

## Notice of Meeting

### Governance & Audit Committee

Councillor Karim (Chair),  
Councillor O'Regan (Vice-Chair),  
Councillors Allen, Ejaz, Haffegge, Neil, Robertson and Zahuruddin



**Wednesday 13 March 2024, 7.30 - 9.30 pm**  
**Council Chamber - Time Square, Market Street, Bracknell, RG12 1JD**

### Agenda

*All councillors at this meeting have adopted the Mayor's Charter which fosters constructive and respectful debate.*

Item	Description	Page
1.	<b>Apologies for Absence</b>	
	To receive apologies for absence and to note the attendance of any substitute members.	
2.	<b>Declarations of Interest</b>	
	<p>Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.</p> <p>Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.</p> <p>Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.</p>	
3.	<b>Minutes of previous meeting</b>	3 - 6
	To approve as a correct record the minutes of the previous meeting of the Committee held on 24 January 2024.	
4.	<b>Urgent Items of Business</b>	
	Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.	
5.	<b>External Audit Plan 2021/22 and Update on Local Audit Delays</b>	7 - 56
	To update the Committee on the Government's consultation on proposals to	

### **EMERGENCY EVACUATION INSTRUCTIONS**

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	<p>address the current backlog in local audit completions across the local government sector and to enable the Council's External Auditor Ernst and Young to present to the Committee the Audit plan covering the 2021/22 financial year.</p> <p><b>Reporting:</b> Arthur Parker, Chief Accountant</p>	
6.	<b>Strategic Risk Register</b>	57 - 72
	<p>To present the Strategic Risk Register for Governance and Audit Committee to review and feedback to CMT.</p> <p><b>Reporting:</b> Sally Hendrick, Head of Audit &amp; Risk Management</p>	
7.	<b>Head of Audit Interim Report</b>	73 - 86
	<p>To present the update on progress on the Annual Internal Audit Plan.</p> <p><b>Reporting:</b> Sally Hendrick, Head of Audit &amp; Risk Management</p>	
8.	<b>Annual Internal Audit Plan 2024/25</b>	87 - 100
	<p>To set out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2024/25.</p> <p><b>Reporting:</b> Sally Hendrick, Head of Audit &amp; Risk Management</p>	

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Published: 5 March 2024

### **EMERGENCY EVACUATION INSTRUCTIONS**

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**GOVERNANCE & AUDIT COMMITTEE**  
**24 JANUARY 2024**  
**7.30 - 8.20 PM**

**Present:**

Councillors O'Regan (Vice-Chair), Allen, Ejaz, Robertson and Zahuruddin

**Present Virtually:**

Councillors Haffegge and Neil

**Apologies for absence were received from:**

Councillors Karim

**KPMG external auditors 2023/24**

Andrew Cardoza, Adam Bunting and Jess Thompson from KPMG introduced themselves to the members of Governance & Audit Committee as the external auditors for 2023/24 for Bracknell Forest Council.

**21. Declarations of Interest**

There were no declarations of interest.

**22. Minutes of previous meeting**

**RESOLVED** that the minutes of the meeting of the committee held on 20 September 2023 be approved as a correct record, and signed by the Chairman.

**23. Urgent Items of Business**

There were no urgent items of business.

**24. Treasury Management Strategy Statement**

Calvin Orr, Head of Finance and Business Services presented the Treasury Management Report 2024/25 and 2023/24 Mid-Year Review.

The Treasury Management strategy statement had been presented to the Executive, and this Committee was asked to review and examine the policy. The report was proposed for submission to Council for approval and had already been published in December 2023. Calvin commented that there was no particular area to draw to members' attention on the current performance, and the focus remained on inflation and economic changes. There were no fundamental changes in the 2024/25 report compared to that of the 2023/24.

In response to questions, the following points were noted:

- The difference in net financing need 2024/25 estimate (£3.12m) compared to the Capital Financing Requirement projected net financing need for the year

(£5.5m) could be attributed to a one-off capital receipt at the end of the 2023/24 which could be applied to the capital programme.

