risks.
- 2.3 The main changes to the presentation of the CRR are as follows:-
- Further work has taken place on the identification and mapping of interdependencies between risks in order to better understand and mitigate

the impact of a number of risks materialising simultaneously. The output from these discussions will be shown in the next iteration of the CRR.

2.4 The main changes to the composition of the register are as follows:-

- The Brexit risk (no.10) has been updated to reflect the corporate working group that has been re-established to plan for and mitigate the impact of the UK leaving the EU.
- The Climate Emergency risk (no. 13) has been updated to reflect the Climate Emergency Task and Finish Group's report and recommendations which were agreed at Executive on 29 October.
- The Pandemic risk (no. 18) has been updated to reflect the work of Overview & Scrutiny in considering the Council's response to the first wave.
- No existing risks have been removed since the previous report to the Committee.
- No new corporate risks have been identified.

#### 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)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue
<b>Other financial information relevant to the Recommendation/Decision</b>			
Effective risk management mitigates financial risks associated with the Council achieving its objectives.			

<b>Cross-Council Implications</b>
Risk management influences all areas of the Council – effective risk management is one of the ways assurance is provided that the Council's key priorities and objectives will be achieved.

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

<b>List of Background Papers</b>	
Previous Corporate Risk Register papers to Audit Committee Enterprise Risk Management Strategy and Policy	
<b>Contact</b> Andrew Moulton	<b>Service</b> Governance
<b>Telephone No</b> Tel: 07747 777298	<b>Email</b> andrew.moulton@wokingham.gov.uk

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Corporate Risk Register  
Summary Page  
Updated 9/11/2020

APPENDIX A

Key

Current Score (pre-mitigation):

VH = Very High

H = High

M = Medium

L = Low

Risk Matrix

31

LIKELIHOOD

6			5, 11	1
5			3, 13	4, 12
4			8	6, 7, 14, 17, 19
3		15	2	16
2			9, 10	18
1				
	2	4	6	8

IMPACT

Summary of Corporate Risks

- 1 Budgeting & financial mgt (inc forecasting demand & investment and commercial strategy)
- 2 Corporate Governance
- 3 Workforce
- 4 Local Plan Delays & Appeals (including five year land supply) – interdependency with no. 19
- 5 Delivering SEND Reforms
- 6 Safeguarding Children and Young People
- 7 Safeguarding Adults
- 8 Information and Data Management
- 9 Health and Safety
- 10 BREXIT
- 11 Inspections Regulatory
- 12 Adult Social Care Provider Market
- 13 Climate Emergency
- 14 High Needs Block
- 15 Telephony
- 16 IT Infrastructure
- 17 Equalities Duty
- 18 Pandemics
- 19 Housing Numbers - interdependency with no. 4

### **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
CHT	Councillor Charlotte Haitham Taylor
GM	Councillor Gregor Murray
SP	Susan Parsonage, Chief Executive
GE	Graham Ebers, Director of Resources and Assets & Deputy Chief Executive
SH	Keeley Clements, Director of Communities, Insight & Change
CC	Carol Cammiss, Director of Children's Services
MP	Matt Pope, Director of Adult Services
CT	Chris Traill, Director Place and Growth
AM	Andrew Moulton, Assistant Director Governance & Risk Facilitator
AC	Audit Committee
O&S	Overview & Scrutiny Management Committee

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

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

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
1	<p><b><u>Budgeting and financial Management (inc forecasting demand &amp; investment and commercial strategy).</u></b></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> <ol style="list-style-type: none"> <li>Value for money</li> <li>Achieves priorities</li> <li>Meets statutory duties</li> <li>Sustainable in the long term</li> <li>Owned and managed by those responsible and accountable</li> <li>Controlled and monitored to targets set</li> </ol> <p><i>Demand</i> - Effectively managing demand-led services in areas such as Adult Social Care and Children's Social Care and special needs.</p> <p>Risks:-</p> <ol style="list-style-type: none"> <li>Forecasting and profiling the demand for the long term.</li> <li>Managing increasing public expectations to be realistic to the resources available</li> <li>Prevention strategies based on analyses of nature of demand</li> <li>Reviewing existing services and/or placements to reduce demand and enable independent living</li> </ol>		<p>Significant impact on additional costs for the vulnerable, loss of income e.g. car parking, and inability to enact in year savings targets. Also potential significant impact on capital funding.</p> <p>Measures in place includes a weekly monitoring report, ensuring we receive Government funding available and freezing expenditure where possible, particularly with regard to the capital programme. Despite this, the financial risks have inevitably increased.</p> <p>The report to Executive on 29<sup>th</sup> October 2020 sets out the latest position and forecast.</p>	<ul style="list-style-type: none"> <li>Medium term financial (MTPF) planning processes over three years.</li> <li>Budget management and monitoring controls as set out in financial regulations</li> <li>Annual Internal Audit programme covering major financial systems</li> <li>External Audit of Council's Financial Statements</li> <li>Reduce capital programme in line with delay in receipts</li> <li>Increase borrowing</li> <li>Closer monitoring of on-site schemes</li> <li>Quarterly refresh of capital programme</li> <li>Refreshed corporate asset management plan</li> <li>Annual capital bidding system and capital programme in place</li> <li>Programme Board for Town Centre Regeneration Project</li> <li>Forward Funding</li> <li>Asset Review Programme</li> <li>Meeting the Council's strategic capital</li> </ul>	<ul style="list-style-type: none"> <li>Overview &amp; Scrutiny (through Community &amp; Corporate Sub Committee) review of 2021/22 budget proposals (meetings of 13/10, 28/10, 23/11, 22/12 &amp; 19/1)</li> <li>Ongoing response to internal/external audits and sources of external assurance including implementation of recommendations.</li> <li>Lobbying re Local Government Finance Settlement for 2021 and beyond.</li> </ul>	13/10 to 19/1/21	GE	JK	8	6	VH
33						Ongoing	GE	JK			
						Ongoing	GE	JK			

