WOKINGHAM
BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held in David Hicks 1 - Civic Offices, Shute End, Wokingham RG40 1BN on **MONDAY 27 JUNE 2022** AT **7.00 PM**

Susan Parsonage
Chief Executive

Published on 17 June 2022

Note: Non-Committee Members and members of the public are welcome to attend the meeting or participate in the meeting virtually, in line with the Council's Constitution. If you wish to participate either in person or virtually via Microsoft Teams, please contact Democratic Services. The meeting can also be watched live using the following link: https://youtu.be/Smlv7uMEDFQ

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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

Rachel Burgess	David Davies	Maria Gee
Peter Harper	John Kaiser	Tahir Maher
Mike Smith		

ITEM NO.	WARD	SUBJECT	PAGE NO.
1.	None Specific	**ELECTION OF CHAIRMAN 2022-23** To elect a Chairman for 2022-23	
2.	None Specific	**APPOINTMENT OF VICE CHAIRMAN 2022-23** To appoint a Vice Chairman for 2022-23.	
3.		**APOLOGIES** To receive any apologies for absence	
4.	None Specific	**MINUTES OF PREVIOUS MEETING** To confirm the Minutes of the Meeting held on 2 February 2022 and the Minutes of the Extraordinary Meeting held on 30 March 2022.	**5 - 18**
5.		**DECLARATION OF INTEREST** To receive any declarations of interest	
6.		**PUBLIC QUESTION TIME** To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
7.		**MEMBER QUESTION TIME** To answer any member questions	
8.	None Specific	**UPDATE ON 2020-21 STATEMENT OF ACCOUNTS** To receive an update on 2020-21 Statement of Accounts	**Verbal Report**

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 2 FEBRUARY 2022 FROM 7.00 PM TO 8.15 PM**

Committee Members Present
Councillors: Angus Ross, Daniel Sargeant (Chairman), Imogen Shepherd-DuBey,
Shahid Younis (Vice-Chairman) and Ian Shenton

Also Present
Helen Thompson, Ernst and Young
Stephan Van Der Merwe, Ernst & Young
Madeleine Shopland, Democratic & Electoral Services Specialist
Graham Cadle, Interim Assistant Director Finance
Graham Ebers, Deputy Chief Executive
Andrew Moulton, Assistant Director Governance
Mark Thompson, Chief Accountant

47.   APOLOGIES
Apologies for absence were submitted from Councillors Gee and Loyes.

48.   MINUTES OF PREVIOUS MEETING
The Minutes of the meeting of the Committee held on 30 November 2021 were confirmed
as a correct record and signed by the Chairman subject to the following amendment:

Item 40 - *Helen Thompson commented that the most prominent estimates that were
included were around Property, Plant and Equipment valuations and the IAS 19 Pension
Liability reported in the Financial Statements.*

Councillor Shepherd DuBey referred to the Climate Emergency audit being requested by
the Audit Committee in addition to the Overview and Scrutiny Committee and sought
further clarification. The Assistant Director Governance agreed to update as part of the
Corporate Risk Register item.

49.   DECLARATION OF INTEREST
Councillor Imogen Shepherd-DuBey declared a general Personal Interest on the grounds
that she had money in the Berkshire Pension Fund.

50.   PUBLIC QUESTION TIME
There were no Public questions.

51.   MEMBER QUESTION TIME
There were no Member questions.

52.   CORPORATE PLAN - ANNUAL REVIEW
This item was deferred to the 30 March meeting to enable it to be considered alongside
the Statement of Accounts.

Councillor Shepherd-DuBey asked that it be updated for the next Committee meeting.

**53.   WOKINGHAM BOROUGH COUNCIL AUDIT COMMITTEE PROGRESS REPORT
        - UPDATE ON THE 2020/21 STATEMENT OF ACCOUNTS**

The Committee received an update on the 2020-21 statement of accounts.

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

- Helen Thompson advised that the report had been co-authored with Council officers.
- The audit was well progressed. However, both the Council and EY teams had had to balance priorities and sickness. In addition, the delayed start to the audit had had an impact on progress.
- At the end of December there had still been 60% of local audits in progress and this number was gradually reducing.
- Helen Thompson went on to highlight how progress was assessed.
- It was noted that even had all the work within the Council's and EY's control been completed it would not have been possible to sign the Financial Statements following the Committee meeting as the letter received from the Pension Fund auditor had stated that work was ongoing and that there could still be issues arising. They were expected to report in early March, allowing the accounts to be presented at the Committee's extraordinary meeting at the end of March.
- With regards to Housing Benefits, the report had stated that the deadline was the 31 January. This had since been extended by the Department of Work and Pensions, to 28 February. Procedures were in place to monitor the Housing Benefits audit.
- The Interim Assistant Director Finance emphasised that his previous local authority had been in a similar position and faced similar challenges. He felt that the Council and EY teams had a positive relationship and way of working. He was confident that the March deadline would be met.
- Councillor Sargeant commented that the report stated that it was not possible to access the detailed models of the actuaries and that EY were producing their own estimates. He questioned whether these estimates were being used by other auditors of Berkshire authorities, and what would be the outcome should there be a material difference between EY's estimates and those of the actuaries. Helen Thompson explained that the 2021 audits had been impacted by the revised auditing standards ISA on estimates, which had brought in more rigorous requirements in terms of looking at models. A range rather than a precise materiality level was being worked to, so that if when the liability was recalculated using the same information as the actuaries, the figure arrived at was within 2% (plus or minus) of the total liability. Helen Thompson indicated that of the audits that she had been involved in, they had all come within range apart from one, and this had been as a result of an error by the actuaries, which had then been corrected. The report was expected imminently, and it was anticipated that there would be any issues.
- Councillor Shepherd-DuBey referred to the valuation of land, building property, plant and equipment, and investment properties. She questioned whether there were any material differences in the valuation of properties that remained unresolved, and if so, how much they amounted to, and the differences that would result in properties being recorded at a lower or higher value than proposed by Officers. Helen Thompson indicated that work was still ongoing, so it was not currently possible to answer this question. She explained the valuations process.
- With regards to going concern, Councillor Shepherd-DuBey asked whether EY had any concerns in this area, particularly in light of the forthcoming Adult Social Care Bill. Helen Thompson indicated that the focus was on the disclosures made by management regarding the Council's financial position, which linked to the Medium-

Term Financial Plan. EY were mindful of the pressures that the Adult Social Care Bill would create. The Deputy Chief Executive emphasised that the Council was facing unprecedented times in terms of unknowns and how big these could potentially be. The Council would do all that it could to ensure that a Section 114 declaration was not required. He was confident that it would not.

RESOLVED: That the update on the 2020-21 Statement of accounts be noted.

54.   TREASURY MANAGEMENT STRATEGY 2022-2025
The Committee considered the Treasury Management Strategy 2022-2025.

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

- The Committee had received the Mid Year report in November 2021.
- Councillor Sargeant referred to the graph detailing the Capital Funding Programme 2022/23 to 2024/25, and questioned whether the CIL and S106 forwarded funding was expected to continue beyond 2022/2023. The Interim Assistant Director Finance indicated that this represented the CIL that was currently being funded in advance of receiving, and could be subject to change.
- With regards to capital assets, such as Carnival Pool car park, Councillor Shepherd-DuBey questioned whether the impact of losses to property values had been taken into consideration and what impact they would have on the Strategy. The Interim Assistant Director Finance commented that the immediate effect of a loss on the valuation would not affect the General Fund. An adjustment was made so that the Revenue Account properly reflected the financial rather than the accounting position. The Chief Accountant indicated that a revaluation exercise would be carried out as part of the accounts. Any losses or gains would be at the point that an asset was disposed of, in terms of realisable losses or gains.
- Councillor Shepherd-DuBey stated that some local authorities were not charging Minimum Revenue Provision (MRP) on debt related to certain assets. Whilst some authorities were making Minimum Revenue Provision for commercial investments funded by borrowing, some were still not paying MRP regarding borrowing related to borrowing associated with investment assets or capital loans. The statutory guidance was clear that financing for investment assets and capital loans required the provision to be made. She asked what the Council was doing to prepare for these changes and what the implications would be for revenue and services. The Interim Assistant Director Finance advised that the current provision was in line with the regulations which allowed for the Chief Financial Officer to make a prudent provision. There was currently a consultation to change those arrangements, which would finish on 8 February. Officers were feeding into this.
- In response to a question from Councillor Ross regarding the rate of inflation, the Interim Assistant Director Finance, indicated that future borrowing could become more expensive as interest rates grew. Advice from external partners around future borrowing was being sought. Inflation could affect the cost of capital programmes. Monitoring was being undertaken and contingencies were being built into a number of the capital programmes.
- In response to a question from Councillor Shepherd-DuBey, the Interim Assistant Director Finance stated that the Strategy and approach were kept under review and would be changed as required. The Chief Accountant added that with regards to the Town Centre regeneration, all the income generated was covering the financing costs so there was no impact to the tax payer. It was forecasted that this income would be in excess of financing costs over the next few years and would contribute returns to the General Fund. The Deputy Chief Executive added, that with all the supported borrowing where the Council was undertaking a scheme that paid for the costs of the financing, and often generated income in addition to that, Officers kept the performance under review. If it was not achieving its intended return, this would be factored into future Medium Term Financial Plans.

RESOLVED: That the Audit Committee support the Treasury Management Strategy 2022-2025 and recommend to Council to:

1) approve the Treasury Management Strategy as set out in Appendix A including the following additional appendices;
   a) Prudential Indicators (Appendix B)
   b) Annual Investment Strategy 2022/23 (Appendix C)
   c) Minimum Revenue Provision (MRP) policy (Appendix D)

2) note the cumulative financial impact on the Council of its borrowing activities equates to a net credit to the general fund for the taxpayer of £42.70 per band D equivalent at end of 2022/23 and noting this credit increases to £62.47 at the end of 2024/25.

55. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk Register. In addition the Deputy Chief Executive took Members through risks that related to his Directorate.

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

- There were no new risks.
- The Assistant Director highlighted follow up actions taken with regards to three areas previously raised.
- More detail had been provided about the Climate Emergency risk. Members were advised that the internal audit of Climate Emergency was underway, and the Internal Audit team were working in collaboration with Price Waterhouse Cooper. It was expected that the findings of the audit would be reported to the next Committee meeting. A query had been raised around carbon accounting, which was a very new area for local authorities. Options were being looked at around the 2022/23 internal audit plan to provide assurance around that particular specialist area. Climate Emergency UK, another independent source of assurance, had rated the Council's Climate Emergency Action Plan as 8th in the country amongst single tier authorities. The Deputy Chief Executive added that it had been rated 1st for governance and development.
- With regards to the Adult Social Care supplier risk a more detailed description had been provided around the mitigations.
- With regards to the High Needs Block risk and the delay around the opening of the Winnersh Farm School, which was now due to open in 2023, the impact was being quantified and would continue to be monitored.
- A correction to the summary matrix was noted.
- The Deputy Chief Executive provided an update on the financial risks. The nature of local government finance meant that work was undertaken to mitigate the risks, but additional risks and challenges continued to arise. The Chief Finance Officer's report highlighted many of these risks. There was a significant number of unknowns in terms of impact. Monitoring and mitigations would continue to be carried out.
- The level of inflation over the course of the next year and beyond was unknown. The Council would try to provide for the impact of inflation, in the context of individual schemes and a corporate contingency. The Deputy Chief Executive emphasised the need for a sufficiency of safeguard but not an over sufficiency.
- The Adult Social Care reform did not start until October 2023 although onboarding staff to deal with its implications would begin prior to this, so costs would be felt earlier. The reforms could potentially have an impact on the Council of over

£20million a year, although the full impact was not likely to be felt until year 5, suggesting a graduated impact.

- The Local Government Finance settlement was another area of uncertainty, which had been received for 2022/23 only. A longer-term settlement had been expected and would have provided more financial security, which helped the Council's financial planning. A strong levelling up agenda was not likely to be favourable to Wokingham, which was the lowest funded unitary. The Council would continue to make the case for funding.

- The outcome of the MRP consultation was awaited. The outcome could mean that the Council could be required to pay back debt, or provide for the repayment of debt, quicker.

- The Council was in strong financial position, particularly in comparison to some other authorities. The General Fund indicators were moving in a positive direction. The only less positive indicator was HRA reserves which were reducing, but were still at a reasonable level.

- With regards to monitoring performance against the budget, Councillors received the Capital Monitoring reports and Treasury Management reports. Councillor Sargeant asked what additional monitoring processes were in place. The Deputy Chief Executive explained that the publicly reported figures were high level. More frequent and detailed monitoring was carried out, some of which was on a daily basis.

- Councillor Younis referred to the workforce risk and questioned how confident Officers were that the Council could appoint the right people. He emphasised the importance of the Council's workforce to its success. The Deputy Chief Executive commented that there would always be some challenges around recruitment and a level of interims and agency staff. It was about managing this to an acceptable level. Paying at the right level to attract and retain, was important. Other factors such as the Council being considered a good place to work, were also important. These factors were part of the work being undertaken as part of the Workplace Imagined Project.

- Councillor Shepherd-DuBey asked about the likely cost of the delay of the opening of the Winnersh Farm School and was informed that negotiations with the Department of Education were in progress.

- Councillor Shenton commented that one of the actions required regarding the Climate Emergency risk was a behaviour change leading to increased public transport usage. Public transport usage was down on pre pandemic levels and working from home had increased. Bus operators could potentially say that existing services or routes could not be maintained without further financial contribution from the Council. He questioned whether this had been taken into consideration for the risk level for Climate Emergency. The Deputy Chief Executive stated that this was a big emerging issue. There was likely to be Government consideration as to how public transport would be supported going forwards. The Council would need to keep this issue under review and work with the Government and partners.

- Councillor Shepherd-DuBey questioned whether increased construction costs and the impact of this on capital projects had been considered under the financial risks and was informed that this was part of the considerations around inflation.

- In response to a question from Councillor Ross, the Deputy Chief Executive commented that many local authorities were far less financially resilient, and problems would reveal themselves elsewhere, earlier.

RESOLVED: That the risks and mitigating actions of the Corporate Risk register be noted.

56. INDEPENDENT MEMBER OF AUDIT COMMITTEE

The Assistant Director Governance presented a report regarding an independent member of the Audit Committee.

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

- The Audit Committee had undertaken a self-assessment against CIPFA guidance on best practice for audit committees in local government. One of the areas identified for further consideration was the inclusion/appointment of an independent member to the Committee. The Corporate Peer Challenge had also highlighted that it should be considered whether the appointment of an independent member to the Audit Committee would strengthen governance.
- It was noted that the primary considerations when considering Audit Committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.
- It was clarified that an independent member would not have voting rights.
- Councillor Shepherd-DuBey queried how the independent member's performance would be assessed and what action would be taken (e.g., no longer paid) should they not attend meetings. The Assistant Director Governance indicated that there would be a robust selection process. What would be expected of the independent member would be made clear and built into the selection process as would any assessment criteria.
- Members questioned how the appointment of an independent member would re-enforce political neutrality and the independence of the committee. The Assistant Director Governance indicated that the CIPFA guidance advised they would help ensure that the Committee focused on the Council's overall governance arrangements, as apolitically as possible. Councillor Sargeant added that he felt that the level of debate and political neutrality was already good, but an independent member would help to give the debate an even more open and neutral feel.
- Councillor Younis commented that it was important that it was made clear to the independent member, what the consequence would be should they not meet expectations.
- Councillor Ross asked whether job descriptions used by other Council's when appointing an independent Audit Committee member had been consulted and was informed that they were.
- Councillor Ross questioned whether the allowance amount should be referred to in the recommendation to Council. The Assistant Director Governance explained that this would be taken from an existing budget so additional funds would not be required.
- It was confirmed that it would be a 5 year appointment and that this would be made clear at the time of appointment.

RESOLVED: That the proposal to co-opt an independent member onto the committee having been reviewed and discussed, Audit Committee agree that:

1) the independent member role profile be approved.

2) it be recommended to Council that:
   a) an Independent member be co-opted on to the Audit Committee on a non-voting basis and that the Constitution be updated accordingly to reflect this.

b) the role profile be approved.
c) the appointment of the independent member be delegated to the Audit Committee
d) the process for selecting and recommending an appropriate candidate be delegated to the Assistant Director Governance in consultation with the Chair of the Audit Committee.

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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 30 MARCH 2022 FROM 7.00 PM TO 8.15 PM**

Committee Members Present
Councillors: Maria Gee, Angus Ross, Daniel Sargeant (Chairman), Imogen Shepherd-DuBey, Shahid Younis (Vice-Chairman), Abdul Loyes and Ian Shenton

Also Present
Helen Thompson, Ernst and Young
Stephan Van Der Merwe, Ernst & Young
Madeleine Shopland, Democratic & Electoral Services Specialist
Graham Cadle, Interim Assistant Director Finance
Catherine Hickman, Lead Specialist Audit and Investigations
Mark Thompson, Chief Accountant

57.   APOLOGIES

There were no apologies for absence received.

58.   DECLARATION OF INTEREST

Councillor Imogen Shepherd-DuBey declared a general Personal Interest on the grounds that she had money in the Berkshire Pension Fund.

59.   PUBLIC QUESTION TIME

There were no Public questions.

60.   MEMBER QUESTION TIME

There were no Member questions.

61.   WOKINGHAM BOROUGH COUNCIL AUDIT RESULTS REPORT YEAR ENDED 31 MARCH 2021

The Committee received the Wokingham Borough Council Audit results report year ended 31 March 2021.

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

- The report outlined EY's findings against each of the risks reported to the Committee in November as part of the Audit Planning report and highlighted any issues arising with the audit. The report included the known adjustments to date, and those sections would be updated with results worked through e.g., in relation to Elms Field.
- Helen Thompson, EY advised Members that the audit work was largely complete. There were two outstanding issues which were outside of the Council and EY's control.
- Members were updated on the outstanding areas referenced on page 9 of the agenda.
- With regards to Capital Receipts in advance, the additional testing advance which had been required, had been completed. There were no matters to report.
- For the revaluation of land and buildings, work was completed subject to final review.