- A typo was spotted in the column headings on Operational Boundaries, however it was stressed that the figures were correct and operational boundary should remain consistent.
- While the Council did not hold an ethical investments policy itself, all investments were held in money market funds and not in companies. Calvin offered to provide a breakdown on the type of investments which money markets might hold. **(Action: Calvin Orr)**
- Addressing a query on the impact of Treasury Management on the overall budget outcome for the Council, Calvin commented that the Council had moved from a position of considerable investment income into a low interest environment and debt orientated strategy. Officers were mindful of the revenue cost of borrowing and any unfinanced capital investment had to be funded by borrowing at cost.
- While varying interest rates did impact on local authorities' expenditure and revenue, the Council's net position had not dramatically changed.

**RESOLVED** that

- 1 The Committee consider and review the Mid-Year Review Report.
- 2 The Committee agree that the Mid-Year Review Report be circulated to all Members of the Council.
- 3 The Committee review the Treasury Management Report in Annex A for 2024/25 prior to its approval by Council.

**25. Interim Internal Audit Update**

Sally Hendrick, Head of Audit and Risk Management presented the interim internal audit update.

Recruitment challenges continued within the team, and the Principal Audit Officer post remained vacant. This led to difficulties in delivering against the audit plan, and the small team were dependent on apprentices who required close supervision and training. The pressure had been mitigated by purchasing an additional 50 days of support from Wokingham Borough Council's internal audit team to bring the total days purchased to 150.

By the same time last year, the audit team had delivered 29 audits compared to 21 this year. A further two audits had been completed with satisfactory assurance opinions since the report was published. Officers had reviewed the audit plan in the People directorate which had been overly ambitious for 2023/24, to determine those which were high priority and those which could move to the 2024/25 schedule.

Members' attention was drawn to three audits with high priority issues; budgeting, Larchwood and the Council's Amazon account procurement processes.

It was noted that the audit process for schools was to request self-assessments to be followed up with an audit if review of the self-assessments indicated there may be weaknesses.

It was therefore to be expected that those schools which had been audited had resulted in poorer audit opinions.

Managers had been asked to provide updates in the recommendation tracker.

In response to questions, the following points were noted:

- The apprenticeship was a 20-month process, and while it was recognised that the apprentices were of a good standard and progressing well, the officer time required to support them took away from frontline audit work.
- School E had acknowledged significant difficulties during the self-assessment process, and officers had agreed to run the audit as a gap analysis with no opinion. The school would be revisited within 12 months.
- Sally was exploring the options to provide further career progression and to retain the apprentices once their initial training was complete. If the apprentices did wish to leave and challenges for recruiting the Principal Auditor remained, there would be no other option but to use costly agency staff. It was commented that taking on further apprentices would only add to the resourcing pressures.
- It was noted that the Council's job evaluation model had sometimes made recruiting for professionals and specialist roles, such as the Principal Auditor, a challenge. The salaries offered for auditors at the Council were therefore lower than the competitive rate as a result. The business change programme included a specific retention programme to address recruitment and retention in specialist areas such as audit and procurement.
- The audit on budgeting had raised concerns around reliance on the finance team for the forecasting process, rather than budget managers taking responsibility and weaknesses in engagement with the budget setting process. It was commented that budget managers should be owning their budget early in the process to create a financially aware organisation.

The Committee noted the report.

**CHAIRMAN**

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**TO: GOVERNANCE AND AUDIT COMMITTEE**  
**13 March 2024**

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**EXTERNAL AUDIT PLAN 2021/22 AND UPDATE ON LOCAL AUDIT DELAYS**  
**(Executive Director: Resources)**

**1 PURPOSE OF REPORT**

- 1.1 To update the Committee on the Government's consultation on proposals to address the current backlog in local audit completions across the local government sector and to enable the Council's External Auditor Ernst and Young to present to the Committee the Audit plan covering the 2021/22 financial year.

**2 RECOMMENDATION**

- 2.1 **The Committee notes the Audit plan for the 2021/22 financial year and plans to address local audit delays.**

**3 REASONS FOR RECOMMENDATION(S)**

- 3.1 To ensure that the Committee is aware of the External Audit approach for the years 2021/22 and 2022/23 and proposals to address the delays in the local audit system.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 None available.