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
34	<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 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"> <li>• Insufficient school places for children with additional needs within the Borough</li> <li>• Financial shortfall</li> <li>• Negative PR</li> <li>• Loss of rental income</li> <li>• Scheme slippage / downsizing</li> </ul> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key Priorities – 1 to 7</b></p>			<p>requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan.</p> <ul style="list-style-type: none"> <li>• Resource planning for Strategic Development Locations (SDL) infrastructure needs.</li> <li>• £100m commercial investment approved.</li> <li>• Establishment of Capital Review Group (CRG) and Investment Group with appropriate senior representation.</li> <li>• CIPFA independent assessment on financial resilience – shows Wokingham BC rated in top 20 for financial sustainability.</li> <li>• Commercial Council launched.</li> <li>• Overview &amp; Scrutiny (through Community &amp; Corporate Sub Committee) reviewed Property Investment Portfolio on 22/9/20.</li> <li>• In year monitoring of financial position and associated risks by Executive – see latest report of 29 October.</li> </ul>							



Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
36	<p>b. Quality decisions that are based on balancing evidence, public perceptions and political considerations</p> <p>c. Effective monitoring of priorities, risks and business cases</p> <p>d. Effective Administration and effective political opposition supported to achieve outcomes for the community</p> <p>e. Members partake in development and training to effectively discharge their responsibilities</p> <p>f. Clarity of officer/member boundaries and relationships to avoid politicisation of officers.</p> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key Priority – 7</b></p>										
3	<p><b><u>Workforce (inc Capacity)</u></b> 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> <p>a. Reward and recognition policies</p> <p>b. Recruitment policies</p> <p>c. Value for money</p> <p>d. Sustainable</p>		<p>The workforce risks associated with COVID-19 are being managed and mitigated through the governance arrangements in place as described above (risk 2) and health &amp; safety arrangements (risk 9).</p>	<ul style="list-style-type: none"> <li>• People strategy</li> <li>• Corporate People Dashboard</li> <li>• Management training</li> <li>• Employee Engagement survey action plans</li> </ul>	<ul style="list-style-type: none"> <li>• Updated People strategy including HR continuous improvement plan.</li> </ul> <p><b>Personnel Board and Overview &amp; Scrutiny to monitor (through oversight of Performance reports)</b></p>	2020/21	KC	JK	6	5	H

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
37	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  <b>This is a permanent, long term risk to the Council.</b>  <b>Key Priority - 7</b>										
4	<b><u>Local Plan Delays &amp; Appeals and 5 year housing land supply</u></b> Increased number of speculative planning applications and appeals, with associated costs. Significant pressure on finance & staffing resource Attraction/retention of qualified staff to robustly assess planning applications, defend appeals and undertake enforcement.		Difficulty in demonstrating a deliverable five-year housing land supply due to uncertainties in the rate of housebuilding and sales.  Potential increased speculation by developers utilising the difficulty in demonstrating a five year housing land supply.  Potential delays to preparation of evidence base supporting the preparation of a new local plan.	<ul style="list-style-type: none"> <li>Project plan in place to prepare a new local plan.</li> <li>Resources allocated to deliver project plan for a new local plan.</li> <li>Executive approved consultation on Draft Local Plan on 15 Jan 2020.</li> <li>Regular monitoring of housing developments.</li> </ul>	Adoption of up to date Local Plan and political support.	31/3/21	CT	W S	8	5	VH

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
5	<p><b>Delivering SEND Reforms</b></p> <p>Role of the Council in SEND in an environment of academies and national formulas for education budgets, and increasing special needs.</p> <p>Risks:-</p> <ol style="list-style-type: none"> <li>Relationship with education partners and schools</li> <li>Future services and delivery models that are fit for purpose</li> <li>School places meeting the growth in population</li> <li>Managing special needs demand and public expectations of Council resources</li> <li>Financial.</li> </ol> <p><b>This is a permanent, long term risk to the Council.</b></p> <p><b>Key priority - 1</b></p>		<p>The SEND Improvement Board is continuing to meet, but has temporarily scaled down membership.</p> <p>All Task &amp; Finish Groups have delivered a business continuity plan in respect of continued activity during the Coronavirus Outbreak.</p>	<ul style="list-style-type: none"> <li>CWD Team Review (post Ofsted)</li> <li>CIN 1 / 2 Review (post Ofsted)</li> <li>Move of Transitions team to ASC</li> <li>Team stability within CWD</li> <li>Development of Written Statement of Action (WSOA) (Post CQC/Ofsted)</li> <li>SEND Strategy Published</li> <li>Launch and Development of the SEND Improvement Board</li> <li>Key focus on Task &amp; Finish group work towards WSoA</li> <li>Increased engagement with parents &amp; carers via SEND Voices Wokingham and SENDIASS</li> <li>Improved relationships with statutory and non-statutory partners.</li> <li>Introduction of weekly performance tracker</li> <li>Introduction of annual review tracker to ensure outcome and provision in EHCP's are reviewed in line with SEND CoP.</li> </ul>	<p>SEND strategy consultation from 31 January 2019 with the aim of agreeing final strategy by end of year.</p> <p>Reduce High Needs Block overspend.</p> <p><b>Children's Services Overview &amp; Scrutiny to monitor</b></p>	31/12/20	CC	UC	6	6	VH