- The adjustments required for the accounting for Elms Field were being worked through the ledger. Final checks were required for this, and the report would be updated.
- In relation to the Group Consolidation, the work that had been outstanding was clarifications and ensuring that everything tied through, and there was nothing significant outstanding in this area. Responses received were being reviewed but no further issues were anticipated.
- The remaining outstanding issues referencing conclusion procedures could not be undertaken until the end of the audit. The first issue related to Pensions. When the assurance letter had been received from Deloitte, a caveat had been included stating that work was ongoing because their audit was not complete. This work was not expected to be completed until later this year. EY had been advised that this material caveat could not be disregarded. Work relating to the Pensions element could not be completed until caveat was removed. Further clarification had been sought from Deloitte as to the anticipated timetable. The second area was a largely national issue. An issue regarding infrastructure assets had been identified. A large number of councils had been adding expenditure to infrastructure assets without derecognising the asset that it was replacing, so the balance was effectively increasing year on year without recognition. CIPFA had established a Task and Finish Group to agree a way forward. Until an approach had been agreed it was not known what work was required.
- A final Audit Results report would be provided once all issues had been resolved.
- Members noted the fee table and the fact that the Public Sector Audit Appointments had not yet determined for the fee for 2019/20. It was hoped that this would be resolved in the near future.
- Councillor Gee asked for clarification of the reference to the Annual Governance Statement and the WGA Data Collection Tool. Helen Thompson explained that it was the data collection exercise undertaken by Government each year. It would have also been reported on previously. However, this year there had been a delay by Treasury in providing the information to the Council to be able to pull together the information, which had also led to a delay in the issue of group instructions by the National Audit Office to auditors as to what work was required. She went on to explain how the Tool operated.
- Councillor Gee asked about the consultation on the Minimum Revenue Provision. She noted that other auditors had commented that councils using similar accounting to the Council, were imprudent in not providing for the MRP. Helen Thompson stated that the circumstances of each council would be different. EY had reviewed the MRP in light of the Council's own policy and had concluded that the Council had calculated MRP in line with its policy. The Policy was not out of line with current regulations. It would be sensible for the Council to keep this under review. The Interim Assistant Director Finance commented that there were areas of the consultation which were unclear. It was difficult to judge the impact until this clarification was received. The Council was acting in line with the law and the regulations.
- In response to a question from Councillor Loyes, Helen Thompson explained that one of the judgemental differences related to Carnival Pool multi storey car park and the other related to the Wickes Retail Unit property valuation. She went on to explain how the work relating to this was undertaken.
- Councillor Gee expressed concern regarding the staffing levels in the Finance team and indicated that she had raised this in previous years. She sought assurance that this was not leading to any specific risks in the preparation of the accounts and complying with the Audit. The Interim Assistant Director commented that the

Council had invested in boosting the resources in the Finance team to ensure the provision of a robust service. This resource was still coming in and people took time to be onboarded. The timing of the Audit and the impact of Covid had exacerbated the difficulty. The Council should be in an even stronger position next year. Councillor Gee indicated that she had been previously assured that all of the necessary staffing was in place and that the Finance team could not employ any more staff because it would lead to surplus capacity. The Finance team should also be resourced to cope with ups and downs and to make sure that risks were minimised when preparing the accounts and looking at internal control.

- Councillor Shepherd-DuBey commented that delays continued to be around Pensions and asked what could be done to stop this from happening again. Helen Thompson commented that she felt that there was not anything that the Council could do. It had been very active in trying to follow up and understand the reasons for the delays, through the Berkshire Treasurers Group. It was a factor of the wider challenge in the public sector audit market.

- In response to a question from Councillor Shepherd-Dubey regarding revaluation properties, the Interim Assistant Director Finance commented that property valuation potentially became an issue when the asset was to be sold and there was a need to realise the value. MRP was allowed for 10% and the valuation was closely monitored. The Chief Accountant added that properties purchased under the Property Investment Group, these were assessed every year and revalued them. They were assessed against how much had been paid for the asset and a policy of making sure that 10% MRP was set aside, was applied. If the value of the asset dropped below 90% an additional contribution to debt repayment would be made. The assets were continually under review and there were currently no plans to sell them. The rental income was currently covering the debt and interest costs.

- Councillor Younis about real time monitoring. The Interim Assistant Director Finance referred to the reports presented throughout the year to the Audit Committee. Officers undertook more detailed monitoring on a daily basis.

- Councillor Gee sought clarification whether the inclusion of a project in the Medium Term Financial Plan meant that it was committed to. The Interim Assistant Director Finance the Medium Term Financial Plan detailed planned expenditure for the financial year. Some projects would require further consideration and sign off.

RESOLVED: That the Wokingham Borough Council Audit result report year ended 31 March 2021 be noted.

62.   STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021
The Committee received the Statement of Accounts 2020/21.

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

- The Interim Assistant Director Finance requested that the Committee agree the reports and the accounts and delegate the final sign off of the final adjustments and the final matters that remained outstanding, to the Chairman of the Audit Committee in conjunction with the S151 Officer, pending anything significant arising in which case a further report would be taken to the Audit Committee. Councillor Gee expressed concern that this recommendation was being tabled at the Committee meeting. It was clarified that a similar approach had been taken the previous year.

- Members wished for the outstanding issues around pensions and the infrastructure assets to be resolved before the Statement of Accounts be presented to the

Committee, as opposed to the Chairman of the Committee in conjunction with the S151 Officer.

RESOLVED: That the Statement of Accounts year ended 31 March 2021 be noted and the completed accounts be brought back to the Committee once the outstanding issues around Pensions and infrastructure assets, be resolved.

63. ANNUAL GOVERNANCE STATEMENT 2020/21 - UPDATE
The Committee received the Annual Governance Statement 2020/21 update.

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

- Councillor Ross asked if the Committee would be updated when the update of the HR policies was finally completed and was informed that they would be.

RESOLVED: That the update on the improvement actions arising from the 2020/21 Annual Governance Statement be noted.

64. CORPORATE PLAN ANNUAL REVIEW
The Committee considered the Corporate Plan Annual Review.

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

- Members questioned why the Plan was being presented to the Committee when it had been agreed by Full Council, limiting the opportunity for input. The Chairman explained that it was good practice that it was considered alongside the Annual Governance Statement, which would typically be considered earlier in the year.

RESOLVED: That the Council's activity and output over the last year be noted.

65. 2022/23 INTERNAL AUDIT CHARTER
The Committee received the 2022/23 Internal Audit Charter.

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

- Members were advised that one of the requirements of the Public Sector Audit Standards was to have a terms of reference for Internal Audit. This included a formally defined Internal Audit purpose, authority, scope, responsibilities, and reporting lines. It required approval by the Audit Committee.
- The refresh had taken into account the new Internal Audit service going forwards from 1 April 2022 and incorporated the recommendation from the LGA Peer Review that the reporting lines for Internal Audit be clarified.

RESOLVED: That the Internal Audit Charter be approved.

66. 2021-22 INTERNAL AUDIT AND INVESTIGATION PROGRESS REPORT (TO 28 FEBRUARY 2022)
The Committee considered the 2021-22 Internal Audit and Investigation Progress Report (to 28 February 2022).

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

- The report helped to enable the Chief Audit Executive (role fulfilled by Head of Internal Audit and Investigation) to give an overall opinion on the Council's internal control, governance and risk management framework at the end of the financial year.
- The team had been progressing through a period of transition due to the dissolution of the Shared Audit and Investigation Service, which was to take place on 31 March 2022 and the new Internal Audit and Investigation Service which would be established from 1 April 2022.
- Councillor Sargeant asked whether any outstanding work would automatically transfer to the next year's plan and was informed that it was hoped that the majority of work would be completed and that there would be minimal carry forward.
- Councillor Shepherd-DuBey noted that external specialist support had been sourced for the Climate Emergency audit and asked how it was determined whether external resources were required. The Lead Specialist Internal Audit and Investigations indicated that there was a framework agreement in place to ensure that the appropriate specialist skills could be procured. So far as possible work was undertaken in house, but this was supported, where required, with specialist technical expertise to enhance the audit.
- Councillor Shenton noted that the Council had been assessed as having the 22nd best Climate Emergency Action Plan of more than 400 local authorities in the UK and Northern Ireland. However, it had been reported previously that it had had the 8th best. He questioned what had caused this drop and was informed that further information had been taken into account across all the local authorities. Further clarification and information would be sought from the service department.
- Councillor Gee expressed concern that the SEND audit was being deferred due to staff changes in the directorate. The Lead Specialist Internal Audit and Investigations indicated that a review was being undertaken internally but that she would discuss the matter with the service.
- Councillor Gee was concerned that there were separate audits on equalities matters and questioned what overview would be in place. She was informed that the annual report would provide more detail.
- Councillor Gee wanted to see the highest level of audit opinion achieved for the Cash and Bank Reconciliation audit. The Lead Specialist Internal Audit and Investigations indicated that all reconciliations across the Council were currently being reviewed and the outcome of that audit work would be provided to the Committee when completed.
- Councillor Ross queried why the progress report was up to the end of February and was informed that it was to provide Members with the most up to date position at the time of reporting and that the Annual Report would include the last month of the financial year. This would be presented to a future meeting of the Audit Committee.
- The Lead Specialist Internal Audit and Investigation clarified what information and data would be collected and considered as part of the diversity and equality data collection.

RESOLVED: That the progress of audit and investigation activity against the 2021/22 Work Programme to 28 February 2022, be noted.

67. 2022/23 INTERNAL AUDIT INVESTIGATION PLAN AND STRATEGY
The Committee received the 2022/23 Internal Audit Investigation Plan and Strategy.

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

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- Members were advised that the Plan and Strategy aimed to reflect the new approach to Internal Audit and Investigation work and service redesign from 1 April 2022.
- The Internal Audit Strategy supported the Plan and explained the high level aims of the Audit Plan, the approach taken to its preparation, the resourcing of the Plan's delivery, intended reporting arrangements, and how compliance with professional standards would be ensured.
- Members noted the proposed audit topics for 2022/23 which had been prepared with the Corporate Leadership Team and managers. The aim was to have better links to and focus on the Council's Corporate risks, the Annual Governance Statement Improvement Plan, actions from the Peer Review where appropriate, and areas highlighted by the wider Auditing network.
- Councillor Gee praised the layout of the report. She went on to question whether staffing levels in the Finance Team could be considered under the Financial Resilience/Compliance with CIPFA Financial Management Code audit. The Lead Specialist Internal Audit and Investigations indicated that this could be discussed in the audit scoping meetings with the Interim Assistant Director Finance to consider whether it would be appropriate to include this. Councillor Younis questioned whether staffing levels in the Finance Team were considered a risk and whether it was on the risk register.

RESOLVED: That the 2022/23 draft Internal Audit and Investigation Plan and Strategy be approved.

68.   DRAFT ANNUAL REPORT AUDIT COMMITTEE 2021-22
The Committee received the draft annual Audit Committee report 2021-22.

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

- Members agreed that the report be updated to highlight that the Committee had deferred the agreement of the Statement of Accounts, prior to its consideration by Council.

RESOLVED: That the draft Audit Committee report 2021-22 be noted.

TITLE   **Risk Management Policy and Guidance**

FOR CONSIDERATION BY Audit Committee on 27 June 2022

WARD   None Specific

LEAD OFFICER   Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the Council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The Council's Risk Management Policy and Guidance sets out the policy framework and formal guidance to enable pro-active identification and management of risk.

RECOMMENDATION

The Audit Committee is asked:-

1) To review, revise as necessary, and recommend adoption of the Risk Management Policy and Guidance to Executive; and

2) To consider what further training the Committee requires to discharge its responsibilities with regard to Risk Management.

SUMMARY OF REPORT

One of the functions of the Audit Committee is to provide independent assurance of the adequacy of the Council's risk management arrangements. One of the ways it discharges this function is through the periodic review of the Risk Management Policy and Guidance. The last review was conducted by Committee in July 2020.

The officer Risk Management Group and Corporate Leadership Team have reviewed and updated the Policy and Guidance and consider both to be effective. There have been a number of small enhancements and clarifications and these have been tracked within the document.

Within the Policy, the main amendment is in the roles and responsibilities section to formally recognise the role of the officer Risk Management Group.

The main change to the Guidance is to provide more clarity on how risks are described. The new format looks to simplify the description of the risk and enhance the focus on the cause. The updated format for the corporate risk register which was introduced in 2021/22 is also reflected in the Guidance.

The Committee is also asked to consider what training may be helpful in supporting it to fully discharge its specific responsibilities with regards Risk Management.

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.*

Risk Management Policy

2.1   The changes to the Policy have been tracked to enable the Committee to identify where the policy has been amended. Within the Policy, the main change resulting from the review is in the roles and responsibilities section. At paragraph 5.13, the Policy now lists the roles and responsibilities of the Risk Management Group.

2.2   The Risk Management Group comprises a representative from each directorate and meets at least quarterly to:-

- review and update the corporate risk register.
- identify risks that should be escalated from Directorate risk registers to the corporate risk register and risks that should be de-escalated from the corporate risk register to the relevant Directorate risk register.
- review the key and consistent themes from Directorate, project and partnership risk registers and feed these to CLT and give feedback to the services.
- identify interdependencies between risks from a service level that in totality represent strategic risks for consideration by CLT.
- identify risk management training needs, approve training programmes and presentations.
- provide support to relevant members and managers with regard to risk management in their Directorates.
- act as a forum for the sharing best practice.
- implement the detail of the Enterprise Risk Management Policy.
- publicise and promote risk management across the Council.

Risk Management Guidance

3.1   The changes to the guidance have been tracked to enable the Committee to identify where the policy has been amended.

3.2   The main change to the Risk Management Guidance relates to the format of the risk description to follow a format:-
> Due to… which identifies the causes
> There is a risk that …which describes the risk
> Leading to…which describes the impact

3.3   This approach facilitates a more specific description of the risk which helps to improve the assessment and focus of the controls and mitigating actions. This approach has been successfully used for several years in the Council's project management environment. Where risk management is highly dynamic process. This is reflected in section 11 - The risk management process.

3.4   The second change is around risk appetite. This is now visually displayed on the risk matrix for each risk and the wording around determining the risk appetite is reflected in Section 11 Stage 4. The guidance at Section 12 on risk appetite is amended to highlight areas where the Council's risk appetite is determined by legislation.

3.5   The change incorporates the new format for the risk register with a focus on driving accountability around mitigating actions.

3.6   There are several minor changes to address changes in titles or clarifications.

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

Other financial information relevant to the Recommendation/Decision
The discipline of risk management mitigates financial risks and can also promote innovation in support of strategic objectives and service delivery; opening the door to the possibility of taking risks to achieve positive outcomes.

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

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

Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030*
Risk management is an important tool to support the Council in achieving this priority.

Reasons for considering the report in Part 2
Not applicable

List of Background Papers
CIPFA/SOLACE Delivering Good Governance in Local Government Framework

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Enterprise Risk Management Policy

A Framework for Managing Opportunity and Risk

1.0 Introduction

1.1 Wokingham Borough Council's environment is complex and dynamic. The Council provides services directly, through partnership working and via contractors to approximately ~~168~~174,000 residents of the Borough. The Council's gross annual budget is in excess of £300 million. Risks (threats and opportunities) are inherent in all services and activities provided.

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

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

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

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

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

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

2.0   Scope

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

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

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

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

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

3.0   ERM Principles

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

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

4.0   Approach to ERM

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

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

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

5.0   Assignments and responsibilities

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

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

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

5.3 **Chief Executive**

- The Chief Executive has overall responsibility for the management of all significant risk within the Council including the creation, membership and functions of management committees with risk management roles. This includes the Corporate Leadership Team and the assignment and performance review of 2nd tier managers with responsibility for the management of identified risks;

- The Chief Executive also has a critical role in reporting to the Executive on identified strategic risks and communicating the strategic value of effective risk management to the Executive. The Chief Executive also has a role to play in ensuring adequate funding and resources are available for risk management activities.

5.4 **Corporate Leadership Team**

- To collectively ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council;

- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council;

- To take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff;

- To identify, analyse and profile high-level strategic cross-cutting and emergent risks on a regular basis as outlined in the monitoring process;

- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council;

- To ensure that appropriate risk management skills training and awareness is provided to appropriate elected Members and staff.

5.5 **Council Risk Facilitator – Assistant Director Governance**

- To facilitate the communication and implementation of this Policy and ERM Guidance to all elected Members, managers and staff to fully embed them in the Council's business planning and monitoring processes (as per their respective roles and responsibilities);

- To report to Corporate Leadership Team and Audit Committee on the management of corporate and other significant risks and the overall effectiveness of risk management;

- To provide training and support to relevant members and managers with regard to risk management;

- To co-ordinate all of the Council's risk management registers.

- The post of Assistant Director Governance carries out this facilitation role.

5.6 **2nd Tier Managers i.e. Directors**

- Each 2nd Tier Manager Directors areis individually responsible for proper monitoring of the risks identified in their relevant service plans, local action

plans and for embedding risk management into the business and service planning of their relevant services;

- Ensuring that the risk management process is part of all major projects, partnerships and change management initiatives;
- Ensuring that all reports of a strategic nature written for ~~Executive~~ Members include a risk assessment of the options presented for a decision;
- Report regularly to the Corporate Leadership Team on the progress being undertaken to manage their risks and provide updates on the nature of the significant risks in their relevant Directorate areas;
- To determine the risk appetite for each risk detailed in their Directorate Risk Register;
- Provide assurance on the adequacy of their relevant Directorate's risk and control procedures;
- Bring to the attention of their respective Executive portfolio holders all significant risks on a timely basis.