**5 SUPPORTING INFORMATION**

- 5.1 Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers.
- 5.2 The backlog in the publication of audited accounts of local bodies in England has grown to an unacceptable level and as of 31 December 2023, the backlog of outstanding audit opinions stood at 771. A number of factors have been cited that have contributed to this situation, including lack of resources in audit firms and in local authority finance teams. The situation in Bracknell Forest – where accounts up to and including 2020/21 have been signed off – is further complicated by the Berkshire Pension Fund being administered by the Royal Borough of Windsor and Maidenhead (RBWM) on behalf of all Berkshire authorities. Until RBWM's accounts for each year are fully signed off by its external auditor, the other authorities' accounts are inevitably held up, due to the materiality of pensions transactions and the reliance placed on RBWM's audit opinion by other audit firms.
- 5.3 In July 2023, the Minister for Local Government published a Cross-System Statement to Parliament setting out proposals to tackle this backlog. Since then, organisations involved in the regulation and oversight of local body financial reporting and audit ("system partners") have been working collectively to agree a

proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

- 5.4 This has resulted in consultations being issued by the Department for Levelling Up, Housing and Communities (DLUHC) and the National Audit Office (NAO), with one to follow shortly from CIPFA LASAAC on temporary changes to the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 to reduce burdens on finance teams and auditors.
- 5.5 To clear the backlog of historical accounts and 'reset' the system, DLUHC proposes putting a date in law (the "backstop date") – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23.
- 5.6 The NAO is proposing changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published, and to allow them to provide a single commentary on value for money (VFM) arrangements for local bodies for all outstanding years up to and including 2022/23.
- 5.7 The backstop date is likely to be a factor in local auditors issuing a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before that date.
- 5.8 Andrew Brittain, Director, Ernst and Young will attend the meeting to give an update on the 2021/22 audit and an indication of the work achievable on the 2022/23 audit by the proposed backstop date. The audit plan for 2021/22 is attached.
- 5.9 The setting of the backstop date for audits up to and including 2022/23 is referred to as the Reset phase. Two other phases have been proposed:
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles;
  - Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

#### Phase 2 Recovery

- 5.10 Recovering from modified and disclaimed audit opinions requires significant work for preparers and auditors. Where the audit opinion is modified or disclaimed, the auditor does not have assurance over all historical figures that carry forward into the subsequent year. Auditors will need to audit some of the opening balances in order to obtain assurance over the current year closing balances. They will need to perform sufficient testing on opening balances to rebuild assurance that enables them to issue unmodified opinions in the future.
- 5.11 To achieve a balance between restoring timely audit and returning to unmodified audit opinions for most local bodies, the government is now consulting on the following additional backstop dates for the 5 years covered by the latest round of audit appointments:



## Unrestricted

- Year ended 31 March 2024: 31 May 2025
- Year ended 31 March 2025: 31 March 2026
- Year ended 31 March 2026: 31 January 2027
- Year ended 31 March 2027: 30 November 2027
- Year ended 31 March 2028: 30 November 2028

These new backstop dates would enable auditors to rebuild assurance over local bodies' financial information which has been subject to modified opinion over several years.

- 5.12 Public Sector Audit Appointments (PSAA) will use its fee variation process to determine the final fees local public bodies will have to pay in relation to delayed audits and 2023/24 audits.

### Phase 3 Reform

- 5.13 Further, longer term work is required to address the systemic challenges that have led to the current local audit backlog. All parties to the Cross-System Statement have committed to continue work to ensure that financial reporting, auditing and regulatory requirements are proportionate and based on a common understanding of the purposes of local audit and reporting.
- 5.14 This work will build on the recommendations of the [Redmond Review](#), the recent Levelling Up, Housing and Communities Committee report into financial reporting and audit in local authorities and Public Accounts Committee reports on the timeliness of local audit.
- 5.15 Currently, CIPFA LASAAC's strategic plan includes a workstream looking at long-term reforms to financial reporting based on the needs of accounts users and HM Treasury will be setting out in the first quarter of 2024 the outcome of its thematic review into the valuation of non-investment assets.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Legal Comments

- 6.1 None arising from this report.

### Finance Comments

- 6.2 None arising from this report.

### Equalities Impact Assessment

- 6.3 Not applicable

### Strategic Risk Management Issues

- 6.4 While Bracknell Forest has always received positive opinions on its annual accounts and there is no reason to believe that the accounts the Council has prepared for

2021/22 and 2022/23 by the end of May in the respective years are deficient in any way, there cannot be complete independent assurance on the reported end of year financial position until the accounts have been signed off. There is therefore a risk of adjustments needing to be made to closing / opening balances reported after 2021.