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
6	<p><b><u>Safeguarding children and young people</u></b> 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.</p> <p>Risks:-</p> <ul style="list-style-type: none"> <li>• Avoidable harm to a vulnerable child</li> <li>• Damage to reputation</li> <li>• Litigation</li> <li>• Low staff morale – loss of staff, unstable workforce – poor outcome for future children, impact on budget.</li> <li>• Impact of being judged inadequate by Ofsted could lead to statutory/government intervention.</li> <li>• Not managing the transition to Adult Services</li> </ul> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key priority - 1</b></p>		<ul style="list-style-type: none"> <li>• Reduction in agencies having contact and engagement with vulnerable children</li> <li>• Increase in Domestic Abuse</li> <li>• Increase in mental health and emotional wellbeing issues/challenges</li> <li>• Reduction in direct home visits by children's social care.</li> <li>• Impact on the quality of assessments and the judgments that people can make.</li> <li>• The ability to monitor and implement plans, as welfare becomes the primary focus</li> <li>• Increase in LAC numbers</li> <li>• Disruption of placements</li> <li>• Not being able to locate or source a placement</li> <li>• Staff Shielding</li> </ul>	<ul style="list-style-type: none"> <li>• BWSCP Child Protection Procedures and Safeguarding Partnership</li> <li>• Staff Training: informed by professional knowledge and skills statement</li> <li>• Case Reviews and learning from cases</li> <li>• Policy and Procedures up to date and easily accessible to all staff</li> <li>• Clear Practice Framework that is implemented by all social work staff</li> <li>• Regular and high quality Staff Supervision</li> <li>• Quality Assurance Framework embedded across service</li> <li>• Regular Case Audits</li> <li>• Recruiting and retaining a skilled workforce</li> <li>• Growth of budget based on growth of need</li> <li>• Increase in work force to reflect increase in workloads</li> <li>• Reduction of case loads</li> <li>• Increase in line managers, reduction in span of control</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous Improvement Programme (CIP) for Children's Services to incorporate risks including increasing demand</li> <li>• Ongoing response to internal/external audits and sources of external assurance including implementation of recommendations.</li> <li>• Staff Supervision training and support</li> <li>• Strengthen partnership working to ensure thresholds are understood</li> </ul> <p><b>Children's Services Overview &amp; Scrutiny to monitor</b></p> <p>-</p>	Ongoing	CC	UC	8	3	H

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
			<ul style="list-style-type: none"> <li>Staff becoming unwell/infected</li> </ul>	<ul style="list-style-type: none"> <li>Increase in Practice consultants to support all social care staff</li> <li>Grip and Grasp of placement spend and budget</li> <li>OFSTED informed action plan to improve service delivery</li> <li>Children's Services Improvement Programme focussing on agreed priorities and projects within agreed timescales</li> </ul>							
40	<p><b><u>Safeguarding adults</u></b></p> <p>Risk of avoidable serious harm or death of a vulnerable adult for whom the council has a responsibility.</p> <p>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.</p> <p>Risks:-</p> <ul style="list-style-type: none"> <li>Damage to reputation and public confidence in services</li> <li>Possible external intervention from statutory agencies such as DH, CQC or Police)</li> <li>Disruption of service provision</li> <li>Litigation</li> </ul>		<p>ASC has reviewed and updated this risk due to the fundamental impacts of COVID-19</p>	<p>Policies and Procedures (multi-agency) in place</p> <ul style="list-style-type: none"> <li>Referral system and assessment processes</li> <li>Management and supervision of staff</li> <li>Staff Training and awareness</li> <li>Berkshire West Safeguarding Board operating effectively</li> <li>Optalis contract as emergency provider in case of external provider failure</li> <li>Care Governance Quality Assurance system for providers</li> <li>Market Failure Protocol in place</li> <li>Appointment of Principal Social Worker to provide</li> </ul>	<ul style="list-style-type: none"> <li>Set up new ASH (Adult Safeguarding Hub).</li> <li>Implement actions from the safeguarding risk assessment.</li> <li>Implement safeguarding actions from Peer Review.</li> <li>ASH will lead to process change</li> <li>PSW to train on evidence management oversight</li> <li>Increased capacity by appointing Locums</li> </ul>		MP	C M	8	4	H

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
	<ul style="list-style-type: none"> <li>Impact on staff morale</li> <li>Recruitment and retention problems</li> <li>Removal and replacement of senior managers</li> <li>Not managing the transition from Children's Services</li> </ul> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key priority – 1</b></p>		<ul style="list-style-type: none"> <li>additional tier of scrutiny and oversight to lead to improved quality of safeguarding policy and practice.</li> <li>Risk assessment for safeguarding completed.</li> <li>LGA Peer Review covered safeguarding.</li> </ul>								
841	<p><b>Information and Data Management</b></p> <p>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.</p> <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"> <li>Imposition of a substantial fine</li> <li>Reputational damage/ bad media coverage</li> <li>Breach of contract and payment of damages</li> <li>Loss of future business</li> </ul>	<p>Guidance from the Information Commissioner and Government on data/information management with regards to COVID-19 response is being applied across the Council ensuring continuing compliance with requirements.</p>	<ul style="list-style-type: none"> <li>Information Security Management System - governance for this area including SIRO &amp; IGG roles</li> <li>Encrypted IT equipment</li> <li>Secure storage/ lockers at council offices</li> <li>Robust policies in this area</li> <li>Mandatory refresher programme recently undertaken</li> <li>Archiving of physical records</li> <li>Training for staff on document / information handling and basic</li> </ul>	<p>Online data protection training launched in Sept 2020 with completion by November for all.</p> <p>Internal audit review of information and data management arrangements. (NB draft conclusion is "substantially complete controls.")</p>	30/11/20	GE	JK	6	4	M	