5.7 ~~3rd Tier Managers i.e.~~ **Assistant Directors**

In respect of risk management, each 3rd Tier Manager is individually responsible for:

- the proper identification, assessment and monitoring of the risks associated in their area of activity;
- bringing to the attention of their ~~2nd Tier Manager~~Director all significant risks on a timely basis;
- ensuring that all reports of a strategic nature written for Executive Members include a risk assessment of the options being presented for a decision;
- recommending (to the ~~Council Risk Facilitator~~Assistant Director Governance) risk management training for their staff (where relevant);
- implementing approved risk management action plans;
- maintaining an awareness of risks and feed them into the risk identification process;
- embedding a culture of pro-active risk assessment in their area of activity.

5.8 **Audit Committee**

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

- to receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;
- to receive regular reports covering implementation of the Council's ERM Policy and Guidance to determine whether strategic risks are being actively managed;
- to review, revise as necessary and recommend adoption of the ERM Policy and Guidance to Executive on a regular basis;
- to have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.9 **Executive Members**

- Executive members are responsible for governing the delivery of services to the local community. Executive Members therefore have a responsibility to be aware and fully understand the strategic risks that the Council faces;

- Executive members have the responsibility to consider the risks associated with the decisions they make and will be informed of these risks in the reports that are submitted to them. They are required to consider the cumulative level of risk faced by the authority. They cannot avoid or delegate this overall responsibility, as it is vital to their stewardship responsibilities;

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

- To receive regular reports, as presented to the Audit Committee covering the implementation of the Council's Risk Management Policy and Guidance, including updates over the management of all strategic risks.

5.10 **Overview and Scrutiny Committee**

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

5.11 **Members**

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

5.12 **Directorate Leadership Teams**

- To collate on a quarterly basis the key and consistent themes from service, project and partnership risk registers and feed these via their Risk Management Group representative to Corporate Leadership Team and give feedback to the services;

- To collate the highest level and most common operational risks (including those risks of a more health and safety or liability perspective) from a service level for communication and if required, consideration by Corporate Leadership Team;

- To monitor the implementation and embedding of risk management within key Council processes;

- To identify risk management training needs, approve training programmes and presentations;

- To facilitate services on an ongoing basis with maintaining their risk registers and matrix;

- To implement the detail of the Enterprise Risk Management Guidance;

- To ensure that risks and action plans are updated in the Corporate Risk Register;

- To share/exchange relevant information with colleagues in other service areas.

5.13   **Risk Management Group**

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

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

5.143   **Internal Audit**

Internal audit will

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

5.154   **Staff**

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

- participating in ongoing risk management within service areas;
- actively managing risks and risk actions (where appropriate); and
- demonstrating an awareness of risk and risk management relevant to their role and to take action accordingly.

6.0   Review and Continual Improvement

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

6.2 The Council should continue to improve the effectiveness of its risk management arrangements through:

- learning from risk events and the application of controls;
- review risk occurrences to identify emerging trends; and
- learn from other organisations about their risk occurrences in order to consider whether there is a likelihood of the Council experiencing a similar occurrence.

Susan Parsonage   **Councillor xxxxxxxx**
Chief Executive   **Chairman Audit Committee**

Version Control

Date: ~~30 June 2020~~2 June 2022

Version: ~~15.0~~16.0

Authors: Paul Ohsan Ellis~~Andrew Moulton~~

VERSION	DATE	DESCRIPTION
1.0	15 February 2009	Working Draft
2.0	3 March 2009	Working Draft
3.0	9 March 2009	Initial Release
4.0	11 March 2009	Draft for Consultation
5.0	25 March 2009	Draft for SLB Approval
6.0	30 April 2009	Draft for Audit Committee Adoption
7.0	13 May 2009	Draft for Approved Audit Committee
8.0	14 May 2009	Final Adopted Audit Committee 13/5/09
9.1	18 June 2010	Risk Management Group Refresh 2010-11
9.2	9 July 2010	Revised Draft for SLB Adoption
9.3	9 September 2010	Revised Draft for Audit Committee Adoption
9.4	7 October 2010	Final Adopted Audit Committee 22/09/10

10.0	31 October 2012	Revised Draft for CLT Adoption
11.0	28 November 2012	Final Adopted by Audit Committee
12.0	4 February 2014	Final Adopted by Audit Committee
12.1	21 November 2014	Final Adopted by Audit Committee
13.0	27 November 2015	Final Adopted by Audit Committee
14	6 September 2018	Final Adopted by Audit Committee (18/9/2018)
15	11 June 2020	Draft for adoption by Audit Committee (29/7/2020)
16	1 June 2022	Draft for adoption by Audit Committee

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Enterprise Risk Management Guidance

A Framework for Managing Opportunity and Risk

Date: 1 June 2022

Version: 18.0

Authors: Andrew Moulton

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

Appendix 2 Risk Management Policy and GuidanceRisk Management Guidance v18.1 WBC ERM Guidance v18.0 7 0

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Contents

1.0   Introduction

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

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

2.0   Purpose of the Guidance

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

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

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

3.0   Approval, Communication, Implementation and Review

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

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

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

3.3   All elected Members have been issued with a copy of the Guidance. It is part of all newly elected Members' induction to the Council it has been included as a

training area within the Members Training and Development Programme. The Guidance will be reviewed ~~annually~~ regularly by the Audit Committee.

4.0   What is Enterprise Risk Management?

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

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

4.3   Enterprise Risk Management can be defined as:

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

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

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

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

4.7   In order to strive to meet the Community~~our~~ Vision, and Corporate Delivery Plan objectives~~strategic principles and priorities~~, the Council has recognised the need to further embed Risk Management arrangements. The desired outcome is that risks associated with these objectives can be managed and the potential impact limited, providing greater assurance that the Vision will be achieved.

5.0   Benefits of Risk Management

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

Public: Information that can be seen and used by everyone inside and outside the Council.
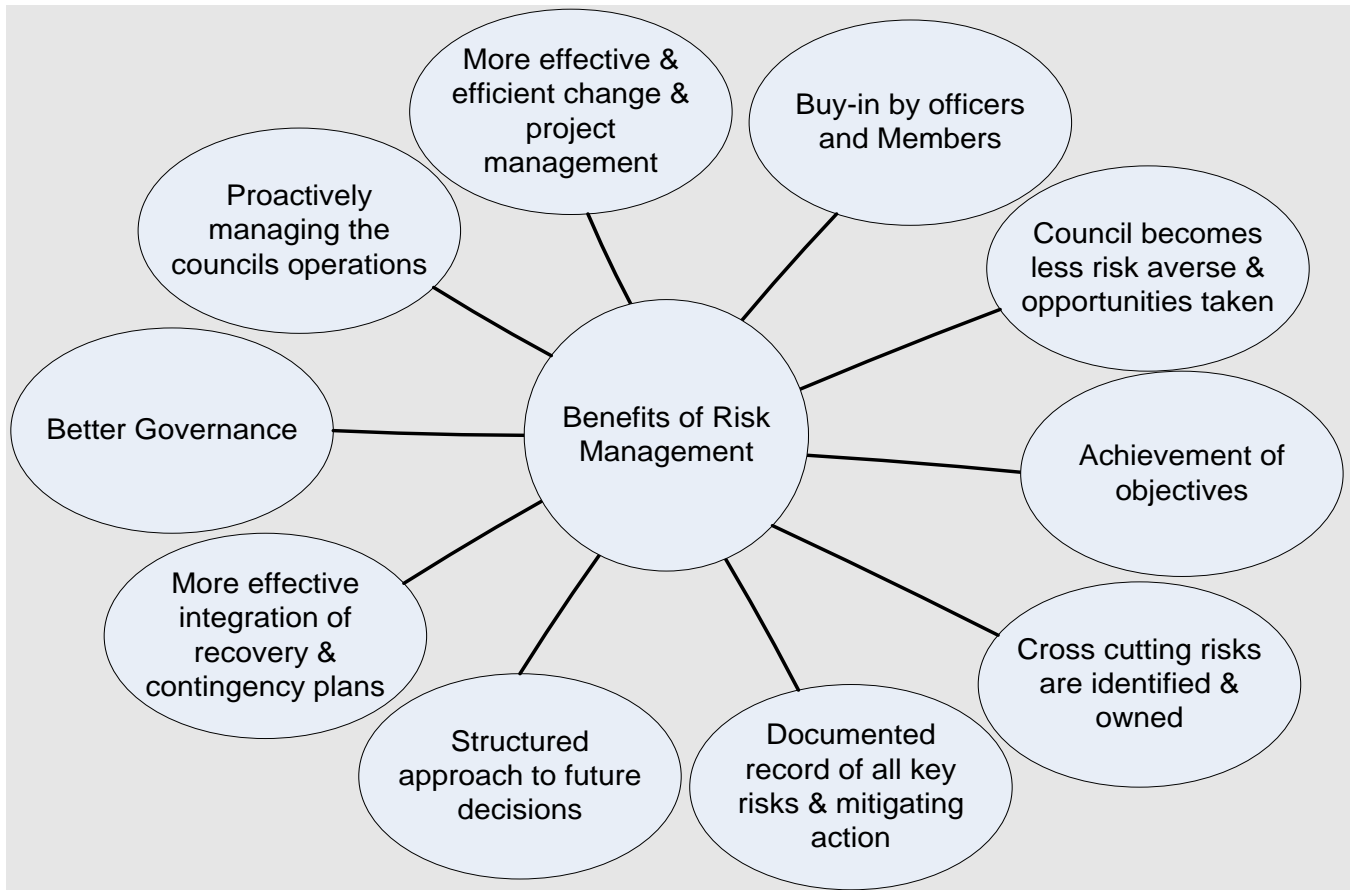
6.0 Critical Success Factors

6.1 To develop a framework which:

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

7.0 Relationship between Risk Management and Internal Controls

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

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

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

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

8.0 Risk Management, Business Continuity and Emergency Planning

8.1 There is a link between these areas. However it is vital for the success of Risk Management that the roles of each, and the links, are clearly understood. The Council recognises that there is a link between Risk Management, Business Continuity Management and Emergency Planning. This is demonstrated by the lead in all three issues being taken by the Corporate Leadership Team.

Business continuity management

8.2 Business continuity management is about trying to identify and put in place measures to protect the Council's priority functions against catastrophic risks that can stop it in its tracks. There are some areas of overlap e.g. where the I.T. infrastructure is not robust then this will feature as part of the relevant Risk Register and also be factored into the business continuity plans.

Emergency planning

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

9.0 Risk Management in Projects, Partnerships and Health and Safety

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

Project / Programme management

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

Partnerships

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

Health and Safety

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

10.0 Strategic Approach to Risk Management

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

10.2   The links are as follows:

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

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

11.0 Implementation Guidance Risk Management

The risk management process

Implementing this Guidance involves a 5-stage process to identify, analyse, prioritise, manage and monitor risks as shown in figure 1. This section will outline the approach.

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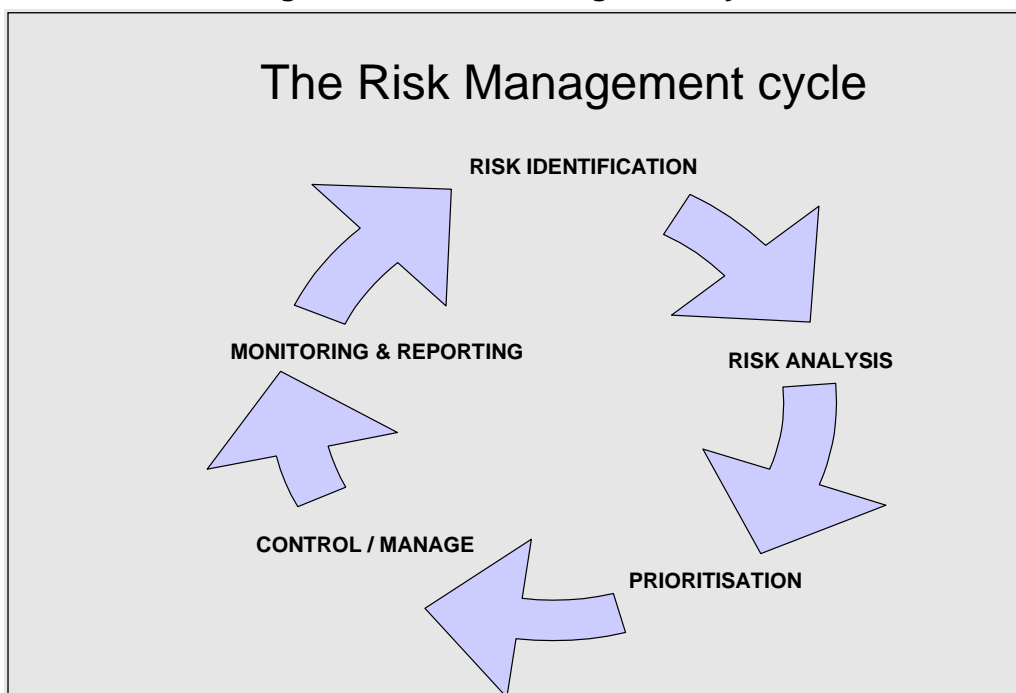
Stage 1 – Risk Identification

The first step is to identify the 'key' risks that could have an adverse effect on or prevent key business objectives from being met. It is important that those involved with the process clearly understand the service or Council's key business objectives i.e. *'what it intends to achieve'* in order to be able to identify '*the risks to achievement'*. It is important to consider the relevant priorities Service Plans in a broader context, i.e. not focusing solely on specific detailed targets but considering the wider direction and aims of the service and the outcomes what it is trying to achieve.

Public: Information that can be seen and used by everyone inside and outside the Council.

When identifying risks it is important to remember that as well as the 'direct threats', risk management is about 'making the most of opportunities' e.g. making bids for funding, successfully delivering major projects and initiatives, pursuing beacon status or other awards, taking a national or regional lead on policy development etc.

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

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

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

The process for the identification of risk should be undertaken for projects (at the beginning of each project stage), partnerships and for all major revenue and capital contracts. Details of who contributes to these stages are explained further in the 'Roles, Assignments and Responsibilities' section of the Enterprise Risk Management Policy.

Risks, both opportunity and threats, identified should be recorded in a Risk Register as per figure 2. This standard template for recording risks has been updated is on the risk management area of grapevine.
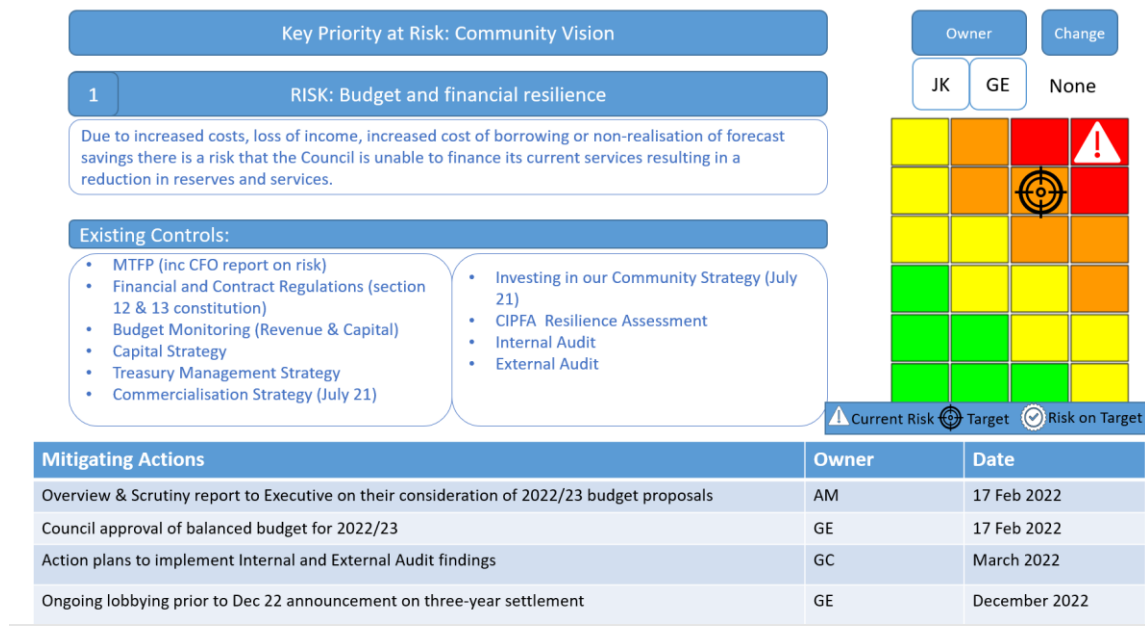Risk should be expressed in the format
"Due to ….
there is a risk that….
leading to….

Public: Information that can be seen and used by everyone inside and outside the Council.

Figure 2: Risk Register Summary (example)

Stage 2 – Risk Analysis

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

There are 2 parts to a risk scenario:-

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

Risk Scenario

Figure 3: Example of the structure of a risk scenario

~~Cause~~	~~Consequence~~
~~Statement of fact or perception about the Council, service or project that exposes it to an event. Include the event that could occur in a positive or negative impact on the objectives being achieved~~	~~The positive or negative impact:~~ • ~~How big?~~ • ~~How bad?~~ • ~~How much?~~ • ~~Who is affected?~~
~~LIKELIHOOD~~	~~IMPACT~~

~~Due to …increased costs, loss of income, increased cost of borrowing or failure to deliver planned savings~~
~~there is a risk that...the Council is unable to finance its current services~~

leading to … reduction in reserves and services for residents

Each risk scenario is logged on the respective Risk Register. These registers could be potentially strategic, against a specific Service Plan, or relating to a project or partnership. ~~The purpose of the Risk Action Log (i.e. Further Actions to Mitigate Risk) is to store details of the risk, its likelihood and impact and mitigation activity for each risk.~~

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

Stage 3 – Prioritisation

Following identification and analysis the risks will need to be evaluated, different scenarios should be explored. Their ranking is decided according to the potential likelihood of the risk occurring and its impact if it did occur. A matrix is used to plot the risks (Figure 4) and once completed this risk profile clearly illustrates the priority of each risk.