Climate Change Implications

6.5 None arising from this report.

**7 CONSULTATION**

Principal Groups Consulted

7.1 Not applicable

Background Papers

Ernst & Young Report - Bracknell Forest Council Audit Planning Report 2021-22

Contacts for further information

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[Arthur.parker@bracknell-forest.gov.uk](mailto:Arthur.parker@bracknell-forest.gov.uk)



**Bracknell Forest Council**

**Audit planning report**

Year ended 31 March 2022

January 2024



Private and Confidential  
Bracknell Forest Council  
Governance and Audit Committee,  
Time Square,  
Market Street,  
Bracknell,  
RG12 1JD.

January 2024

Dear Governance and Audit Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Governance and Audit Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Governance and Assurance Committee if there any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the committee.

This report is intended solely for the information and use of the Governance and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Yours faithfully

Andrew Brittain

For and on behalf of Ernst & Young LLP

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

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



01

# Overview of our 2021/22 audit strategy



## Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error <i>(Management override)</i>	Significant and Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
→ Inappropriate capitalisation of revenue expenditure <i>(Risk of fraud in revenue and expenditure recognition)</i>	Significant and Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.  We have assessed one area the risk is most likely to occur is through the inappropriate capitalisation of revenue expenditure.
Inappropriate recognition of income from rental properties <i>(Risk of fraud in revenue and expenditure recognition)</i>	Significant and Fraud risk	No Change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In previous audits this risk has been rebutted, however updated guidance places greater emphasis on non-core income streams and their potential to be misstated due to inappropriate revenue recognition.  We have assessed one area the risk is most likely to occur is through the inappropriate recognition of rental income from investment properties.
Valuation of Land and Buildings	Significant risk	No change in risk or focus	The value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, covering both those assets that are revalued within the year and the continuing material accuracy of those valued in prior periods.

## Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

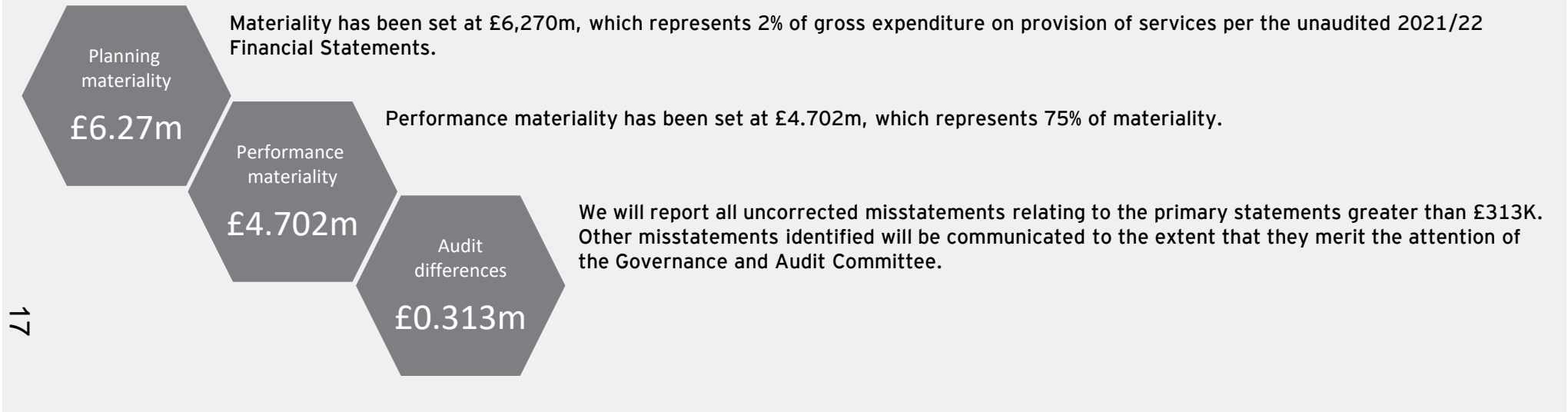
### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
16 Pension Liability Valuation	Significant risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Windsor &amp; Maidenhead Council, the Berkshire Pension Fund Administrator.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>In 2020/21, unadjusted audit differences were identified and there is a risk that these could repeat in 2021/22. We also need to consider the impact of the 2022 triennial valuation on the 2021/22 financial statements.</p>
	Inherent risk	Change in risk or focus	<p>The Council has received a significant level of government funding in 2021/22. There is a need for the Council to ensure that it has recognised and accounted for these appropriately, taking into account any associated restrictions and conditions. The focus has changed from being concentrated on only Covid-19 grants in the prior year to all grants with attached terms and conditions in the current year.</p>
Accounting for Public Finance Initiative (PFI)	Inherent risk	No change in risk or focus	<p>The Council has a material PFI arrangement and the associated accounting is a complex area. We will review the accounting entries and disclosures in relation to PFI in detail in 2021/22, with a focus on any significant changes since the previous year.</p>
NDR Appeals Provision	Inherent risk	No change in risk or focus	<p>The provision for NDR appeals represents a material transaction in the Council's accounts and requires significant estimation. There is a higher level of uncertainty involved in the estimation of the non-domestic rates appeals provision due to Covid-19. Although businesses have begun to go back to business as 'usual', they have faced a significant level of change and uncertainty, which might drive a change in their rateable value appeals behaviour.</p>