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
42	<ul style="list-style-type: none"> <li>Increased number of complaints</li> <li>Loss of trust from partner organisations/contractors.</li> </ul> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key priority - 7</b></p>			<ul style="list-style-type: none"> <li>information security practice</li> <li>Secure e-mail solution</li> <li>Document marking scheme</li> <li>GDPR implemented for 25/5/18 to address new obligations</li> <li>Training for new members</li> <li>Audit Committee monitoring of data protection performance - ref 25/9 Audit Committee .</li> <li>Additional resource to deal with Subject Access Requests and Fol requests</li> </ul>							
9	<p><b>Health and Safety</b></p> <p>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.</p> <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> <ol style="list-style-type: none"> <li>Enforcement notices and HSE fines for intervention</li> <li>Unlimited fine</li> <li>Custodial Sentence</li> </ol>	<p>Exposure to virus and redeployed staff increases risk. Also, risk re mental health and even domestic abuse from isolation at home.</p> <p>Risk mitigation measures include; PPE, training, wellbeing calls, online support, guidance re physical and psychological protection.</p> <p>As part of the above, there is an overarching corporate health &amp; safety risk assessment.</p>	<ul style="list-style-type: none"> <li>Risk profile - Awareness of high risk areas</li> <li>Ongoing compliance with statute policies and procedures</li> <li>Seeking Assurance programme</li> <li>Compliance with Health and Safety policies and procedures</li> <li>Management and Member performance monitoring reporting from Health and Safety staff</li> <li>Contracts with third parties include a Health and Safety</li> </ul>	<p>Training for managers and staff who procure and manage contracts to ensure that the Council as a client discharges its H&amp;S duties.</p> <p>To set up a Lone Working and Work-related Violence Task &amp; Finish Group with representatives from all services to develop a short term and long term improvement plan.</p> <p>Latest statutory Health &amp; Safety report for 2018/19</p>	Ongoing	KC	JK	6	2	M	

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
43	<p>d. Publicity Order (Corporate Manslaughter only)</p> <p>e. Remedial Order (Corporate Manslaughter and HSWA)</p> <p>f. Publicity Order (Corporate Manslaughter only)</p> <p>g. Removal of key staff</p> <p>h. Reputational damage</p> <p>i. Service delivery loss due to depleted resources</p> <p>j. Damage to individuals wellbeing</p> <p>k. An avoidable death or injury</p> <p><b>This is a permanent, long-term risk to the Council.</b></p> <p><b>Key priority - 7</b></p>			<p>clause, setting out what the Council expects from the contractor in relation to Health and Safety obligations</p> <ul style="list-style-type: none"> <li>Incident reporting, following Health and Safety process should death or serious injury occur</li> <li>Training of managers and staff - Health and Safety training</li> <li>Annual historical benchmarking review of all Corporate Manslaughter and relevant Health and Safety cases in order to identify the key risk area</li> <li>Review across the Council of the arrangements in place to protect staff against violence at work</li> <li>Health and Safety training included in the Management Induction Programme for all new managers.</li> </ul>	<p>refers to current plans – see 27/6/19 Executive for details.</p> <p>Internal Audit of Health &amp; Safety reported April 2018 giving a category 2 “good” level of assurance.</p> <p>Building maintenance of schools – discharging Council responsibilities.</p>						

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
10	<p><b>BREXIT</b></p> <p>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.</p> <p>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.</p> <p><b>This is a temporary, shorter term risk to the Council.</b></p>		<p>Ongoing monitoring of the Government's position re the negotiations with EU.</p>	<ul style="list-style-type: none"> <li>Self-assessment of preparedness undertaken</li> <li>Corporate Working Group established to develop more detailed responses.</li> <li>Business Continuity Plans updated</li> <li>BREXIT risk register established</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Working Group re-established, chaired by Asst. Director with reps from all directorates and meeting fortnightly to assess and mitigate risks. CT and GE leading on risks to business.</li> </ul>	In place	SP	JH	6	2	M
11	<p><b>Regulatory Inspections</b></p> <p>Children's Services are inspected regularly by the regulators. ILACs is an inspection 'system' that includes: Annual Conversations between Ofsted &amp; the Local Authority; Inspection at least every 3 years and possible Focussed Visits on identified themes. This means that Children's Services is under regular scrutiny from Ofsted that is carried out in a cyclical process.</p> <p>In addition the Local Area could be subject to a Joint Targeted Area Inspection focussing on a set theme. The Local Area is also inspected under the SEND inspection Framework.</p> <p>The directorate are not given notice of when the inspections will occur as they are unannounced. The SEND inspection took place in March 2019 and the Local Area had to produce a Written Statement of Action (WSoA) in response to 6 major areas</p>		<p>The regulatory inspections such as ILACS, Local AREA SEND and focus visits are currently suspended. The annual Ofsted conversation was also suspended. However, Wokingham requested that the annual conversation proceed in June and this has been agreed. Ofsted plan to re-introduce focus visits from September and we Wokingham will receive one in the calendar year. We have revised practice standards to reflect the lockdown and how we approach visits to families.</p>	<ul style="list-style-type: none"> <li>Performance data</li> <li>Self-evaluation</li> <li>Intelligence captured in relation to all forms of external scrutiny that help to drive improvement e.g. Peer Reviews &amp; Audits</li> </ul>	<ul style="list-style-type: none"> <li>The continuous improvement board set up from February 2019 to address actions arising.</li> <li>Wokingham Local Area SEND Written Statement of Action</li> <li>Wokingham SEND Improvement Board</li> <li>Children with Disabilities Improvement Board</li> <li>Service Plans for Children's Services</li> </ul>	Ongoing	CC	UC	6	6	H



Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
			due to the journey we have taken due to Covid- 19								
12	<p><b>Adult Social Care Provider Failure</b></p> <p>Stability and sustainability of the adult social care market is of major importance in order to ensure the continued safety, health and wellbeing of vulnerable adults with a range of eligible social care support needs.</p> <p>COVID-19 has had a significant impact on the adult social care provider market. The market has become more volatile, with providers facing increased costs (PPE and workforce) and reduced demand leading to greater financial pressure. Adult Social Care has seen an increase in the number of providers experiencing financial difficulties. This will only increase with the ongoing pressure of COVID-19 and economic downturn.</p> <p>Under the COVID Procurement Policy Notice, contracting authorities must ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over. Adult Social Care retains a responsibility to ensure continuity of care if services are likely to fail.</p> <p>This applies to the whole market including self-funders which is a significant increase in responsibility to the local authority in Wokingham</p>	<p>ASC has reviewed and updated this risk due to the fundamental impacts of COVID-19</p>	<ul style="list-style-type: none"> <li>• Annual Uplift Process; agreed for 2020/21</li> <li>• Quality Assurance Framework</li> <li>• An improved funding deal for providers we contract with plus ability to apply for additional temporary funding (sustainability fund)</li> <li>• Help with supply of PPE</li> <li>• Regular advice and guidance</li> <li>• Testing for staff with symptoms.</li> <li>• Offer of access to staff in an emergency Infection control hotline established</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a rigorous contract management process that builds on provider engagement</li> <li>• Develop and implement a rigorous contract management system (CMS)</li> <li>• Review of the current commissioning pathway to ensure oversight of home care providers</li> <li>• Establish a market sustainability strategy, including a long term financial support package</li> <li>• Ensure flow of additional government COVID funding to providers in need</li> <li>• Establish a market sustainability strategy (inc uplift policy)</li> </ul>	Ongoing	MP	C M	8	5	VH	

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
13	<p><b>Climate Emergency</b></p> <p>On July 18<sup>th</sup> 2019, a motion was passed at council declaring a climate emergency. The council gave itself six months to establish the boroughs carbon footprint and develop an action plan setting how the council would achieve its targets by 2030.</p> <p>The council needs to both</p> <ul style="list-style-type: none"> <li>to reduce carbon emissions to slow climate change, and</li> <li>adapt to the impacts of extreme weather events brought on by climate change</li> </ul> <p>There are an increasing number of extreme weather events, caused by climate change, affecting council services and the borough in general. This ranges from episodes of heavier more prolonged rainfall resulting in flooding or higher temperatures, which result in events such as heath fires or drought conditions.</p> <p>Key priority - 5</p>		<p>Meetings continue and further actions are being developed. Revised working practices across the borough have led to a positive impact on carbon emissions.</p> <p>Key issues include ensuring current changes in working behaviour can be maintained and built upon going forward. The positive impact on this Council objective means the risk of non-achievement has reduced.</p>	<ul style="list-style-type: none"> <li>Cross Council officer group established</li> <li>Cross party member climate emergency working group</li> <li>Appointed a climate emergency strategy officer to deliver the climate emergency action plan</li> <li>Climate Change Initial Action Plan approved by council on 23 Jan 2020</li> <li>On 23/7/20 the Council approved the Climate Emergency Action Plan, endorsing the targets where available for carbon dioxide reduction and the related actions proposed for Wokingham Borough Council to play as full a role as possible in achieving a carbon neutral Borough by 2030, but notes that much more work needs to be done before it can hope to achieve that aim.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing work of working group with further report back to Council in 2021 on progress against targets.</li> <li>Officer responses to Climate Emergency Task and Finish group agreed by Executive.</li> </ul>	31/7/21	GE	GM	6	5	H
47						29/10/20 (in place)	GE	GM			
14	<p><b>High Needs Block</b></p> <p>The high needs block spend forms part of the revenue dedicated budget for schools. Its purpose is</p>		<p>This was a pre-Covid-19 risk</p>	<ul style="list-style-type: none"> <li>The Authority is currently in the process of expanding current special needs</li> </ul>	<ul style="list-style-type: none"> <li>The Council has reached agreement with the DfE to build a new 150 place</li> </ul>	Ongoing	CC	UC	8	4	H