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

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

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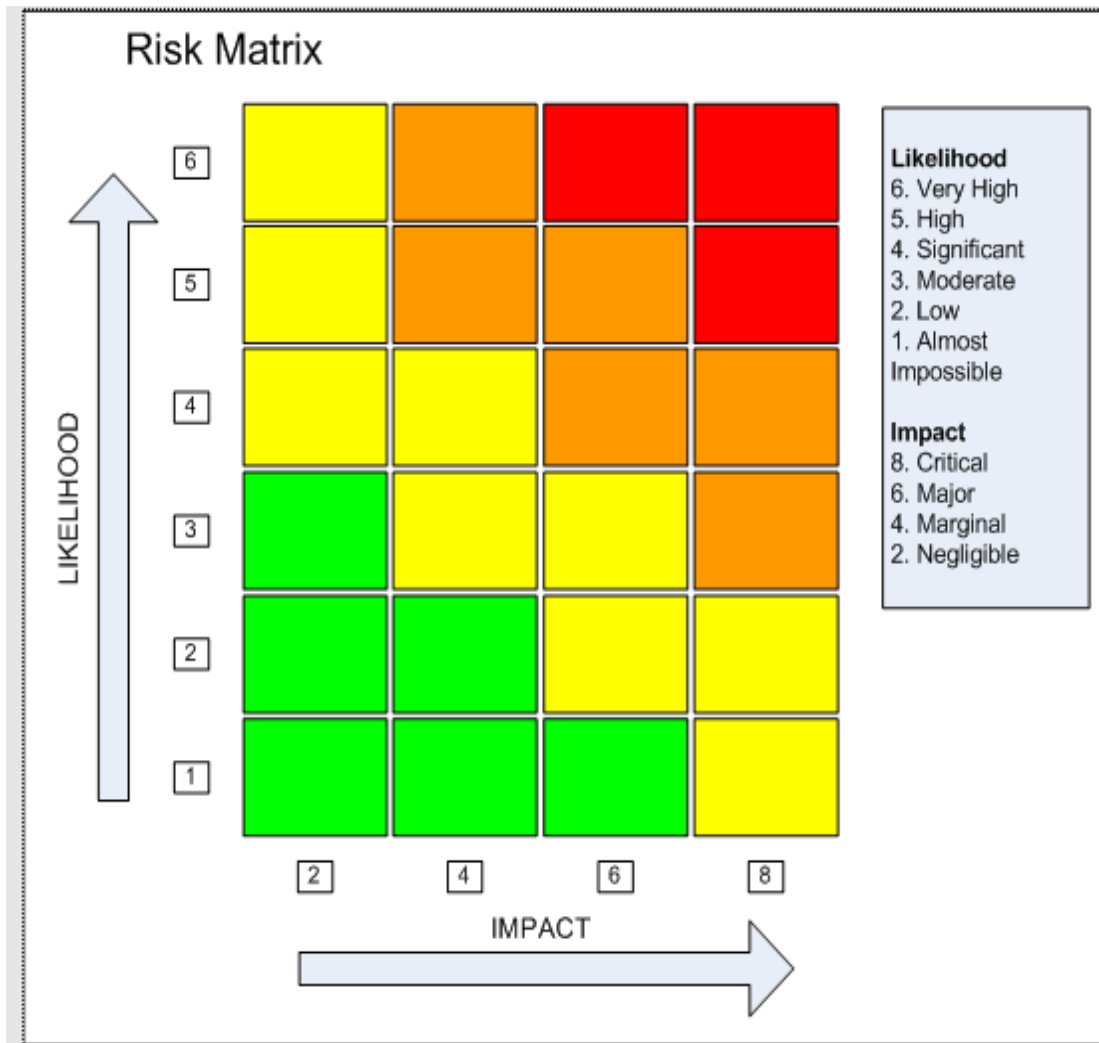
The matrix is also constructed around 4 filters - these being red (very high), orange (high), amber (medium) and green (low). The red and orange filtered risks are of greatest priority. Amber risks represent moderate priority risks. Green risks are low priority but should be monitored.

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

Stage 4 – Control / Manage

It is important at this stage to determine the Council's risk appetite for this risk. This should be through discussion with the relevant Director and Executive Lead Member. If the risk is currently within its appetite, then there is no need to mitigate the risk and stage 4 can be skipped.

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

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

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

Transferred - to another body or organisation i.e. insurance, contractual arrangements, outsourcing, partnerships etc.

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

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

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

Existing controls, their adequacy, new mitigation measures and associated action planning information is all recorded on the Risk Register, including ownership of the risk and allocation of responsibility for each mitigating action. Full details of the risk mitigation measures that are to be delivered are likely to be recorded in the respective business plans and cross reference should be made to this in the Risk Registers.

A further judgement which should be made is the 'target risk score' and 'target evaluation', which is where the risk could be managed to, should the identified controls be successfully implemented.

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

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

Stage 5 – Monitoring & Reporting

The Corporate Leadership Team is responsible for ensuring that the key risks on the Corporate Risk Register are managed and the progress with the risk mitigation measures should be monitored at appropriate intervals. Directors and Assistant Directors2nd and 3rd

Tier Managers are responsible for ensuring that the key risks in the Risk Registers linked to respective services are managed. It is recommended that the 'red risks' feature as a standing item on '3rd Tier Managers'Directorate Leadership Team meeting agendas.

On a quarterly basis, the Corporate and service Risk Registers should be reviewed and where necessary risks re-prioritised. Risks should be amended so they reflect the current situation, obsolete risks should be deleted and new risks identified. This ensures that the Risk Registers and resulting risk mitigation measures are appropriate for the current service and corporate objectives. The quarterly review of the Corporate Risk Register must be undertaken by Corporate Leadership Team and the Directorateservice Registers should be reviewed / updated by the respective 2nd and 3rd Tier ManagersDirector and Assistant Director with their management teams.

During the year new risks are likely to arise that have not previously been considered on the existing Risk Registers. Also the environment in which the risks exist will change making some risks more critical or others less important. Every quarter the respective Risk Registers and matrices at each level should be updated to reflect these changes. If such risks require Corporate Leadership Team ownership and management then they should be incorporated into the Corporate Risk Register. If the management of such risks is more appropriate at a service level then it should be included in the respective service Risk Register. This will need to be undertaken on a quarterly basis by Corporate Leadership Team, Directors and Assistant Directors and 2nd and 3rd Tier Managers.
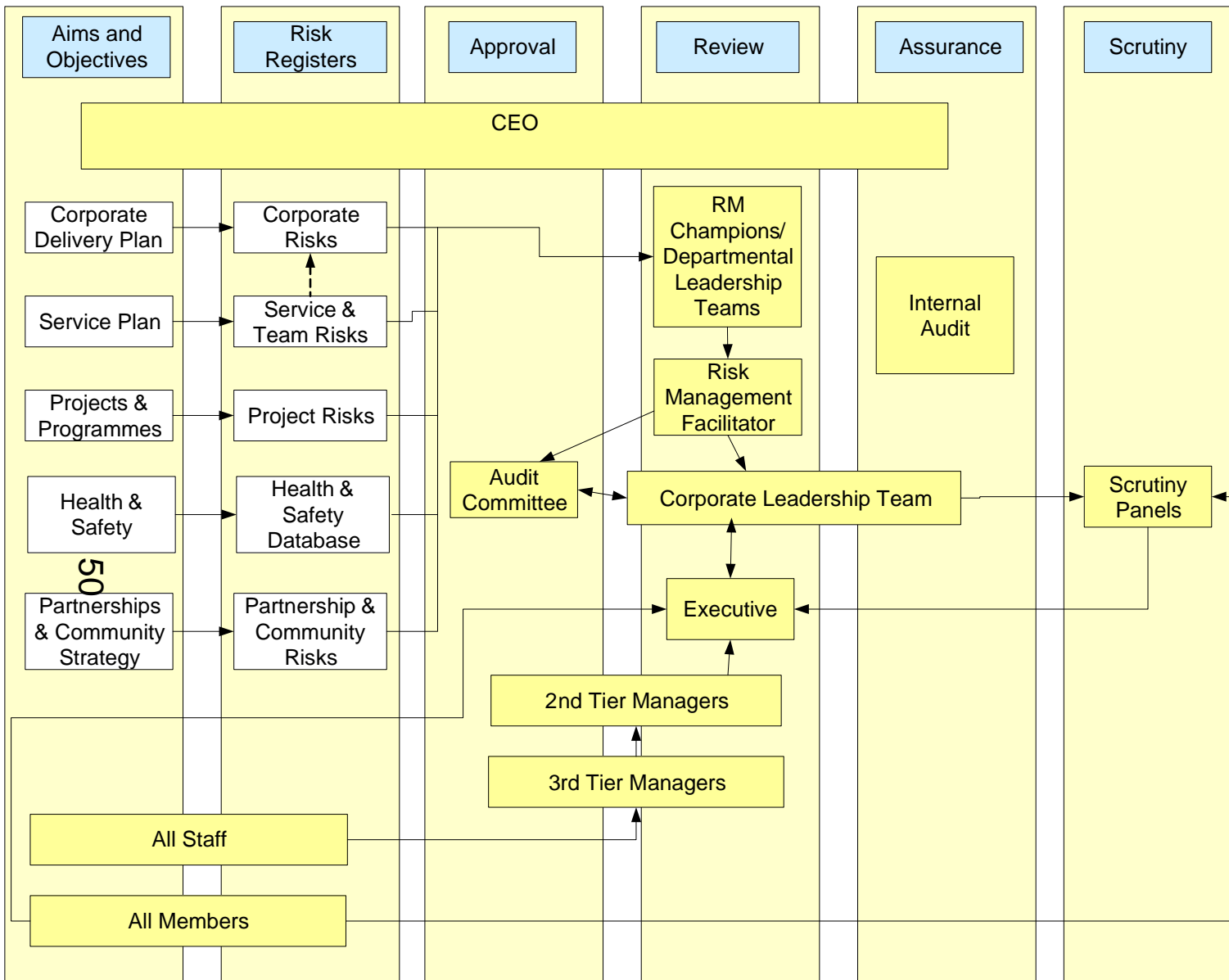
It is recognised that some Directorateservice risks have the potential to impact on the corporate objectives and these will often be the red risks on the matrix. Every quartersix months, the Directorate Risk Registers will be fed into the Corporate Leadership Team where a decision will be taken on whether to prioritise any of these risks on the strategic risk matrix and include them on the Corporate Risk Register (owned by Corporate Leadership Team). At the relevant Corporate Leadership Team session to review risk management, each "2nd Tier ManagerDirector will also feedback the headline risks from their individual areas.

12.0 Risk Appetite

Risk appetite is the phrase used to describe how much risk the council is prepared to take in pursuit of its objectives. Due to its diverse range of services the council does not have a single risk tolerance and appetite for risk will vary between different services and activities, or even at different times. For certain types of risk the Council does not have the power to determine its risk appetite as this is set by legislation i.e. the compliance framework for the safeguarding of children is determined by law.

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

Overview of Risk Management Framework

Aims and Objectives	Risk Registers	Approval	Review	Assurance	Scrutiny

CEO

Corporate Delivery Plan → Corporate Risks

Service Plan → Service & Team Risks

Projects & Programmes → Project Risks

Health & Safety → Health & Safety Database

Partnerships & Community Strategy → Partnership & Community Risks

RM Champions/ Departmental Leadership Teams

Internal Audit

Risk Management Facilitator

Audit Committee

Corporate Leadership Team

Scrutiny Panels

Executive

2nd Tier Managers

3rd Tier Managers

All Staff

All Members

50

Appendx 1

Appendix 2 – Example of Risk Categories

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

Impact

52

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

Likelihood

53

Score	Level	Description				
6	**Very High**	Certain.	>95%	Annually or more frequently	>1 in 10 times	An event that is has a 50% chance of occurring in the next 6 months or has happened in the last year. This event has occurred at other local authorities
5	**High**	Almost Certain. The risk will materialise in most circumstances.	80 – 94%	3 years +	>1 in 10 - 50 times	An event that has a 50% chance of occurring in the next year or has happened in the past two years.
4	**Significant**	The risk will probably materialise at least once.	50 – 79%	7 years +	>1 in 10 – 100 times	An event that has a 50% chance of occurring in the next 2 years or has happened in the past 5 years.
3	**Moderate**	Possible the risk might materialise at some time.	49 – 20%	20 years +	>1 in 100 – 1,000 times	An event that has a 50% chance of occurring in the next 5 or has happened in the past 7 years.
2	**Low**	The risk will materialise only in exceptional circumstances.	5 – 19%	30 years +	>1 in 1,000 – 10,000 times	An event that has a 50% chance of occurring in the next 10 year or has happened in the past 15 years.
1	**Almost Impossible**	The risk may never happen.	< 5%	50 years +	>1 in 10,000 +	An event that has a less than 5% chance of occurring in the next 10 years and has not happened in the last 25 years.

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TITLE	**Corporate Risk Register Review**
FOR CONSIDERATION BY	Audit Committee on 27 June 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the Council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The Council's Risk Management Policy and Guidance sets out the policy framework and formally guidance for officers to enable them to pro-actively identify and manage its risks.

RECOMMENDATION

The Audit Committee is asked to review the Corporate Risk Register (at Appendix A) to determine that strategic risks are being actively managed.

SUMMARY OF REPORT

The Corporate Risk Register has been revised by the officer Risk Management Group and Corporate Leadership Team and is shown at Appendix A.

The Council's top four corporate risks are:
- Budget and financial resilience
- Health & Social Care Reform
- Adult Social Care supplier sustainability and sufficiency
- Education for Children with SEND

The Chief Executive and Deputy Chief Executive & Director of Resources and Assets will present the report to the Committee noting that there has been an overall increase in risk faced by the Council since the last review of the risk register due to:-
- The invasion of Ukraine resulting in additional responsibilities for the Council.
- The increase in inflation which is directly impacting Council costs and those of suppliers as well as residents and local businesses
- Further clarity of the impact of the Health and Social Care reforms

Since the register was last reported to Audit Committee on the 2nd February 2022, three new risks have been identified:-
- Risk 16 - Inward migration
- Risk 17 - Public Transport
- Risk 18 - Education Provision Mainstream

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

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.*

Analysis of Issues

2.1   The following changes have been made to the Corporate Risk Register since the register was presented to the Committee 2nd February 2022

2.2   New risk no. 16 – Inward Migration
A new corporate risk has been identified relating to the Council's response to inward migration to the borough. This risk has been escalated following the Ukraine crisis. The Homes for Ukraine scheme places significant responsibilities on the Council and has engendered a community response including the formation of a cross-functional Council team to ensure this risk is effectively mitigated. This risk was previously related to asylum seekers and the resettlement of Hong Kong nationals. Due to the conflict in the Ukraine and its unpredictable nature, there is the risk that the Council is unable to effectively support those fleeing the conflict leading to poor outcomes for them, the community, and additional costs for the Council. This risk has been reframed to include the responsibilities on the Council as part of the Homes of Ukraine. The Council's rapid response has been planned to mitigate the likelihood of the risk materialising.

2.3   New risk no. 17 Public Transport
The risk around public transport in the borough has been escalated from the Place & Growth Directorate risk register. This risk has increased due to the numbers of passengers not returning to pre-pandemic levels, increasing operational costs, and the planned reduction in Government pandemic support post October 2022. Those affected will be fare paying school children, commuters, those visiting health care facilities and an increase in social

isolation. The Council is working with local bus operators and other local authorities to review route planning in order to reduce the impact of this risk. The risk will impact the Council's ability to meet its Climate Emergency Action Plan, Local Transport Plan, and draft Tackling Poverty Strategy objectives to increase public transport usage. This is likely to be a medium-term increase in risk.

2.4 New risk no 18. Education Provision Mainstream
This risk has been escalated to the corporate risk register. Due to increased demand pressures in mainstream education and especially in-year admissions, this risk is now presenting a strategic challenge to the Council. This risk is linked to risk 16. This is likely to be a short to medium-term increase in risk.

2.5 Increased risk - Risk 3 Workforce
The Workforce risk has increased due to difficulties emerging in recruitment and retention (also experienced in the wider marketplace) The Council has sourced additional HR resources and is in the process of recruiting a permanent Assistant Director of Human Resources and Organisational Design. The mitigating actions have been delayed due to the challenge of recruiting permanent HR resource for the new operating model. The Council's analysis would suggest that this increase in risk is likely to be of a short to medium nature.

2.6 Increased risk - Risk 6 Statutory Duties
The Health and Safety element increased in risk due to the outcome of recent incident investigations demonstrating impact of Covid-19 on management capacity to undertake proactive health and safety activity. The scope of this risk includes maintained schools. The response includes CLT monitoring of health and safety and implementing an improvement plan to mitigate the risk. This is likely to be a short to medium term increase in risk.

2.7 Increased risk - Risk 10 Cyber and Information Governance
This risk has increased due to an increased number of cyber-attacks since January 2022 and an alert from the National Cyber Security Centre following an increase in cyber-attacks on UK public sector organisations associated with the Ukraine conflict. The Council has responded by rapid deployment of countermeasures including awareness campaigns among staff. The longer-term response is to strengthen assurance by utilising the NCSC Board Toolkit to further strengthen governance around this risk. It is anticipated that this heightened level of risk will persist in the medium term.

2.8 Increased risk - Risk 13 Health and Social Care Reform
This risk has increased as the detail of the reforms and the scoping of the work to implement them has progressed. The impact of the risk has been more fully assessed and the risk description has been amended to reflect the challenges in terms of the impact on:
- finances
- the Council's workforce
- the care provider market
- and the administrative challenges, mostly notably the changes to the IT system required to administer the reforms.

2.9   Decreased risk - Risk 8 Public Protection Partnership
       This risk has declined following the successful launch of the new service on 1st April 2022. The project risk has been effectively mitigated and the residual risk is the operational risks faced by a new service. It is anticipated that once the service has been operational for six months, this risk will de-escalate to the Directorate risk register.

2.10   Decreased risk - Risk 11 Major Emergency Response (e.g. Pandemic)
       This risk has reduced following further normalisation of the Council's response. Public Health are continuing to monitor the risk and, if necessary, the Council will be able to mobilise in response. Analysis suggests that this risk will continue to remain low unless a new variant emerges or the winter pressures on the NHS threaten the health system.