## Overview of our 2021/22 audit strategy

### Materiality – Bracknell Forest Council<sup>1</sup>



<sup>1</sup>For the group accounts, we will use the slightly higher materiality figures of £6.282m, £4.711m and £0.314m respectively

# Overview of our 2021/22 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Bracknell Forest Council Council give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new or revised auditing and accounting standards such as ISA 540, ISA 570, IFRS 9 and IFRS 15 in recent years and the new NAO code incorporating the updated and expanded scope of the value for money work. Therefore to the extent any of these or any other risks are relevant in the context of Bracknell Forest Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.


We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

## Overview of our 2021/22 audit strategy

### Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Council's arrangements against three reporting criteria:
  - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

 The commentary on VFM arrangements will be included in the Auditor's Annual Report.



02

Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error\*  
(*management override*)

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### Financial statement impact

Misstatements that occur in relation to the risk of fraud and error could materially affect the income and expenditure accounts. While there are no statutory financial performance targets in local government, management remains under pressure to ensure that the Council balances its annual budgets as central funding continues to reduce.

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

### What will we do?

In order to address this risk we will carry out a range of procedures including:

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including
  - Testing of journal entries and other adjustments in the preparation of the financial statements.
  - Reviewing accounting estimates for evidence of management bias.
  - Evaluating the business rationale for significant unusual transactions.

## Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p><b>Inappropriate capitalisation of revenue expenditure*</b></p> <p><i>(Risk of fraud in revenue and expenditure recognition)</i></p>	<p><b>What is the risk?</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p><b>What will we do?</b></p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> <li>• Test PPE additions using lowered testing thresholds, to ensure they are appropriately supported by documentary evidence, and that the expenditure incurred and capitalised is clearly capital in nature;</li> <li>• Seek to identify and understand the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year; and</li> <li>• Test REFCUS, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources.</li> </ul>
<p><b>Financial statement impact</b></p> <p>We have assessed that one area the risk of fraud in revenue and expenditure recognition is most likely to occur is through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing revenue expenditure and increasing additions to PPE.</p>	<p>We have assessed that one area the risk is most likely to occur is through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.</p>	

## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p><b>Inappropriate recognition of income from rental properties*</b> <i>(Risk of fraud in revenue and expenditure recognition)</i></p>	<p><b>What is the risk?</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p><b>What will we do?</b></p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> <li>• Test revenue from rental properties using lowered testing thresholds, to ensure they are appropriately supported by documentary evidence, and that the revenue recognised is appropriate;</li> <li>• Test cut-off of revenue from rental properties at to ensure income from rental agreements straddling the financial year end is recognised in the correct accounting period.</li> </ul>
<p><b>Financial statement impact</b></p> <p>We have assessed that one area the risk of fraud in revenue and expenditure recognition is most likely to occur is through the inappropriate recognition of income from rental properties. This would have the impact of overstating rental income.</p> <p>Rental income from investment properties amounted to £8.9m in 2021/22 financial year (unaudited).</p>	<p>We have assessed that one area the risk is most likely to occur is through the inappropriate recognition of income from rental properties, as this is a non-standard income stream for Local Government bodies. There is an incentive to overstate revenue from rental properties to improve the general fund position.</p>	

## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p><b>Valuation of Land and Buildings</b></p>	<p>The Local Authority Accounting Code of Practice require the Council to make extensive disclosures within its financial statements regarding its land and buildings.</p> <p>The value of Property, Plant and Equipment (PPE) and Investment Property represent significant balances in the Councils 2021/22 accounts at £560m and £117.2m (unaudited) respectively and are subject to valuation changes, impairment reviews and depreciation charges.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;</li> <li>• review the internal challenge of WHE's valuations by the Council's surveyor;</li> <li>• Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenge the key assumptions used by the valuers;</li> <li>• Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for Investment Property. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuers;</li> </ul>
<p><b>Financial statement impact</b></p> <p>The Council's land and buildings valuation is a material item. Small changes in assumptions when valuing it can have a material impact on the financial statements.</p> <p>We have reflected on the significance of the valuations in the Council's balance sheet, as well as the complexity involved in applying the correct valuation methodology for each type of asset.</p>	<p>Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<ul style="list-style-type: none"> <li>• Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;</li> <li>• Consider changes to useful economic lives as a result of the most recent valuation; and</li> <li>• Test to confirm that accounting entries have been correctly processed in the financial statements.</li> </ul>



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p><b>Pension Liability Valuation</b></p>	<p><b>What is the risk?</b></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Berkshire County Council Local Government Pension Scheme, administered by the Royal Borough of Windsor and Maidenhead Unitary Authority (RBWM). At 31 March 2022 the pension fund deficit totalled £311.5m (unaudited). The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund Administrator. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 (revised) require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. In the prior year, unadjusted audit differences were identified and there is a risk that these could repeat in 2021/22.</p> <p><u>Triennial Review:</u> On 31 March 2023, the triennial valuation report for the Royal County of Berkshire Pension Fund for the year ended 31 March 2022 was issued. There is a risk that the triennial valuation highlights that were present in years prior to 31 March 2022 and would result in the Pension Liability not being appropriately valued.</p>	<p><b>What will we do?</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>liaise with the auditors of the Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Bracknell Forest Council.</li> <li>assess the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and</li> <li>review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</li> </ul>
<p><b>Financial statement impact</b></p> <p>The Council's pension fund deficit is a material and sensitive item. Small changes in assumptions when valuing it can have a material impact on the financial statements. The Code requires the Council to disclose this net liability on the Council's Balance Sheet.</p> <p>We have reflected on the significance of the liability to the Council's balance sheet, as well as the difficulty in valuing some of the pension fund assets caused by their nature and size, in the current uncertain economic environment, and classified this as a significant risk.</p>		

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p><b>Accounting for grant funding</b></p> <p>The Councils receive significant levels of government funding to support its operations and capital strategies. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2021/22 statements.</p>	<p><b>We will:</b></p> <ul style="list-style-type: none"> <li>Consider the Council's judgement on material grants received in relation to whether it is acting as: <ul style="list-style-type: none"> <li>An agent, where it has determined that it is acting as an intermediary; or</li> <li>Principal, where the Council has determined that it is acting on its own behalf.</li> </ul> </li> <li>For grants received where the Council acted as principal, we will further consider whether any associated restrictions and conditions have been met and that grants have been claimed and recognised in accordance with the scheme rules.</li> <li>Check the Council has adequately disclosed grant income received in the year, under both principal and agent arrangements.</li> </ul>
<p><b>Accounting for Public Finance Initiative (PFI)</b></p> <p>The Council has one waste PFI arrangement with the Waste Recycling Group RE3 Limited. This is a joint PFI contract entered into with Reading and Wokingham Council's in 2006/07 for the disposal of waste.</p>	<p>PFI is a complex area and we commissioned a detailed review of the RE3 arrangements, for the three councils involved, namely Bracknell Forest, Reading and Wokingham Borough Councils as part of the 2018/19 audit.</p> <p>Work conducted by our PFI specialist in 2018/19, included:</p> <ul style="list-style-type: none"> <li>a review of the assumptions used in the RE3 PFI accounting model; and</li> <li>comment on local adjustments, if any, by the Council, made to the output from the RE3 model held by the host council, Reading Borough Council.</li> </ul> <p>For the 2021/22 audit, our work will include:</p> <ul style="list-style-type: none"> <li>a review of the assumptions used in the Waste PFI accounting model;</li> <li>commenting on local adjustments, made by the Council, following any changes to the accounting model held by the host council, Reading Borough Council;</li> <li>review the planned entries and disclosures for the Council's 2021/22 accounts.</li> </ul>