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
48	to provide the necessary funding to support children with special educational needs or disabilities who have been assessed as requiring an Education, Health and Care Plan. This funding is ring fenced and cannot be used for other purposes. The budget provided by Government is significantly insufficient to meet the needs of Wokingham Borough children, the consequence of which means that year on year large deficit is carried forward. Most of the current expenditure is used to purchase special educational services from outside Wokingham Borough from independent school providers. Last year, the overspend on the budget was in excess of £1 million. This year it is projected to be significantly more.			<p>provision at Addington School from 200 to 250 places.</p> <ul style="list-style-type: none"> <li>In addition, the Council's pupil referral unit, is undergoing a major programme of refurbishment. This will improve facilities and provide resources that will reduce the need for agency placements.</li> <li>Seven specialist resources are currently provided by local primary and secondary schools. Work is underway to improve these resources and improve the current level of funding for these placements. This will when completed further reduce the need for expensive out of area placements.</li> <li>Finally, the Council is in negotiation/discussion with the Department for Education to re-broker provision for Northern House School so as to introduce a new sponsor to improve provision for children with emotional and</li> </ul>	<p>special school in Wokingham to meet the needs of SEND children from the Wokingham/Reading area. This is planned to open 21/22. The Executive will be receiving an update on the project at its meeting of 24/9/20.</p> <ul style="list-style-type: none"> <li>Ongoing discussions are being held with the Education and Skill Funding Agency to ascertain whether additional funding can be provided as part of a deficit recovery programme.</li> </ul>						

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
				behavioural difficulties. This is a local specialist academy that has been judged by Ofsted as inadequate.							
15	<b>Telephony</b> There are a number of risks associated with telephony which include the age of the current kit, capacity issues and the location of the telephony hardware. The impact of failure in this area would be significant affecting one of the key customer channels and impacting the wider service delivery capability of the Council.  Priority - 6	This risk has been acerbated by Covid-19 which is why it has been escalated to the Corporate Risk Register.	<ul style="list-style-type: none"> <li>Operational monitoring of capacity</li> <li>Operational maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Additional investment in telephony as part of 2021/22 budget setting.</li> </ul>	28/2/21	KC	JK	4	3	M	
49											
16	<b>IT Infrastructure</b> There are a number of risks associated with the IT infrastructure including capacity. The impact of failure in this area would be very significant affecting all aspects of the wider service delivery capability of the Council.  Priority – 6	This risk has been acerbated by Covid-19 which is why it has been escalated to the Corporate Risk Register.	<ul style="list-style-type: none"> <li>Operational monitoring of capacity</li> <li>Operational maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Additional investment in the IT infrastructure as part of 2021/22 budget setting.</li> </ul>	28/2/21	KC	JK	8	3	H	
17	<b>Equalities Duty</b> The Council has made progress in 2019/20 with all key decisions taken in the context of Equality Impact Assessments.	There are no specific Covid-19 related impacts.	<ul style="list-style-type: none"> <li>Equality Impact Assessments conducted to support decisions wherever appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Review and update Equalities objectives based on sound data and intelligence about communities.</li> </ul>	31/1/21	KC	JH	8	4	H	

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
	<p>However, further embedding of the Public Sector Equality Duty is required including review of equality objectives which is required at least every 4 years – the objectives were last updated in March 2017.</p> <p>Priority – 6</p>			<ul style="list-style-type: none"> <li>Equality Champions Group in place.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit of Equalities (including management action plan)</li> </ul>	31/10/20 (in place)	KC	JH			
18	<p><b><u>Planning for Pandemics</u></b></p> <p>The Council's emergency planning and response arrangements have been tested in extremis during the previous 5 months and proved effective in enabling the Council to respond to the Covid-19 emergency.</p> <p>The risk is now focused on ensuring lessons are put in place as appropriate.</p> <p>Priority – 1 &amp; 7</p>		<p>The Covid-19 emergency has demonstrated our initial and ongoing response plans have been effective but also renewed focus on recovery and the need to ensure post emergency lessons are put in place.</p>	<ul style="list-style-type: none"> <li>Emergency Plan in place and subject to periodic testing.</li> <li>See O&amp;S Management Committee report of 24 June setting out existing controls/mitigations.</li> </ul>	<ul style="list-style-type: none"> <li>Overview &amp; Scrutiny review of Council wide response to Covid-19 including recovery programme to identify any improvements and/or learning.</li> </ul>	Ongoing	SP	JH	8	2	M
19	<p><b><u>Housing Numbers in the Borough</u></b></p> <p>On 6 August 2020, the Government launched a 12 week consultation "Planning for the Future." The proposals contained in the consultation indicate the possibility that the new house-building requirement in the Borough would increase from c800pa to 1,600pa.</p> <p>The potential impacts of this risk are financial (re-distribution of CIL/s106 across the country), on achieving climate emergency targets, and on the</p>		<p>There are no specific Covid-19 related impacts.</p>	<ul style="list-style-type: none"> <li>As this is a new and emerging risk with a short-term timescale, the latest verbal update will be provided at the Audit Committee meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Council feedback on consultation through IEMD on 22/9</li> <li>Leaflet drop to all residents informing of the proposals</li> <li>Leaders' lobbying through meeting with Ministers</li> </ul>	Ongoing	CT	W S	8	4	H

Ref	Risk		Impact of COVID	Existing controls	Further Actions to Mitigate Risk	Lead			Risk Rating		Current Score
	Cause	Consequence/ Impact on Key Priorities				Timescale	Officer	Member	Impact	Likelihood	
	<p>quality of life for residents if insufficient infrastructure is in place to support additional households.</p> <p>Priority – 1, 2, 3 &amp; 4</p>										

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# Agenda Item 34.