2.11   Decreased risk - Risk 12 High Needs Block
       This risk has reduced following the Government's settlement with other local authorities with significantly larger High Needs Block deficits. It is therefore less likely that the Government will require the Council to fund the deficit balance. The Council continues to work with the Department for Education (DfE) to reduce this risk further.

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	n/a	n/a
Next Financial Year (Year 2)	£0	n/a	n/a
Following Financial Year (Year 3)	£0	n/a	n/a

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

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

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

| Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030* |
|---|
| The effective management of risk supports the achievement of this important priority. |

Reasons for considering the report in Part 2
None

List of Background Papers
Corporate Risk Register May 2022 Risk Management Guidance and Policy (elsewhere in the agenda)

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Appendix A - Corporate Risk Register
25 April 2022

Current Assessment	Very High	High	Medium	Low

Impact

Likelihood
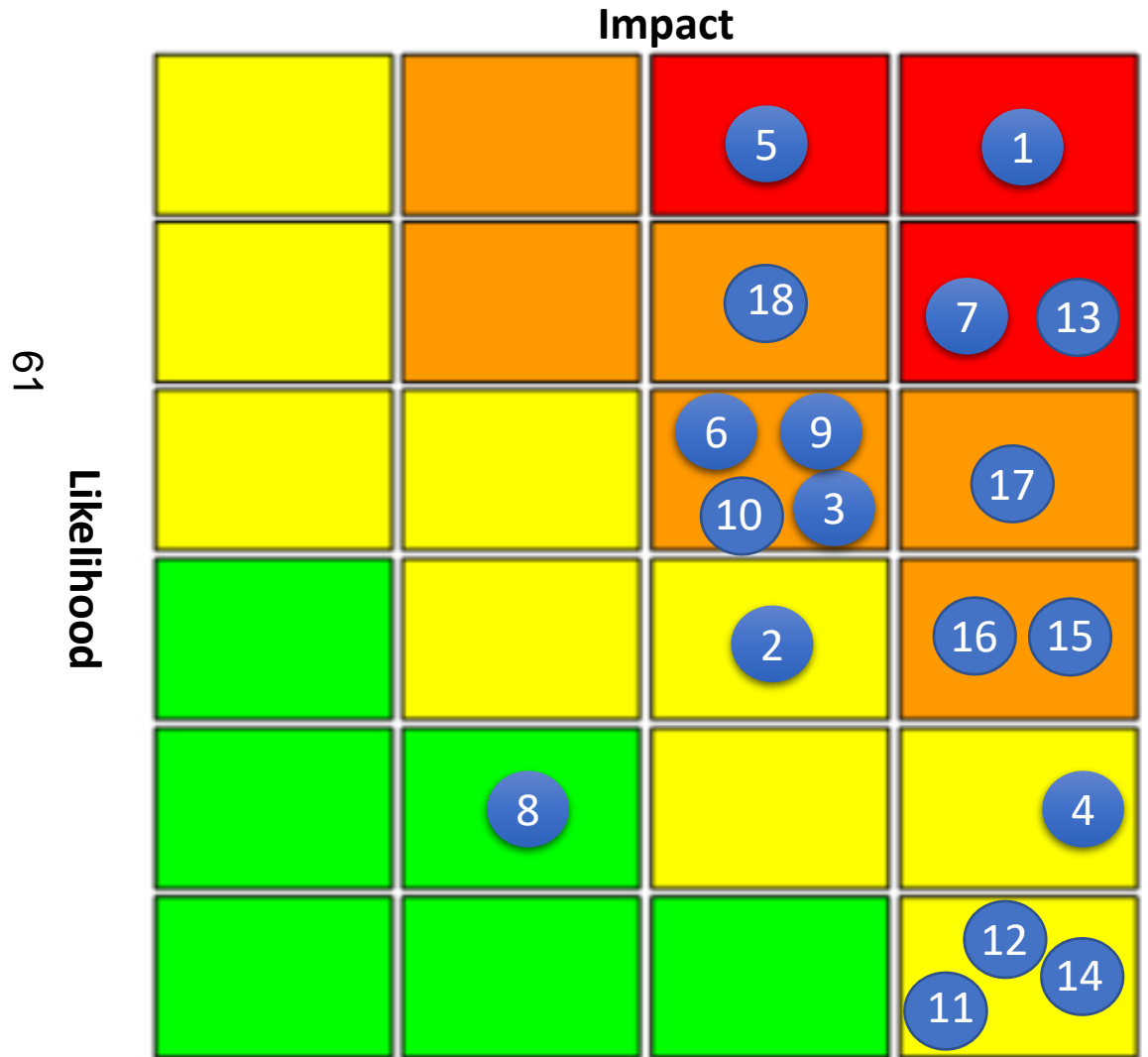
Ref	Risk
1	Budget & Financial Resilience
2	Corporate Governance
3	Workforce
4	Uncontrolled Development (Local Plan Update)
5	Education for Children with SEND
6	Failure to meet statutory duties
7	ASC Supplier Sustainability and Sufficiency
8	Public Protection Partnership
9	Information Governance & Cyber Security
10	Climate Emergency
11	Major Emergency Response (e.g. Pandemic)
12	High Needs Block overspend
13	Health & Social Care Reform
14	Adult Safeguarding
15	Children's Safeguarding
16	Inward migration*
17	Public Transport*
18	Education Provision Mainstream*

*New risk

Key to Abbreviations

CJ	Cllr Clive Jones, Leader of Council
CH	Cllr Stephen Conway, Deputy leader and executive member for housing
RBF	Cllr Rachel Bishop Firth, Executive member for equalities, inclusion and fighting poverty
LF	Cllr Lindsay Ferris, Executive member for planning and the local plan
SK	Cllr Sarah Kerr, Executive member for climate emergency and residents services
IS	Cllr Ian Shenton, Executive member for the environment, sports and leisure
PF	Cllr Paul Fishwick, Executive member for active travel, highways and transport
PB	Cllr Prue Bray, Executive member for children's services
DH	Cllr David Hare, Executive member for wellbeing and adult services
ISD	Cllr Imogen Shepherd-Dubey, Executive member for finance
SP	Susan Parsonage, Chief Executive
GE	Graham Ebers, Deputy Chief Executive & Director of Resources & Assets
SW	Sally Watkins, Assistant Director Digital & Change
HW	Helen Watson, Director of Children's Services
SM	Steve Moore, Interim Director of Place & Growth
MP	Matt Pope, Director of Adult Social Services
AM	Andrew Moulton, Assistant Director Governance & Monitoring Officer

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

Key Priority at Risk: Community Vision

Owner	Change

| ISD	GE	None

1 RISK: Budget and financial resilience

Due to increased costs, loss of income, increased cost of borrowing or non-realisation of forecast savings there is a risk that the Council is unable to finance its current services resulting in a reduction in reserves and services.

Existing Controls:

- MTFP (inc CFO report on risk)
- Financial and Contract Regulations (section 12 & 13 constitution)
- Budget Monitoring (Revenue & Capital)
- Capital Strategy
- Treasury Management Strategy
- Commercialisation Strategy (July 21)

- Investing in our Community Strategy (July 21)
- CIPFA Resilience Assessment
- Internal Audit
- External Audit
- Overview and Scrutiny consideration of 22/23 budget
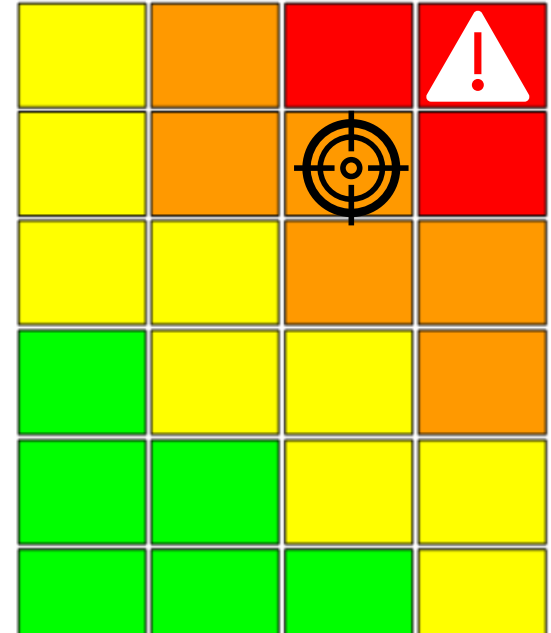
⚠ Current Risk ◎ Target ◉ Risk on Target

Mitigating Actions	Owner	Date
Mid year budget	GE	September 2022?
Action plans to implement Internal and External Audit findings	GC	March 2022
Ongoing lobbying prior to Dec 22 announcement on three-year settlement	GE	December 2022

Key Priority at Risk: Community Vision

Owner	Change

| CJ	SP	Decrease

2 — RISK: Corporate Governance

Governing effectively to ensure achievement of the Council's purpose and priorities within the resources available and achieving value for money. Without effective corporate governance, there is a risk that through unethical behaviour or ineffective decision-making, residents lose trust in the way the Council undertakes and carries out its duties.

Existing Controls:

- Community Vision and Corporate Delivery Plan
- Local Code of Corporate Governance
- Constitution (i.e. Council rules of procedure, conduct and compliance)
- Annual Governance Statement
- Performance framework

- Risk Management Policy & Guidance
- Internal Audit
- External Audit
- Standards Committee
- Overview & Scrutiny function
- LGA Corporate Peer Challenge
- Governance Dashboard

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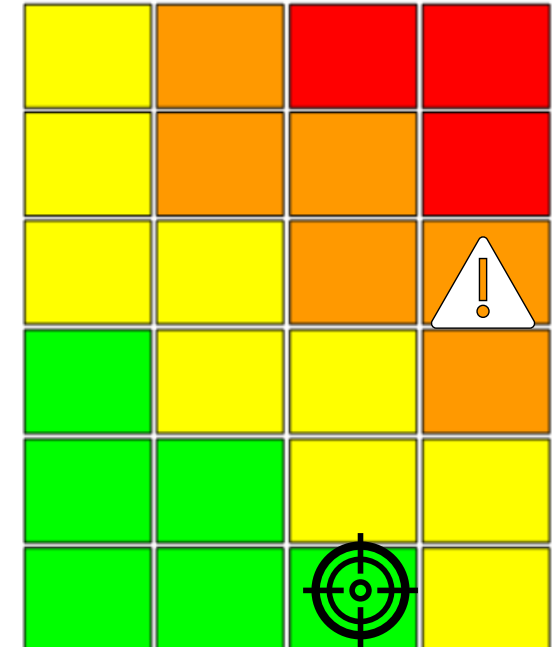
⚠ Current Risk   ◎ Target   ✔ Risk on Target

Mitigating Actions	Owner	Date
LGA Corporate Peer Review action plan implementation and follow up visit	SP	May 22
AGS 2021/22 review of Governance to Audit Committee	AM	1 June 22

Key Priority at Risk: Community Vision

Owner	Change

| CJ	SP	Increase

3 | **RISK: Workforce**

Due to the inability to recruit, retain and efficiently manage the Council structure by sufficient permanent staff with the right skills, competence and experience there is a risk that the council is unable to deliver its Community Vision and is subject to litigation leading to fines and reputational damage.

Existing Controls:

- Annual Performance Regime
- HR Hub
- Reward and Recognition
- Training Budgets
- Recruitment Resources
- Corporate Agency Contract

- Workforce Dashboard and Establishment reporting
- IT systems (BWO, Applicant Tracking and Learning Management)
- Mandatory Training
- Learning & Organisational Development Functions
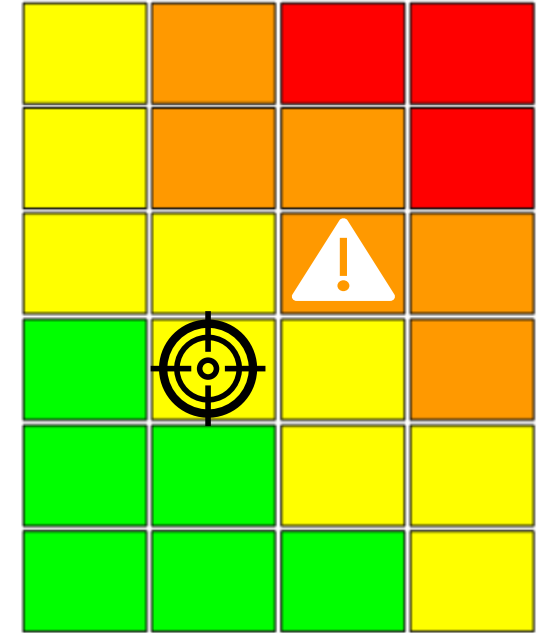
⚠ Current Risk   ⦾ Target   ✓ Risk on Target

Mitigating Actions	Owner	Date
HR policy review	SP	Dec 2022
Fully populated HR operating model	SP	September 2022
HR & OD Strategy	SP	Dec 2022
Position statement on Hybrid Working	SP	May 2022
Procurement of HR Management Information System	SP	June 2022

Key Priority at Risk: Right Homes, Right Places

Owner	Change

| LF | SM | None |

4 — RISK: Uncontrolled Development - Local Plan Update

Without effective planning policies, there would be no real control or influence over where and how new housing and other types of development take place. This could lead to housing and other forms of development being allowed in poor locations, being of lower quality, and in places where infrastructure cannot be improved to help deal with the impacts.

Existing Controls:

- Timetable for adoption of new Local Plan in place
- Resources allocated
- Public consultation processes
- Monitoring housing developments

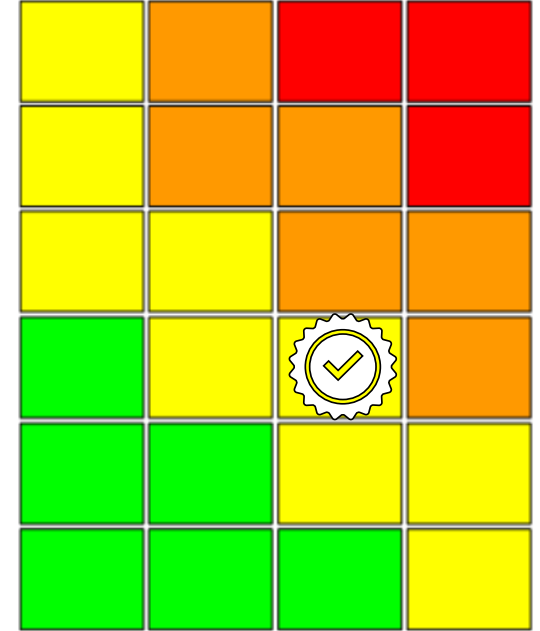- Revised growth strategy agreed by Executive for consultation

⚠ Current Risk ◎ Target ✓ Risk on Target

Mitigating Actions/Key Milestones	Owner	Date
Submission of Local Plan Update to Government	SM	Late 22
Inspector examination	SM	2023
Adoption of LPU	SM	2024/25

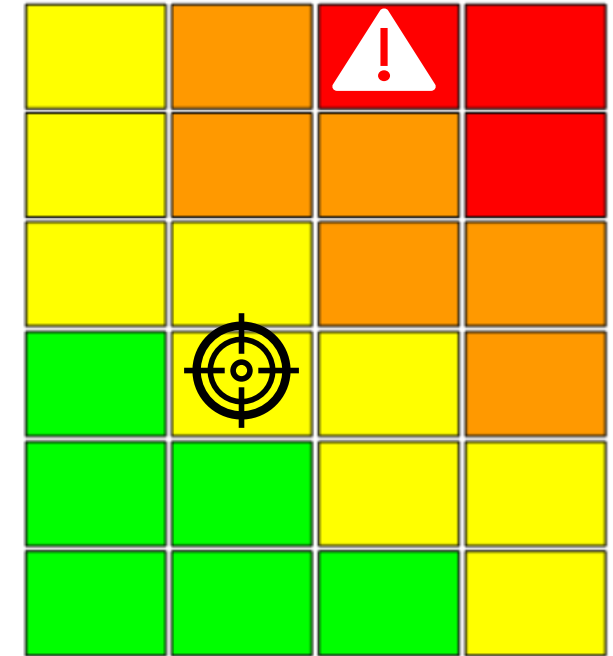## Key Priority at Risk: Safe, strong communities

5 RISK: Insufficient local provision of education for Children with SEND

Due to inability to meet the growing demands of Children with SEND locally there is a risk that children are educated far away from their families in more costly out of borough provision, putting pressure on the High Needs Block funds.

Existing Controls:

- SEND Strategy
- SEND Improvement Board
- Collaboration with SEND Voices & SENDIASS Wokingham
- Weekly performance tracker

- Improved relationships with providers
- Annual review tracker

Owner	Change
PB HW	None

⚠ Current Risk ⊕ Target ✅ Risk on Target

Mitigating Action	Owner	Date
Send innovation and improvement programme	HW	Ongoing

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

Owner | **Change**

CJ | SP | Increase

6 | **Failure to meet statutory duties (Health & Safety and Equalities)**

Due to insufficient capability, capacity and awareness there is the risk that the Council does not meet its statutory duties in key areas leading to avoidable harm, litigation, fines, corporate manslaughter and reputational damage.