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### NDR Appeals Provision

The provision for NDR appeals represents a material transaction in the Council's accounts and requires significant estimation. There is a higher level of uncertainty involved in the estimation of the non-domestic rates appeals provision due to Covid-19. Businesses have faced a significant level of change and uncertainty which might drive a change in their rateable value appeals behaviour.

### What will we do?

We will consider the Council's estimation of the NNDR appeals provision by performing the following:

- ▶ Review the Council's methodology for calculating the provision and the considerations for the uncertain environment as at the reporting date;
- ▶ Assess the work of the Council's specialist (Rates Plus Rating) including the adequacy of the scope of the work performed, their professional capabilities and managements' challenge and review of their work;
- ▶ Assess the soundness of the assumptions used in the calculation of the provision in light of Covid-19 uncertainties.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Going Concern: Compliance with ISA 570

The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 states that an authority's financial statements should be prepared on a going concern basis; the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future and can only be discontinued under statutory prescription.

However, ISA 570, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

The revised standard increases the work we are required to perform when assessing whether the pension fund is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards, and we have therefore judged it appropriate to bring this to the attention of the Governance and Audit Committee.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

### What will we do?

The revised standard requires:

- auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained, evaluate the risk of management bias, and make greater use of the viability statement. Our challenge will be made based on our knowledge of the pension fund obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

Please note that since the advent of Covid-19 we performed additional detailed work over the Council's assessment of Going Concern in our 2019/20 audit. We do not expect the change in ISA to significantly increase our work beyond the work performed in 2019/20.



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## 03 Value for Money Risks





## Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

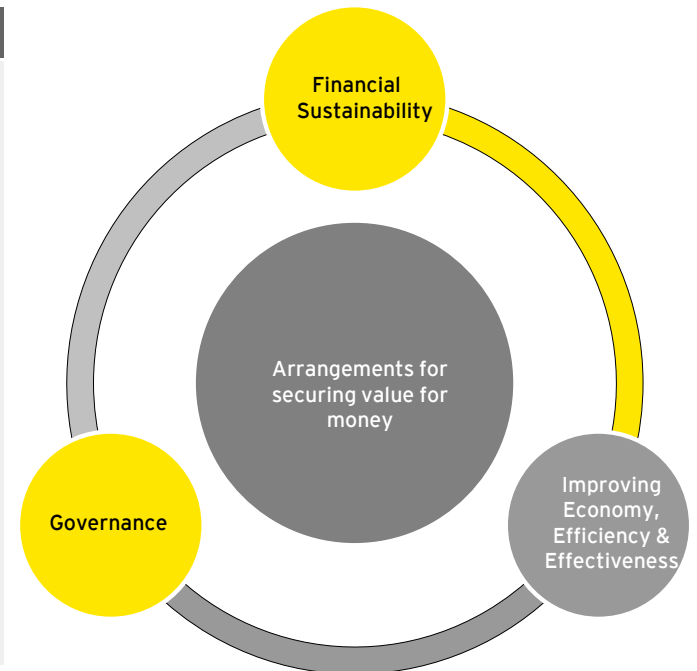
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



# Value for Money

## Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Governance and Audit committee.

## Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## 32 Status of our 2021/22 VFM planning

We have completed our VFM planning procedures. Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. We did not identify any significant risks at the planning stage which we view as relevant to our value for money conclusion. We will communicate our planned response to any additional identified risks of significant weaknesses in arrangements at a future Governance and Audit committee meeting.