**TITLE** 2020/21 Internal Audit & Investigations - Quarter 2 Progress Report

**FOR CONSIDERATION BY** Audit Committee on 23 November 2020

**WARD** None Specific

**LEAD OFFICER** Deputy Chief Executive - Graham Ebers

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

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

## **RECOMMENDATION**

The Audit Committee is asked to note the 2020/21 Internal Audit and Investigation Quarter 2 Progress Report.

## **SUMMARY OF REPORT**

This update report details:-

- The overall outcomes and key themes from Internal Audit and Investigations work undertaken during the first half of 2020-21; and
- Provides assurance that no new areas of less than satisfactory levels of assurance have been identified in the period.

## Background

Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015.

In addition, the Director of Resources & Assets (Section 151 Officer) has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty, the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management. Internal Audit carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to the Audit and Committee.

The aim of the report attached at Appendix A is to cover these legislative requirements and it also provides a summary of the Council's investigation activities, as required to be reported in accordance with the Council's Anti Fraud and Anti Corruption Strategy.

The 2020/21 Internal Audit and Investigation Plan was approved by the Audit Committee in February 2020. The emphasis on developing the Internal Audit Plan was based on mandatory and legislative requirements and the risks set out in the Corporate Risk Register (CRR) and it is clearly targeted at assisting the Council in achieving its key objectives.

Whilst a number of audit reviews are effectively considered as mandatory (key financial systems, particularly high risk items etc), others enter or leave the Audit Plan based on the CRR uncontrolled risk rating and the views of officers and Members. As such, the Plan is fluid and is regularly realigned to accommodate changes to the CRR, thereby ensuring that it remains current and focussed on the key risks affecting the Council. An in year review of the 2020/21 Audit and Investigation Plan has been undertaken and this was presented to this Committee in September 2020. This revised Plan takes account of the effects of the Covid-19 pandemic in respect of the audit and investigation work being undertaken during this financial year.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

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

<b>Other financial information relevant to the Recommendation/Decision</b>
An effective internal audit and investigations function mitigates financial and other risks associated with the Council achieving its objectives.

<b>Cross-Council Implications</b>
Internal Audit works across all areas of the Council – effective internal audit is one of the ways assurance is provided that the Council’s key priorities and objectives will be achieved.

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

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

<b>List of Background Papers</b>
2020/21 Internal Audit & Investigations Plan

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**WOKINGHAM**  
**BOROUGH COUNCIL**

**QUARTER 2**  
**INTERNAL AUDIT & INVESTIGATIONS REPORT**  
**2020/21**

9 November 2020

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2	Assurance Framework	2
3	High Level Summary of Audit Findings	2
4	Counter Fraud	4
5	Context and Compliance	5

Appendix 1 – 2019/20 Internal Audit Plan Status

Appendix 2 – Internal Audit assurance levels

## 1. PURPOSE OF THE REPORT

- 1.1 This report provides details of audits finalised, the assurance opinions given, and the number and type of recommendations made. Due to the COVID-19 pandemic and the subsequent amended 2020/21 Plan as agreed at the Audit Committee in September 2020, this report predominately provides the committee with an update on those remaining audits completed and finalised from the 2019/2020 financial year in addition to those completed more recently.

## 2. ASSURANCE FRAMEWORK

- 2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is set out at Appendix 2.
- 2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management's responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing level 3 or level 4 assurance to ensure that agreed recommendations have been implemented in a timely manner.

## 3. HIGH LEVEL SUMMARY OF AUDIT FINDINGS

- 3.1 During the first half of 2020/21 year, it is encouraging to note that there have been no new Category 3 audit opinions.
- 3.2 A summary of progress made against those audits that have been reported previously to the Audit Committee as Category 3 during the 2019/20 financial year is provided below showing the number of high priority, medium priority and low priority recommendations.

		H	M	L		Assurance
3.3	Equality audit update	4	13	0		2 – “substantial”

- i. Equalities is identified as one of the Council's corporate risks.
- ii. The purpose of the follow-up work was to assess the progress made since the audit fieldwork was conducted in 2019/20. The audit used the LGA Equalities Framework to assess at what level (e.g. developing, achieving, excellent) various aspects of the Council's approach were operating. Working closely with management, follow-up audit work has been ongoing

during the past year and an updated Management Action Plan (MAP) was completed in October 2020. The assurances provided to demonstrate Council wide progress with supporting Equality since the previous audit in 2019/20, have now raised the assurance opinion to a category 2.

- iii. Audit review work will continue in this area to evidence that the strategy and initiatives the Council are adopting with regard to Equality maintain momentum and can be demonstrated as effective.

		H	M	L		Assurance
3.4	<b>Public Health audit update</b>	3	6	0		2 – “substantial”

- i. A Public Health audit was carried out during 2018/19 (finalised April 2019), where a category 3 assurance opinion was given.
- ii. Follow-up audit work has been ongoing since the report was issued and an update position was reported to this Committee on 5<sup>th</sup> February 2020 (item 63 pages 246/247).
- iii. The original audit report (April 2019) contained 9 Concerns, comprising 3 considered to be High risk and 6 considered to be Medium risk.
- iv. Given the change in the Berkshire wide structure for Public Health this year, 2 of the 3 original High concerns are now considered to have been superseded, however, further assurances through audit follow up work will be sought concerning the new governance framework. A number of the Medium risks (3 of 6) are also considered by management to have reduced to Low risk; again this will be reviewed as part of our follow-up work.
- v. A newly appointed Public Health Consultant has been in place at WBC since August 2020, working closely with the Programme Manager, who have taken significant steps to address the concerns raised. The assurances most recently provided demonstrated considerable progress since the previous audit, which has now raised the assurance opinion to a category 2.