Existing Controls:

- Statutory policies in place for equalities and health & safety
- Prioritisation of H&S activity
- Strategic Plan to identify continuous improvement "Seeking Assurance" programme (two yearly)
- Health & Safety specialist advisers in place

- Council wide Equalities Programme established
- Directorate risk registers holding detail of specific mitigations for these risks
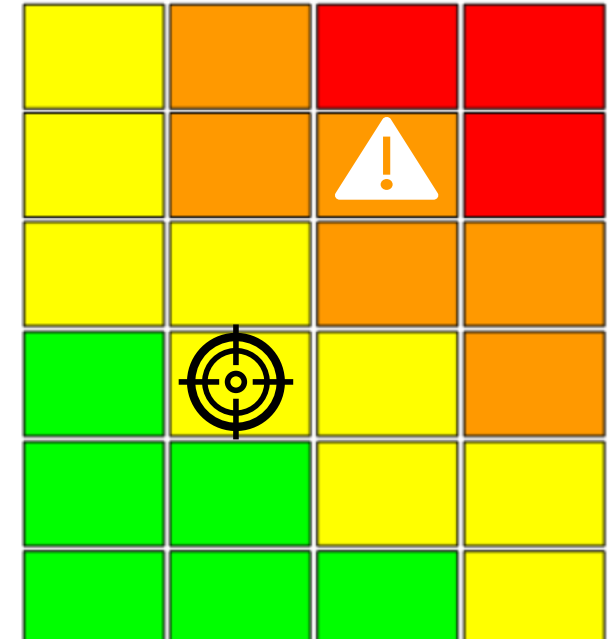- Incident Reporting System

⚠ Current Risk ◎ Target ✓ Risk on Target

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Mitigating Action	Owner	Date
H&S Risks to be outlined in quarterly H&S Dashboard	SP	July 22
Implementation of the strategic safety improvement action plan	SP	April 23
Equalities Risk Mitigation Actions detailed in the Equalities Programme Risk Register	SW	Feb 22

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

7	Adult Social Care Supplier Sustainability and Sufficiency

Owner		Change
DH	MP	Increase

Due to increasing needs of our local older and disabled people population demand is increasing placing the social care system under huge strain. It is acknowledged that nationally that there is insufficient funding within the care sector to meet the challenges faced by our local care providers. COVID-19 has exacerbated the issues and while local providers have maintained high levels of care, additional workforce pressures will impact on the capacity within the sector. There is a risk that a provider may fail or that we are unable to source care for a vulnerable resident.

Existing Controls:

- Optalis provider of last resort
- Care Capacity Tracker monitoring and targeted action taken as required
- Lobbying of MPs and Government
- COVID grant allocation, additional sustainability funding and additional support to providers over the winter period

- Recruitment campaign (Every day is different)
- Quarterly provider forums
- Early warning flags identified for key providers
- ASC COVID task force in place
- PPE portal remains in place for providers until Mar-23
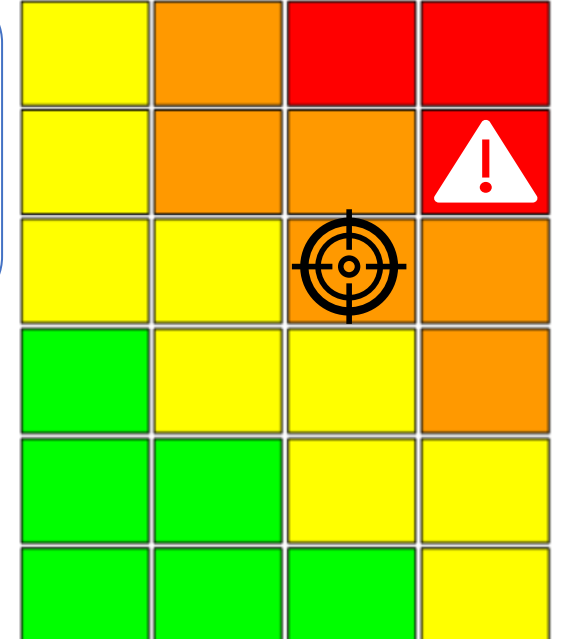- ASC Market Position Statement published

⚠ Current Risk   ⊕ Target   ✅ Risk on Target

Mitigating Action	Owner	Date
Workforce Strategy published	MP	May 22
Routine monitoring of providers sufficiency with support provided as required, and monthly reviews to assess any wider action required. Contingency planning in place to address any significant issues raised by care providers. Action to remain in place for the remainder of the year and reviewed regularly.	MP	Mar-23

Key Priority at Risk: Community Vision

8 | **Public Protection Partnership**
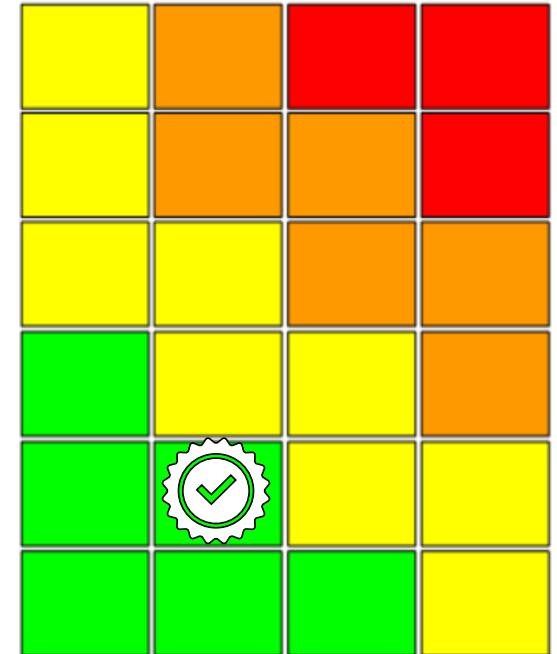
Owner	Change
IS SM	Decrease

Due to the complex challenges of implementing a new delivery model for PPP there is a risk that delivery of the service to residents is disrupted leading to resident dissatisfaction and reputational damage.

Existing Controls:

- Transition programme plan in place.
- Programme Manager in place.
- Executive (Sept 21) agreed part provision of regulatory services

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⚠ Current Risk   ◎ Target   ✓ Risk on Target

Mitigating Action	Owner	Date
Delivery of PPP programme	SM	31 March 2022

Objective at Risk: Community Vision

	Owner	Change
	SK	GE	None

9 Climate Emergency

Due to complexity of behaviour change required, there is a risk that the Council is unable to meet its carbon reduction aspirations leading to a failure of the Borough to deliver its contribution to climate change.

Existing Controls:

- Climate Emergency Action Plan (CEAP
- Climate Emergency Group
- Capital Programme investment
- Overview and Scrutiny review

- Annual Climate Change Report to Council
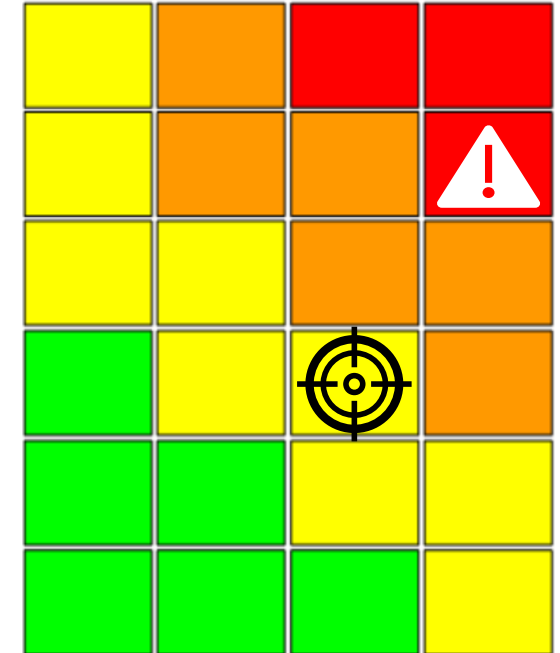
⚠ Current Risk ◎ Target ✓ Risk on Target

Mitigating Action	Owner	Date
Deliberative Process	RH	September 22
Energy Strategy	RH	December 22
Climate Change adaptation plan	RH	April 23

Objective at Risk: Community Vision

10 — Information Governance and Cyber Security

Owner	Change
CJ GE	Increase

Cyber attack and/or weak information governance practices leads to the unavailability of key information and/or disclosure of personal sensitive data causing inability to deliver services, increased costs, fines, reputational damage and loss of trust.

Existing Controls:

- Cyber security response team
- Roles and Responsibilities
- Information Security and Acceptable Use Policy
- Encrypted equipment
- E-learning refresher (every 2 years)

- Secure e-mail solution
- Document Marking Scheme
- Data and Information Governance Group
- Digital & Tech Newsletter cyber risk
- Emergency patching and firewall config

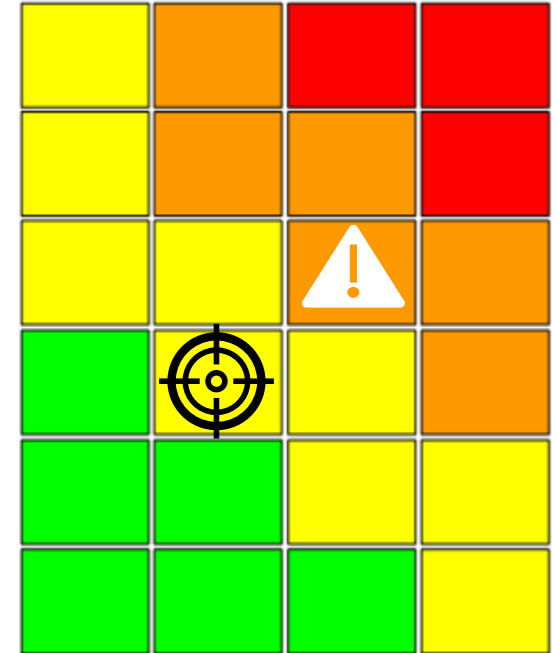⚠ Current Risk ⊕ Target ✓ Risk on Target

Mitigating Action	Owner	Date
Transparency Data Review	AM	Sept 22
Simulated phishing attack	SW	June 22
National Cyber Security Centre Board Toolkit review	AM	June 22

Objective at Risk: Community Vision

11	Major Emergency Response (Pandemic)

Due to an unlikely but high impact major emergency the Council is required to lead a large-scale community response leading to impact on business as usual and requirement to focus resources on key priorities.

Existing Controls:

- Covid Recovery Strategy
- Emergency plan and Council-wide Business Continuity Planning
- Learning from Overview &Scrutiny review of Covid response
- In-house Emergency Planning Service

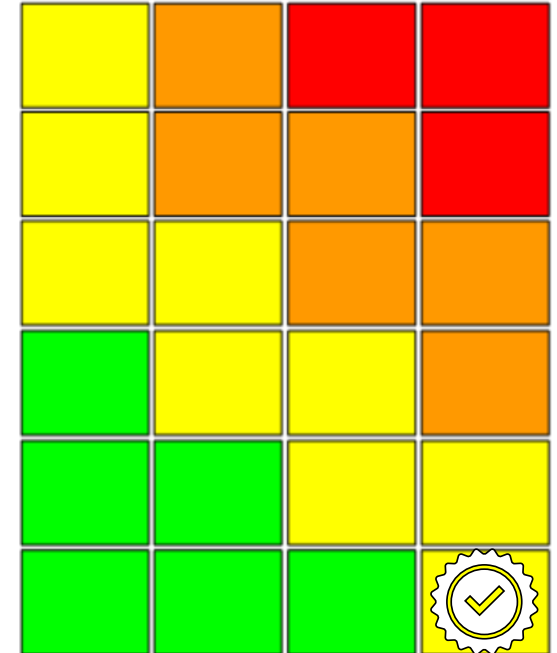- Gold, Silver and Bronze response structure

Owner	Change
CJ SP	Decrease

Current Risk ⊕ Target ✓ Risk on Target

Mitigating Action	Owner	Date

Objective at Risk: Community Vision

12   High Needs Block overspend (link to risk 5)

Owner		Change
PB	HW	None

Due to the increased demand and costs of SEND education provision there is the risk that DfE requires repayment of our high needs block overspend of £xm resulting in a significant impact on reserves and budget pressures.

Existing Controls:

- Deficit Reduction Plan
    - Expansion of Addington School
    - Winnersh Farm School
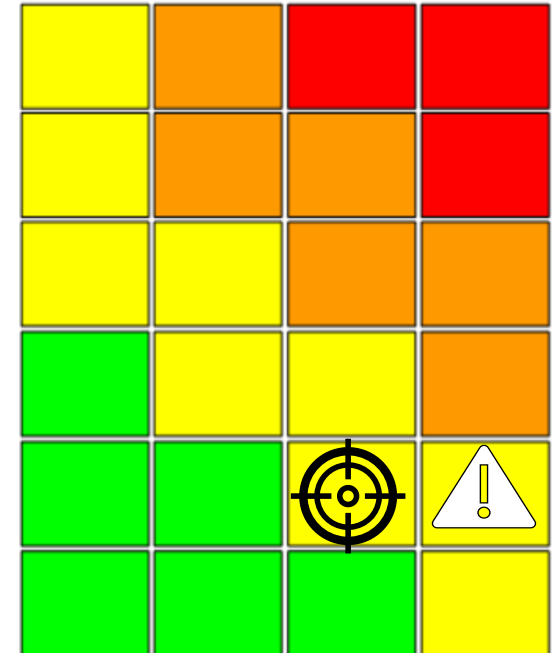   - PRU improvement
    - Resource unit review

⚠️ Current Risk   ◎ Target   ✓ Risk on Target

Mitigating Action	Owner	Date
Discussions with the Education and Skills Funding Agency around additional funding	HW	Ongoing

Objective at Risk: Community Vision

Owner		Change
DH	MP	None

13 — Health & Social Care Reform

Due to uncertainty about government reforms that come into force from 2022, and a funding change to follow in 2023, there is a risk that there are major changes in the Council's responsibilities that will lead to significant financial impact (£20-30m), workforce pressures, social care market pressures and administrative challenges (IT system).

Existing Controls:

- Monitor legislative changes
- Members lobbying MPs and Government
- Analytical work to assess the potential impact on services
- Working with other LAs through our regional network to consider and plan for future impact

- LA response provided to DHSC consultation Mar-22
- Engagement with LGA workshops assessing the impact of the reforms
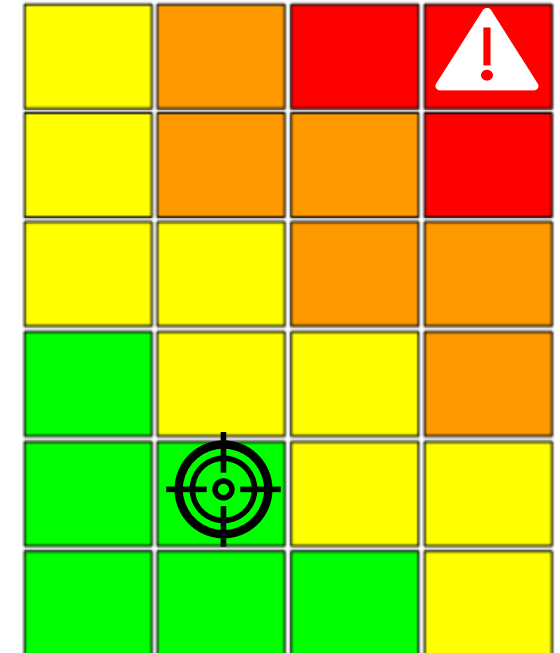- Working with case management software supplier to assess required changes

⚠ Current Risk ◎ Target ✓ Risk on Target

Mitigating Action	Owner	Date
Project work underway to scope the response to the reforms	MP	Mar 23

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

14	Failure to meet statutory duties (Safeguarding Adults)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for adults leading to avoidable harm, litigation, fines and reputational damage.

Owner	Change
DH MP	None

Existing Controls:

- Adult Safeguarding Hub (ASH)
- Pan Berkshire Policies and Procedures
- ASH new proportionate and person-centred processes and pathway
- ASH fully staffed and dedicated Admin
- Effective relationships embedded with key partners and forums
- Management and supervision

- Staff training and awareness
- Berkshire West Safeguarding Board
- Optalis contract as emergency provider
- Care Governance Quality Assurance
- Market Failure protocol
- Risk Assessment for Safeguarding complete
- Joint working between HoS and PSW
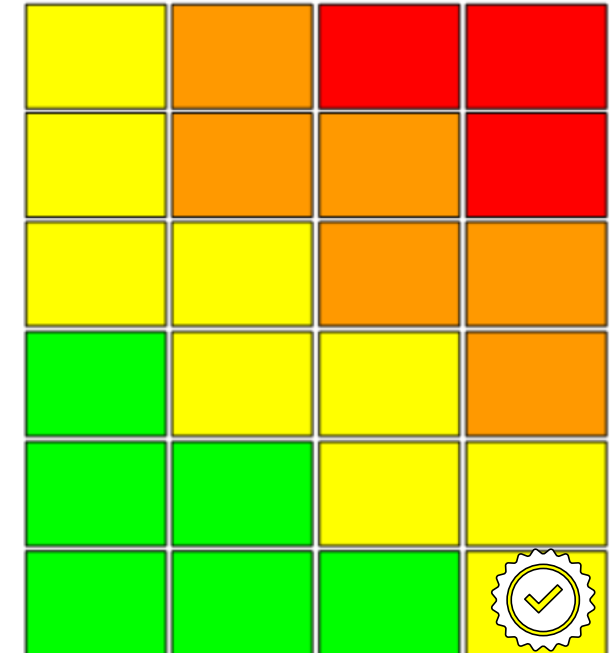
⚠ Current Risk   ◎ Target   ✔ Risk on Target

Mitigating Action	Owner	Date
Ensure workforce development around bespoke safeguarding are addressed	MP	Mar 23
Implement QAF for Safeguarding	MP	Mar 23

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

Owner	Change

15 — Failure to meet statutory duties (Safeguarding Children)

PB	HW	None

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for Children leading to avoidable harm, litigation, fines and reputational damage.

Existing Controls:

- BWSCP Child Protection Procedures and Safeguarding Partnership
- Staff Training
- Case Reviews & Audits
- Policies and Procedures
- Practice Framework
- Staff Supervision
- Quality Assurance Framework

- Sufficient skilled workforce
- Growth of budget based on growth of need
- Manageable case loads
- Increase in line managers, reduction in span of control
- Practice consultants
- OFSTED informed action plan to improve service delivery
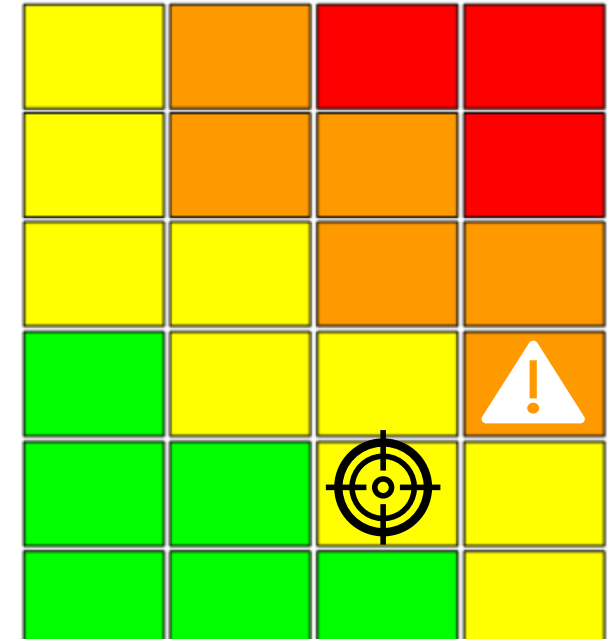
⚠ Current Risk ⊕ Target ✓ Risk on Target

Mitigating Action	Owner	Date
Continuous Improvement Programme (CIP) for Children's Services reviewed following Ofsted annual letter	HW	September 22
Recruitment and Retention programme to recruit a peminant workforce	HW	April 23

Key Priority at Risk: Strong Communities

16 — Inward Migration

Due to the conflict in Ukraine, Hong Kong nationals and refugees there is a risk that the Council is unable to effectively support them resulting in poor outcomes for them, the community and additional costs to the Council

Existing Controls:

Gold and Silver response meetings and taskforce assembled
Engagement with Voluntary Sector and Partners to ensure a coordinated approach.
Child and Adult Safeguarding to protect vulnerable guests

Caseworkers in place to liaise with hosts and Ukrainian guests.
Educational provision for children and support for adults for employment and benefits

Owner	Change
RBF SM	New

⚠ Current Risk   ◎ Target   ✓ Risk on Target

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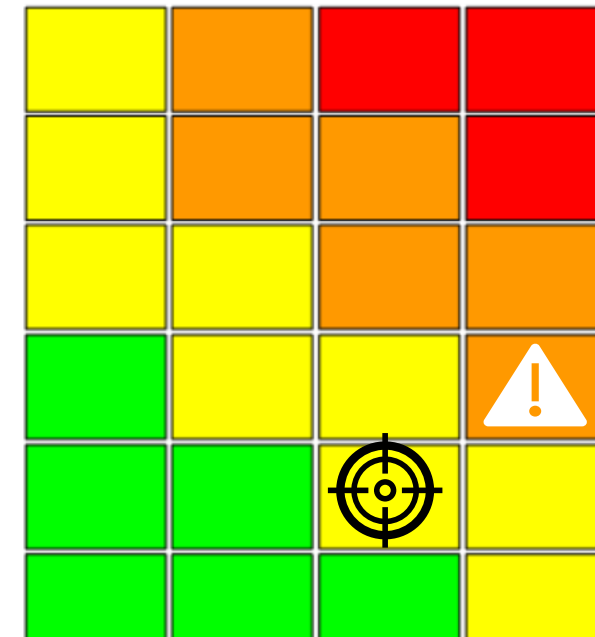
Mitigating Action	Owner	Date
Contingency arrangements in place to prevent and respond to relationship breakdown between hosts and guests	SW/ZM	June 2022
Co-produce social inclusion and activity programme with voluntary sector	SW/ZM	June 2022
Engage with Health partners to address trauma and mental health support for guests	SW/ZM	June 2022

Key Priority at Risk: Strong Communities

17 | **Public Transport**

Owner	Change

| PF | SM | New |

Due to fewer passengers travelling, increasing operational costs and a future reduction in government funding there is a risk that local bus services are withdrawn or reduced. The results will be increasing congestion, social isolation, a failure to achieve climate emergency reduction targets, and reduced accessibility to work, education, health care facilities and leisure opportunities.

Existing Controls:

Engagement with local bus operators and neighbouring LTAs
Bus network review currently underway

Short-term contingency funding agreed through emergency release of S106
Concessionary travel reimbursed at 100% until October
Government funding extended until Oct 2022
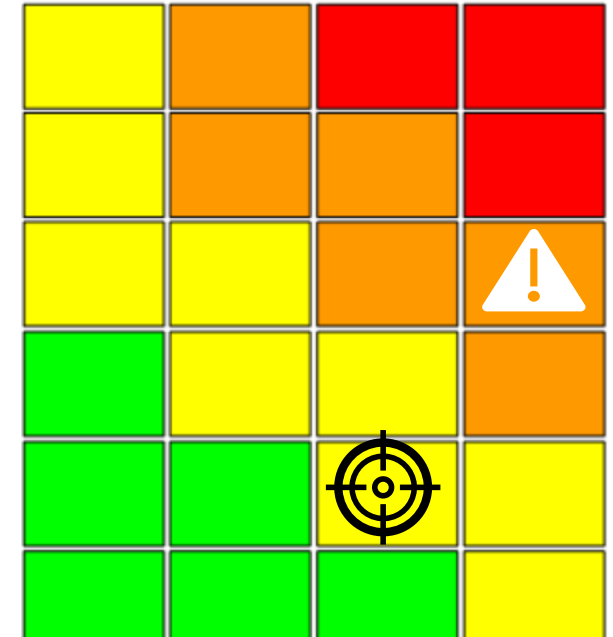
⚠ Current Risk ◎ Target ✓ Risk on Target

Mitigating Action	Owner	Date
Demand Responsive transport being considered	SM	Sept 22
On-going discussions with Reading Buses to review route planning	SM	June 22

Key Priority at Risk: Safe, strong communities

Owner	Change

PB **HW** New

18 RISK: Insufficient borough school place provision for mainstream children

Due to increased numbers of children moving into the borough including international arrivals (Hong Kong nationals and Ukrainian children) in both primary and secondary phases and too few places for girls (secondary phase) there is a risk if breach of the statutory place sufficiency duty.

Existing Controls:

- Primary Strategy 2018 to 2028
- Secondary Strategy 2022
- SCAP annual statutory places return to DfE
- Annual update of roll projections
- Regular reports to CSO&SC
- Regular item at BEP meetings
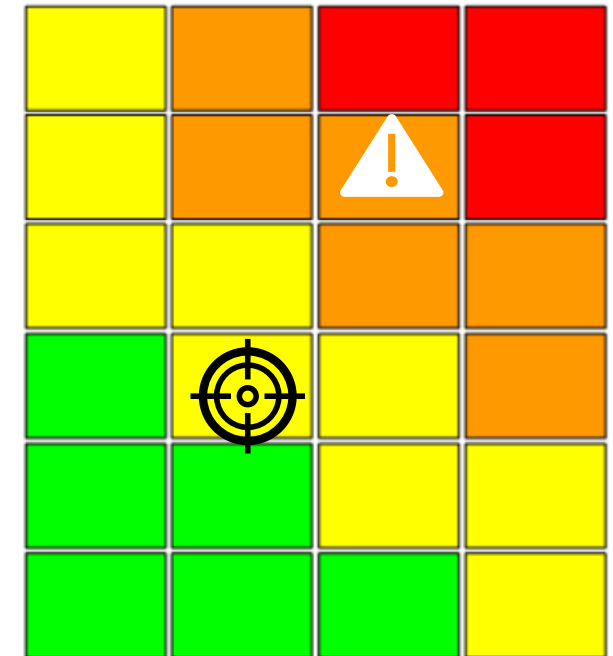
80

⚠️ Current Risk   ◎ Target   ✅ Risk on Target

Mitigating Action	Owner	Date
Secondary place strategy school level expansion plans in preparation	HW	Ongoing
2022 roll projection update	HW	June 2022
Primary Places Strategy update	HW	Autumn 2022

TITLE	**2021-22 Annual Internal Audit and Investigation Report**
FOR CONSIDERATION BY	Audit Committee on 1 June 2022
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

That Audit Committee notes the report and the Shared Audit and Investigation Service (SAIS) activity for the financial year end 31 March 2022, and progress in achieving the 2021/22 Internal Audit and Investigation Plan.

SUMMARY OF REPORT

This report and supporting appendix summarise the SAIS activity and outline the progress in achieving the 2021/22 Internal Audit and Investigation Plan as at 31 March 2022.

This recommendation is being made to ensure that the Council meets its legislative requirements and those of the Audit Committee's Terms of Reference.

The Internal Audit and Investigation Plan aims to ensure that the Council provides an effective Internal Audit activity function and assists the organisation in achieving its objectives in the most economic, efficient and effective way, whilst ensuring that Council assets and interests are being safeguarded from misappropriation/loss and thereby giving confidence to residents that public funds are being used appropriately.

The report provides the Chief Audit Executive (role fulfilled by the Head of Internal Audit and Investigation) opinion on the council's governance, risk management and internal control frameworks. It draws on the work of internal audit and investigations. The Head of Internal Audit and Investigation opinion is unqualified and provides reasonable assurance over the internal control environment in operation.

The report details the work of the SAIS during 2021/22. It supplements quarterly progress reports previously reported to this Committee.

Background

Regulation 6 (1) of the Accounts and Audit Regulations (2015) requires the Council to undertake an adequate and effective internal audit of its accounting records and the system of internal control in accordance with proper internal audit practices.

Proper practices for Internal Audit are defined in the CIPFA/IIA Public Sector Internal Audit Standards (PSIAS) and require that the Head of Internal Audit and Investigation delivers an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Annual Report is required to: -

- include an opinion on the overall adequacy and effectiveness of the Council's internal control environment,
- present a summary of the audit work on which the opinion is based,
- draw attention to any key issues that may impact on the level of assurance provided,
- provide a summary of the performance of the Service,
- comment on the Internal Audit Service's level of compliance with the PSIAS.

The aim of the report at Appendix A and the supporting Appendix A(I) is to cover these legislative requirements and those of the Audit Committee's Terms of Reference.

Appendix A updates Members on the status of work against the approved 2021/22 Audit and Investigation Plan as at 31 March 2022 and where audits have been completed, the overall audit opinion given.

For work completed during the year to date, there have been no audits where the audit assurance was lower than level 2, i.e., internal controls "substantially complete and effective." For the work completed, there are no matters of significance to bring to the Committee's attention.

New Internal Audit and Investigation Service

The team has been progressing through a period of transition due to the dissolution of the Shared Audit and Investigation Service with the Royal Borough of Windsor and Maidenhead which was completed on 31 March 2022 and the new Internal Audit and Investigation Service was established from 1 April 2022.

Analysis of Issues

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

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe 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

Other financial information relevant to the Recommendation/Decision
An effective internal audit and investigation's function mitigates financial and other risks associated with the Council achieving its objectives.

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

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

Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030*
This report has a positive impact on the climate emergency agenda, as it provides public assurance about the Council's risk, control and governance environment and includes specific reviews of key corporate risks that have been undertaken in respect of Net-Zero Carbon (Climate Emergency).

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
2021/22 Internal Audit and Investigation Plan

Contact Catherine Hickman Head of Internal Audit and Investigation	**Service** Governance
Telephone No 07885 983378	**Email** catherine.hickman@wokingham.gov.uk

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WOKINGHAM BOROUGH COUNCIL

ANNUAL INTERNAL AUDIT & INVESTIGATION REPORT
2021/22

CONTENTS

Section No.	Title
1	Purpose of the Annual Report
2	Head of Internal Audit and Investigation Annual Opinion and Key Headlines
3	Areas of Risk Exposure
4	Internal Audit Service Performance and Contribution
5	Fraud and Irregularities
6	New Internal Audit and Investigation Service
7	Resources
8	Conformance with Public Sector Internal Audit Standards
9	Context and Compliance

Appendix	Title
A(I)	2021-22 Internal Audit and Investigation Plan Progress (Position as at 31 March 2022)

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1. PURPOSE OF THE ANNUAL REPORT

1.1 This Annual Report provides a summary of the work completed by the Shared Audit and Investigation Service (SAIS) during 2021/22. Its purpose is:

- to include an opinion on the overall adequacy and effectiveness of the Council's internal control, governance and risk management environment,
- present a summary of the audit work on which the opinion is based,
- draw attention to any key issues that may impact on the level of assurance provided,
- provide a summary of the performance of the Service,
- comment on the Audit Service's level of compliance with the Public Sector Internal Audit Standard (PSIAS).

2. HEAD OF INTERNAL AUDIT AND INVESTIGATION ANNUAL OPINION AND KEY HEADLINES

2.1 At their meeting on 22 February 2021, the Audit Committee (AC) agreed the move to a quarterly audit and investigation planning cycle for the 2021/22 financial year, rather than an annual one, due to the ongoing impact of the Covid-19 pandemic on the Council's services and the associated internal audit work programme.

2.2 The Audit Committee (AC) initially approved the Quarter 1 and 2 Work Programmes on 22 February 2021 and 28 July 2021 respectively. As working arrangements began to normalise, AC approved the internal audit work programme for the full 2021/22 financial year on 15 September 2021, incorporating audits previously agreed for Quarters 1 and 2.

2.3 The Internal Audit and Investigation Service has been undergoing a period of change and transition during the financial year due to the dissolution of the SAIS arrangement with the Royal Borough of Windsor and Maidenhead. This was completed on 31 March 2022 and arrangements for a new Service have been developed and put in place to commence with effect from 1 April 2022. This has included associated changes to the resource base of internal audit, which has been managed through the year through the year to ensure continuity of the service through the period of change.

2.4 Additional work for the SAIS during the year has related to the various Covid-19 Grants and the related Central Government requirements with set timescales. This has had a significant impact on the work of the team in responding to these requirements within tight timescales.

2.5 Our overall opinion on the adequacy of the Council's arrangements for internal control, governance and risk management for 2021/22 is based on evidenced assessment of the control framework in a number of areas in accordance with the Internal Audit and Investigation Plan. It should be noted that in devising the annual audit and investigation plan, a risk-based approach is taken and as such, areas of highest risk are targeted for review of the mitigation and controls in place.

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2.6   This report provides a summary of the work undertaken during the financial
        year 2021/22 and the results of that work, which inform the overall audit
        opinion. Details of that work are at Appendix A(I), together with the assurance
        levels we have been able to provide for each review, where appropriate. For
        each audit review completed, the assurance level is determined based on the
        level of control found as set out at Appendix A(I) - Legend Section.

2.7   Account is also taken of other assurance mechanisms e.g., Peer Review,
        Ofsted Inspections to inform the Chief Audit Executive (role fulfilled by Head
        of Internal Audit and Investigation) overall opinion in those areas of coverage
        during the year.

Head of Internal Audit and Investigation Annual Opinion 2021/22

*"Substantially Complete and Generally Effective but with some
improvements required".*

*Based on audits completed during the year, most key controls are in place
and are operating effectively with the majority of residual risks being
reduced to an acceptable level and reported concerns being aimed by
management to be reduced to a predominately moderate impact level. A
small number of exceptions were identified, and these have been
discussed with Senior Management and where necessary, presented to
previous meetings of the Audit Committee. This audit opinion supports
other assurance mechanisms such as External Audit, external
professional body inspections and the Annual Governance Statement
(AGS).*

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3.   AREAS OF RISK EXPOSURE

3.1   From internal audit work undertaken during 2021/22, for those audits
        completed to Final Report stage, it is pleasing to note that based on the audit
        areas reviewed during the period, none have received the third or fourth
        category of audit opinion (on a scale of category 1 being 'High' and 4 being
        'Low' (for descriptions refer to Legend Section in Appendix A(I)).

4.   INTERNAL AUDIT SERVICE PERFORMANCE AND CONTRIBUTION

4.1   Appendix A (I) details the status of audits against the 2021/22 Audit and
        Investigation Plan as at 31 March 2022 and those audits completed from the
        2020/21 financial year. Table 1 provides a summary.

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Table 1: Status of audits

Audit Status	Number of audits
Final Report and Advisory	12
Draft Report	4
Fieldwork In Progress	2
Grant Certifications	15
Total	33

4.2   For the reviews completed, where an audit opinion was appropriate (i.e., Final Report stage), the following breakdown of classification is summarised in Table 2 below.

Table 2: Summary of audit opinions awarded

Overall Opinion	Summary of Audit Opinion	Number of Audits
1	Complete and Effective	2
2	Substantially Complete and Generally Effective	6
3	Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated	
4	There is no effective Risk Management process in place	
	Advisory – No Opinion	4
	Grant Certifications	15
Total		27

4.3   Audit reports are presented using lean terminology, using the cause, concern and countermeasure and management are given the opportunity to treat, tolerate, terminate, or transfer the concerns and associated risks. Management Action Plans have been put in place to address issues identified during audit work and audit follow up verification will confirm whether agreed countermeasures for Very High or High concerns have been actioned within agreed timescales.

4.4   Management is given one month between the draft and final reporting stage to address any countermeasures and, where applicable, improve the overall audit opinion. There were no audits where this option was utilised by management.

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4.5   Where concerns are classified as being Very High or High that have been tolerated by management, these are highlighted to the Audit Committee. There are no cases of Very High or High concerns being tolerated by management.

Key Corporate Risk Audits

4.6   During the year, specific focus has been made on the Council's Key Corporate Risks. Of the 16 risk subject areas in the Corporate Risk Register at the time of preparing this report, 6 have been subject to audit: – Net Zero (Climate Emergency); Corporate Governance; Adult Services, Safeguarding; Information Governance (Information & Data Management); Failure to Meet Statutory Duties (Diversity & Equalities) and Public Protection Partnership.

4.7   In addition, an audit of IT Controls (Cyber Security) commenced in the latter part of the year in the form of a Self-Assessment Questionnaire that has been issued to response to emerging threats. The 2022/2023 audit planning process recognises this as a key Corporate IT risk and preparatory audit fieldwork is underway.

Key Financial Systems

4.8   Work has been undertaken during the year in respect of a number of key financial systems audits, including Council Tax, NNDR and Housing Benefits, Income Systems and Debtors to ensure sufficient coverage of these key systems, especially after the impact of Covid that had delayed these audits from being completed.