		H	M	L		Assurance
3.5	<b>Risk Management</b>	0	3	0		2 – “substantial”

- i. The purpose of this audit was to provide assurance on the processes and procedures associated with the Council’s Risk Management framework.
- ii. Details of the audit were reported to the September Audit Committee including progress made in implementing the three recommendations. The

Committee is advised that the officer risk management group has now been established, further guidance on risk appetite (as provided in the guidance document signed off by the Committee) has been disseminated to officers, and training for Members is being scheduled for early in the New Year.

#### **4. COUNTER FRAUD**

##### **Fraud and Irregularities**

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

4.2 Pro-active work to date this year has included:

- Schools Admissions referrals
- Empty Property Reviews
- Covid-19 Business Support Grants controls

Reactive work to date this year has included:

- Whistleblowing referrals
- 1 disciplinary investigation
- 1 consultancy investigation
- 3 cases were referred by the Housing Team for tenancy fraud resulting in notional savings of £45k.

4.3 In addition, the National Fraud Initiative for 2020/21 is commencing in quarter 3 which is focusing on data matching between various systems.

##### **Regulation of Investigatory Powers Act**

4.4 The Investigatory Powers Commissioners' Office undertook Regulation of Investigatory Powers Inspection (RIPA) Inspection of the Council's Policies, Processes and Procedures in December 2019. The inspection was completed remotely and the plan to combine your next inspection with Bracknell and West Berks under the auspices of the Public Protection Partnership. The outcome of the Inspection was that some suggested revisions were made to the Policy and Procedure (some of which are triggered by the introduction of the Investigatory Powers Act - IPA):

4.5 No new investigations have been undertaken during the six months to 30 September 2020 that has required Regulation of Investigatory Powers Act surveillance approval.

## **5. CONTEXT AND COMPLIANCE**

- 5.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note: Chartered Institute of Public Finance and Accountancy in collaboration with the Chartered Institute of Internal Auditors).
- 5.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
  - The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"
- 5.3 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, the s151 Officer, Directors, and the Chair of the Audit Committee.
- 5.4 The Head of Internal Audit can confirm there have been no restrictions on the scope of internal audit work or reporting of audit findings during the first half of 2020/2021.

Appendix 1 - 2020/21 Internal Audit and Investigation Plan Status (as at 4 Nov 2020)

Audit Title	Timing				Start date	Draft report	Final Report	Recs			Assurance
	Q1	Q2	Q3	Q4				H	M	L	
Payroll			x								
Income/debtors				x							
Payments/creditors				x							
Covid-19 response	x	x									Grant checking/compliance
General ledger				x							
Cash/bank rec				x							
Cashiers				x							
Treasury Management				x							
Housing rents				x							
Benefits/CTRS				x							
CT & NNDR				x							
Capital				x							
Budgetary control				x							
Procurement card			x								
Annual Governance Statement				x							
Risk Management *		x			June 20	Jul 20	Sept 20	0	3	0	Substantially Complete and Generally Effective
Performance Management*		x			Aug 20	Oct 20	Tbc	0	4	1	Draft conclusion - Substantially Complete and Generally Effective
Procurement *		x			Sept 20	Oct 20	Tbc	0	4	0	Draft conclusion - Substantially Complete and Generally Effective
Public Health*		x			Sept 20	Oct 20	Nov 20	N/A	N/A	N/A	Follow-up conclusion - Substantially Complete and Generally Effective

Data Protection*		x			Jul 20	Nov 20	Tbc				Draft conclusion - Substantially Complete and Generally Effective
Equalities (update on 19/20)		x			Aug 20	Oct 20	Nov 20	4	13	0	Substantially Complete and Generally Effective
Corp Governance				x							
Adult Services Governance				x							
Health & Safety				x							
Community Infrastructure Levy (CIL)		x			Aug 20	Nov 20	Tbc				Draft conclusion - Substantially Complete and Generally Effective
Commercial Properties			x								
Local Transport Grants (DfT)		x			Sept 20	Oct 20	Oct 20	0	0	0	Grant certification work
Troubled Families Grants (quarterly)	x	x			Sept 20	Sept 20	Oct 20	0	0	0	Grant certification work

\* Follow-up and/or 2019/20 Audit Plan

## Appendix 2 – Internal Audit Assurance Levels

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

		<i>(Risk management processes and controls are weak).</i>
C	Certification	
E	Exempt from classification	

## WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 3 February 2021	1.	Corporate Risk Register Update	<b>Graham Ebers, Deputy Chief Executive</b>
	2.	Internal Audit and Investigation Q3 Progress Report 2020/21	Shared Audit and Investigation Service
	3.	Annual Audit & Investigations Plan 2021-22	Shared Audit and Investigation Service
	4.	Audit Plan	<b>Ernst &amp; Young</b>
	5.	Annual Audit Letter	<b>Ernst &amp; Young</b>
	6.	Compliments and complaints	<b>Customer Services</b>
	7.	Treasury Management Strategy 2021/22	<b>Graham Ebers, Deputy Chief Executive</b>
	8.	Statement of Accounts	<b>Graham Ebers, Deputy Chief Executive</b>
	9.	Ernst & Young – Audit results report	<b>Ernst &amp; Young</b>

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Agenda Item 35.

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