Grant Certifications

4.9   An increased number of Grant Certifications have been audited during the period. The team carries out work to verify and certify amounts that the Council can claim. Without this certification, grants may become repayable. Grants certified include: -

- Supporting Families Grant Programme (Quarterly)
- DfT Transport Capital Grant
- Bus Subsidy Operators Grant
- Disabled Facilities Grant
- Rough Sleepers Initiative – Covid Related Grant
- DfT - LTA Bus Recovery Grant – Covid related Grant
- DfE - Additional Home to School Transport Grant
- DfT – Covid-19 Bus Service Support Grant
- DfT Travel Demand Management Grant
- Prevent and Vaccinate Grant
- Homelessness Prevention Grant
- COVID Business Grant PPAS
- Resource Departmental Expenditure Limit Grant

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Outstanding management responses

4.10   There were no audits where management responses were outstanding at the time of preparing this report.

Deferred Audits

4.11   One audit has been deferred during the period in relation to Children's Services Special Educational Needs and Disability (SEND) due to staff changes within the directorate and the area was subject to external inspection during the year. This audit area will be reconsidered for inclusion in the 2022/23 Internal Audit and Investigation Plan, in discussion with the Interim Director of Children's Services. The audit was replaced by a senior management request to undertake a review of Children's and Adults Safer Recruitment. The purpose of the audit was to determine whether the controls over the operation of the recruitment policy, with specific regard to the safer recruitment process during Covid, across the Adults and Children's Services Directorates, are effective. This report is at draft report stage to discuss with the Chief Executive.

Consultancy, Contingency and Advice

4.12   In addition to completing planned audit reviews, the team also provide consultancy, ad hoc advice and guidance across the Council to assist colleagues with ensuring that control and governance arrangements are considered in developing processes/policies etc. There has been a range of activity in this respect during the year, which has included advisory work in respect of the Creditors/Purchase Ledger System, verification of the Diversity and Equalities Framework, Information and Data Management Self Assessments against recommended best practice guidance, to give independent assurances and reasonableness checks, as well as providing guidance on Right to Buy scheme processes and controls.

4.13   Internal Audit was interviewed and contributed to the Corporate Peer Challenge that took place in November 2021, which enabled internal audit to be part of the wider agenda and direction of the Council.

4.14   The Team provide support to Corporate Working Groups, where appropriate. This included providing internal audit input to the Tackling Racism at Work Working Group in terms of reviewing Council policies covering Racism at Work. This has been expanded to all other Diversity and Equality policies as another aspect of this work.

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5.   FRAUD AND IRREGULARITIES

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

5.2.   The work undertaken by the team has included re-active investigations as well as developing pro-active fraud drives. A summary of the key areas activity since we last reported is provided below: -

National Fraud Initiative Data Matching Exercise – The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud. Data for the NFI is provided by participating organisations from the public and private sectors including government departments. The bi-annual upload of data for the National Fraud Initiative has taken place and the data matches are being investigated.

The initial results from the 2021/22 Work Programme are summarised in Table 3 below. These do not include the Payroll or Creditors data matches as these were still being investigated at 31 March 2022 and the results of this work will be included a future 2022/23 Progress Report to AC. In addition, any Single Persons Discount based data matches are not included as these are being reviewed by an external company.

The values calculated below (*) are provided by the Cabinet Office and their identification through this Data Matching work prevents ongoing financial loss to the Council.

Table 3 Summary of Data Matching Results to 31 March 2022

NFI report matches	Number of Instances	Value (£'s) *
Blue Badge to DWP Deceased	149	85,675
Concessionary Fares to DWP Deceased	238	5,712
Waiting List to Housing Tenants	5	16,200
Waiting list to Housing Benefit Claimants	13	42,120
Waiting list to Waiting List	2	6,480
Waiting list to DWP Deceased	4	32,400
Total		£188,587

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Pro-active Exercises - Empty Property Relief - During the first part of the year, an exercise to investigate Council Tax Empty Property Relief was undertaken. The number of letters sent out for the empty property review was 515 with 337 (65.4%) returned of which 168 (49.85%) of these, reporting changes in circumstances. It should be noted that the properties identified in the Council Tax Empty Property Relief exercise as occupied that were previously shown as unoccupied feed into the New Homes Bonus Scheme formula and may result in extra income into the Council through liable charges being raised for previous Council Tax liability.

Covid grant post payment assurance work - Evidence has been obtained and submitted to the Department for Business, Energy and Industry Strategy in accordance with the requirements of Covid grant conditions for various Covid business grants paid. In addition, any fraud risk assessments have been completed and returned.

Police DPA requests - These requests are received on an ad-hoc basis and require immediate response to ensure that we are working efficiently with the Police for the prevention and detection of crime, the prosecution and/or apprehension of offenders and/or protecting the vital interests of a person.

Freedom of Information / Data Protection Act Requests - We aim to ensure that these requests are responded to within the legal timescale requirements. Freedom of Information requests relating to internal audit and investigation work include fraud and whistleblowing.

Regulation of Investigatory Powers Act (RIPA) – No investigation cases have been undertaken to date that have required RIPA surveillance approval to be requested.

6.   NEW INTERNAL AUDIT AND INVESTIGATION SERVICE

6.1   Work continued over the year in taking forward the redesign proposal for the new Internal Audit and Investigation Service, formally established with effect from 1 April 2022. This included the preparation of a new 2022/23 Internal Audit and Investigation Strategy and Plan for the Service, which reflects key audit review areas to ensure that the right balance and focus of audit work for the new service. This has and continues to include engagement with key stakeholders as we further develop and design the new service going forward.

6.2   The redesign of the Internal Audit and Investigation Service presented us with an opportunity to look at a different approach to providing Internal Audit and Investigation Services at WBC. Although the new Service had not yet commenced formally, our preparations has resulted in the Service already having a higher profile and a clear and more engaging approach, which is manifesting itself through the feedback we are receiving from our key stakeholders.

6.3   As part of the establishment of the new Service, we have been reviewing our protocols, procedures and reporting templates to ensure that they are current and effective.

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6.4   An Internal Audit Charter (Terms of Reference) for the new Internal Audit and Investigation Service was approved by AC on 30 March 2022. This included addressing the action from the recent Local Government Association (LGA) Corporate Peer Challenge (as reported to Executive on 7th March 2022) which recommended that reporting lines for Internal Audit be clarified.

7.   RESOURCES

7.1   A recruitment campaign is in progress to recruit to permanent posts, with two vacant roles currently being covered by interim resource to assist the team with the smooth delivery of the audit and investigation Work Programme. To further develop expertise in the team, we have engaged with a co-sourced arrangement under an Audit Framework with the London Borough of Barnet This will also provide technical support and resilience and enhance development opportunities within the team going forward.

7.2   We aim to develop and implement succession plans that are underpinned by the principle of growing our own skilled professionals through the apprenticeship and graduate trainee route as well as a Guest Auditor programme. This approach not only supports the Council's wider objectives but also helps to address difficulties currently faced nationally in recruiting experienced and qualified internal audit staff.

8.   CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

8.1   The PSIAS, as revised in April 2017, define the service and professional standards for public sector internal audit services. The standards apply to the Internal Audit function in all parts of the public sector in the UK and are mandatory. Within the PSIAS, there is a requirement for an independent external review of the internal audit function once every five years.

8.2   The last external inspection of the Internal Audit Service against the PSIAS took place in 2018 and assessed the service as 'generally' conforming to the standards (the top category of opinion).

8.3   In addition, Internal Audit completes an annual self-assessment of its compliance with the requirements of the PSIAS and the relevant CIPFA Local Government Application Note (LGAN).

8.4   The purpose of the External Review and the interim annual Self Assessments is firstly to provide assurance to the Audit Committee and management that Internal Audit is compliant with the PSIAS and consequently they can rely on the work of Internal Audit, and secondly, to further enhance delivery of the internal audit function through the identification of opportunities for development.

8.5   The next external inspection of the Service against the PSIAS will be commissioned during 2022/23 and it is intended that this will take place during Quarters 3/4 of the financial year, once the new Service has had an opportunity to establish and bed in its new working practices. The results of this review will be reported to a future meeting of the Audit Committee.

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9. CONTEXT AND COMPLIANCE

9.1 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).*

9.2 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 to 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 (Amendment) (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".

9.3 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.

9.4 The Head of Internal Audit and Investigation confirms that any restrictions on the scope of internal audit work and reasons are as outlined in the headline summary section of this report.

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Details

Section 1- Corporate Risks
With reference to the Council's Corporate Risk Register, these audits are intended to provide assurance to management that the expected mitigating actions and controls to manage risks are operating as expected. All key corporate risks are expected to be covered over a two-to-three-year period.

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion Category (Completed Audits)
Climate Emergency	Key Corporate Risk	To provide assurance on the application and delivery of the Council's climate emergency programme. High level review to cover governance, management and reporting arrangements	Draft report	
Special Educational Needs and Disability (SEND) Reforms	Key Corporate Risk	To provide assurance on the efficacy of the mitigating actions being taken to address this corporate risk	Initial scoping meetings held. Audit deferred due to officer changes and to accommodate review of Children's and Adult Services Recruitment and Safeguarding at request of management. To consider as part of 2022/23 Internal Audit and Investigation Plan	Audit deferred
Corporate Governance	Key Corporate Risk	To provide assurance on the application of the Council's Local Code of Corporate Governance	Final Report	2
Adult Services - Safeguarding	Key Corporate Risk	To provide assurance on the efficacy of the mitigating actions being taken to address these corporate risks	Final Report	2

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion Category (Completed Audits)
Diversity and Equality – 2020/21 Follow up	Key Corporate Risk/Management Request	To ascertain progress on implementing countermeasures from 2020/21 audit review	Final Report	2
Diversity and Equalities - Equalities Framework	Key Corporate Risk/Management Request	To assess the Council against the LGA Equalities Framework	Final Report	Advisory
Diversity and Equalities - Data Collection	Key Corporate Risk/Management Request	To review the collection of equalities data across the Council to support the delivery of the Equality Plan and supports the Council in delivering services for all	Draft Report	
Information and Data Management	Key Corporate Risk	To undertake a verification of the Council's self-assessment against the Information Commissioner's Office Self-Assessment ("Accountability Tracker") to provide a reasonableness check	Final Report	Advisory
Public Protection Partnership	Key Corporate Risk	Request of the Audit Committee. High level desk top exercise to review progress addressing the risks during the period of transition to an in-house service	Final Report	Advisory

Section 2- Key Financial Systems
The Service will be continually reviewing this coverage in consultation with the Deputy Chief Executive (section 151 officer) and Assistant Director Finance (Deputy S151 Officer) in year to ensure that audit coverage is relevant and focused correctly.

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Income Systems & Debtors	Key financial system	To provide assurance on Income Systems & Debtors operations	Fieldwork	
Purchase Ledger / Creditors Consultancy	Key financial system/management request (Deputy S151 Officer)	To provide advisory/consultancy review following the introduction of automatic invoice matching and the introduction of early payment programme (EPP)	Final Report	Advisory
General Ledger	Key financial system	To provide assurance on General Ledger operations	Final Report	2
Housing Rents	Key financial system	To provide assurance on Housing Rents operations	Fieldwork	
Benefits/Council Tax Reduction Scheme	Key financial system	To provide assurance on Benefit/CTRS operations	Final report	1
Council Tax & NNDR	Key financial system	To provide assurance on Council tax and NNDR collection and recovery processes	Final report	1
Capital Accounting	Key financial system	To provide assurance on Capital Accounting processes and controls	Elements covered and reported on as part of Reconciliation audit with the remainder to be covered in 2022-23	

Section 3 - Governance Building Blocks
These reviews cover the key governance elements and are necessary for the formation of the Chief Audit Executive (CAE) and Annual Governance Statement (AGS)

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Audits Completed)
Annual Governance Statement (AGS) 2021/22	Governance Building Block	To support and advise management on the completion of the AGS 2021/22 and provide assurance on the 2020/21 follow-up actions	Completed in respect of 2020/21 AGS process and preparation. Work to commence for preparation of 2021/22 AGS and Action Plan	n/a

Section 4 - Fraud and Investigation
This work is to maintain the Council's anti fraud and anti corruption framework and to respond to any allegations of fraud and irregularity

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Reactive Investigations	Fraud referrals including, Council Tax Reduction Scheme; Housing; Whistleblowing and disciplinary, procurement etc	Specific to individual investigation/investigation exercise	Ongoing, as required	n/a

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Proactive counter fraud work	Empty Property Relief Exercise	Requested by management, results to feed into New Homes Bonus	Completed	n/a
	Covid-19 Grants, e.g., Restart Grants	Support to management process to reduce potential for fraud and returns to BEIS	Ongoing	n/a
	Department for Business, Energy & Industry Strategy Fraud Risk Assessments	Central Government return required for assessment of fraud risk in respect of Covid-19 grants	Completed	n/a
National Fraud Initiative	Management of Council's provision of data and investigation of matches	Mandatory national data matching exercise	Investigation of data matches in progress	Results to 31/3/2022 reported in Main Report

Section 5 - Auditor Judgement and Servicing the Business

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Reconciliation	Management request	Review all financial and non-financial reconciliations to ensure they have been identified and are being undertaken, as required	Draft Report	

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Children's and Adult Services Recruitment and Safeguarding	Management request	Review of recruitment and safeguarding controls during Covid period	Draft Report	
Supporting Families Grant Programme	Grant Certification	Mandatory certification of grants received from central government	Quarterly - Quarter 1 Certification completed - Quarter 2 Certification completed - Quarter 3 Certification completed - Quarter 4 Certification completed	C C C C
DfT Transport Capital Grant	Grant Certification	Mandatory certification of grants received from central government	Certification completed	C
Bus Subsidy Operators Grant	Grant Certification	Mandatory certification of grants received from central government	Certification completed	C
Disabled Facilities Grant	Grant Certification	Mandatory certification of grants received from central government	Certification completed	C
Rough Sleepers Initiative – Covid Related Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
DfT - LTA Bus Recovery Grant – Covid related Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
DfE - Additional Home to School Transport Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
DfT – Covid-19 Bus Service Support Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
DfT Travel Demand Management Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Prevent and Vaccinate Grant	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
Homelessness Prevention Grant (HPG)	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
RDEL	Grant Certification	New Covid related grant certification for grant received from central government	Certification completed	C
Advice on demand	Requests for ad-hoc advice on control, risk management and governance issues	Advice to support the assurance, internal control and governance framework, as required	Ongoing	n/a
Racism at Work Council Workstream	Audit advice, at request of management, in reviewing all Council Diversity and Equalities Policies/setting up corporate training	Audit input to support the Governance process in this workstream	Completed	n/a
Follow up countermeasures and testing	Very high/high priority only to monitor progress in implementing management actions	To ensure very high/high priority issues identified from internal audit work are being addressed by management within agreed timescales	Ongoing	n/a

Section 6 – 2020/21 Audits Carried Forward – audits carried forward and completed during 2021/22 financial year

Audit	Reason for Audit	Outline Scope	Progress to 31 March 2022	Audit Opinion (Completed Audits)
Cash and Bank Reconciliation	Key financial system	To provide assurance on Cash and Bank Reconciliation operations	Final Report	2
Treasury Management	Key financial system	To provide assurance on Treasury Management operations	Final Report	2

Audit Opinion – Legend	
1. Complete and Effective	♦ All necessary Treatment Measures are in place and are operating effectively. ♦ Residual risks have been reduced to an acceptable level ♦ There are no unacceptable financial implications. ♦ Concerns reported are minor. (Risk management processes are strong, and controls are adequate and effective).
2. Substantially Complete and Generally Effective	♦ Most key Treatment Measures are in place, and these operate effectively. ♦ The majority of residual risks have been reduced to an acceptable level. ♦ There are some unacceptable financial implications. ♦ The majority of concerns are of a predominately moderate impact/likelihood. (Risk management processes are good, and controls are adequate although only partially effective).
3. Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated	♦ Not all key Treatment Measures are in place and / or do not operate effectively ♦ Residual risks have not all been reduced to an acceptable level ♦ There are some unacceptable financial implications associated with more than one risk mitigation control or because of a lack of risk mitigation control. ♦ There are a number of concerns that are predominantly of a major impact/likelihood. (Risk management processes and controls are adequate but not effective in mitigating the identified risks).
4. There is no effective Risk Management process in place	♦ There are no appropriate Treatment Measures in place. ♦ Residual risks remain at an unacceptable level ♦ Reported concerns are predominantly of a catastrophic or major impact/likelihood. (Risk management processes and controls are weak).
C	Certification
E	Exemption

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WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 27 July 2022	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	Indicative Audit Planning report 2021/22	**EY**
	3.	Complaints and compliments update	**Customer Services**
	4	Treasury Management Outturn Report	**Graham Ebers, Deputy Chief Executive**
	5.	Internal Audit and Investigation Q1 Progress Report	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	6.	Annual Governance Statement	**Graham Ebers, Deputy Chief Executive**

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 28 September 2022	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	EY - Final audit results report 2020/21	**EY**
	3.	EY - Auditor's annual report 2020/21	**EY**

WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 30 November 2022	1.	Treasury Management Mid-Year Report 2022/23	**Graham Ebers, Deputy Chief Executive**
	2.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	3.	Internal Audit and Investigation Q2 Progress Report	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	4.	Fraud Policies review	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	5.	Annual Governance Statement	**Graham Ebers, Deputy Chief Executive**
	6.	Statement of Accounts (or February)	**Graham Ebers, Deputy Chief Executive**
	7.	Ernst & Young – Audit results report 2021/22 (or February)	**EY**
	8.	Compliments and complaints	**Customer Services**

WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 1 February 2023	1.	Corporate Risk Register Update	**Graham Ebers, Deputy Chief Executive**
	2.	Internal Audit and Investigation Q3 Progress Report Plan	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	3.	2023-24 Draft Internal Audit and Investigation Plan	**Catherine Hickman, Head of Internal Audit and Investigation Service**
	4.	2022-23 Outline Audit Plan (or July 2023)	**EY**
	5.	EY – Auditor's Annual Report 2021/22 (or July 2023)	**EY**
	6.	Treasury Management Strategy 2023/24	**Graham Ebers, Deputy Chief Executive**

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