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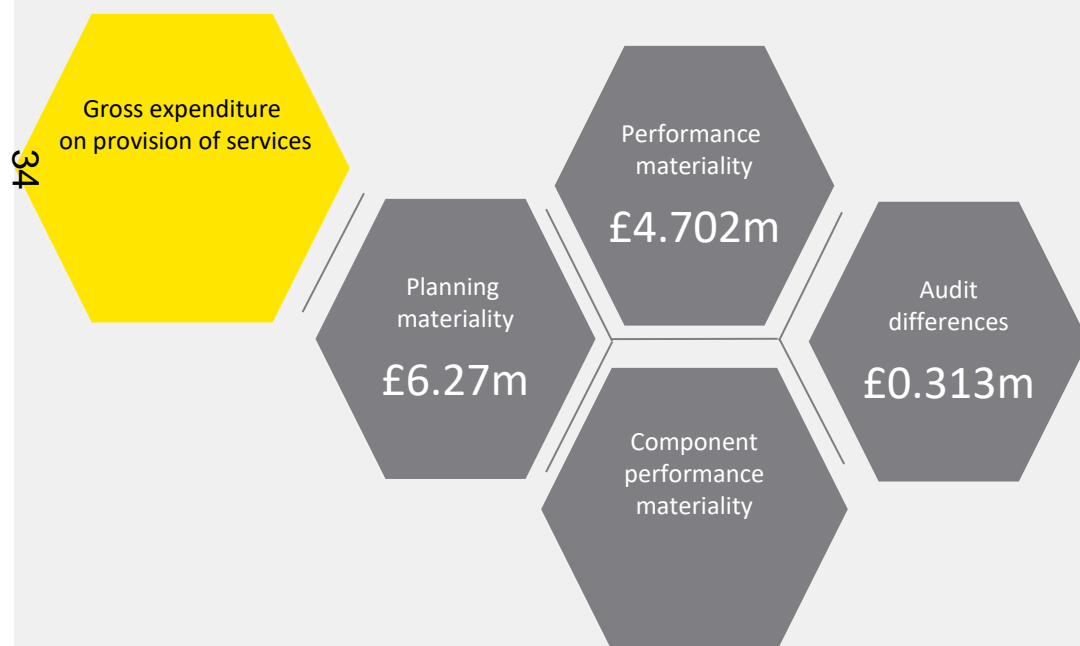
# Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2021/22 has been set at £6.27m. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process.



We request that the Governance and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £4.702m which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors in routine processing of transactions throughout the year that could result in pervasive errors. This expectation has been built on our experience of the Council in the prior year.

**Component performance materiality range** - we determine component (Downshire Homes Ltd) materiality as a percentage of Group materiality based on risk and relative size. We will complete the specific audit procedures on Downshire Homes PPE balance to this materiality.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, collection fund and that have an effect on income or that relate to other comprehensive income.

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Governance and Audit Committee, or are important from a qualitative perspective.

**Specific materiality** - We set a lower materiality for specify account disclosure e.g. remuneration disclosures , related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



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Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

#### Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

#### Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance and Audit Committee.

#### Internal audit:

We will regularly meet with the Audit and Risk Manager, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

# Scoping the group audit

## Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. **Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. **Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For other components we perform other procedures to confirm that there is no risk of material misstatement. These procedures are detailed below.

We have determined that Downshire Homes Ltd is a significant component due to risk, specifically PPE valuation. We have also determined our approach will be to apply a specific scope to our work on Downshire Homes Ltd related to the PPE balance. We are not the auditors of Downshire Homes Ltd however will complete all procedures in relation to the specific scope ourselves. This consistent with our approach in prior audit cycles.

## Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.

BFC	A	Full scope audit
DH	B	Specific scope audit

*BFC = Bracknell Forest Council  
DH = Downshire Homes Ltd*

## Scope definitions

**Full scope:** locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

**Specific scope:** locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.



**06** Audit team



## Audit team

### Audit team (including changes)

Andrew Brittain is the partner responsible for the overall quality and delivery of the audit service. He will be supported by Kelita Naidoo as Manager and Taher Merimi the audit senior, who will be the main points of contact for the finance team.

## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management specialist: Wilkes, Head and Eve - PPE and IP Valuer
Pensions valuation	EY pensions specialists and PWC Actuary commissioned by the NAO Management specialist: Barnett Waddington - Actuary
NDR Appeals Provision	Management specialist: Rates Plus Rating

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





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# Audit timeline





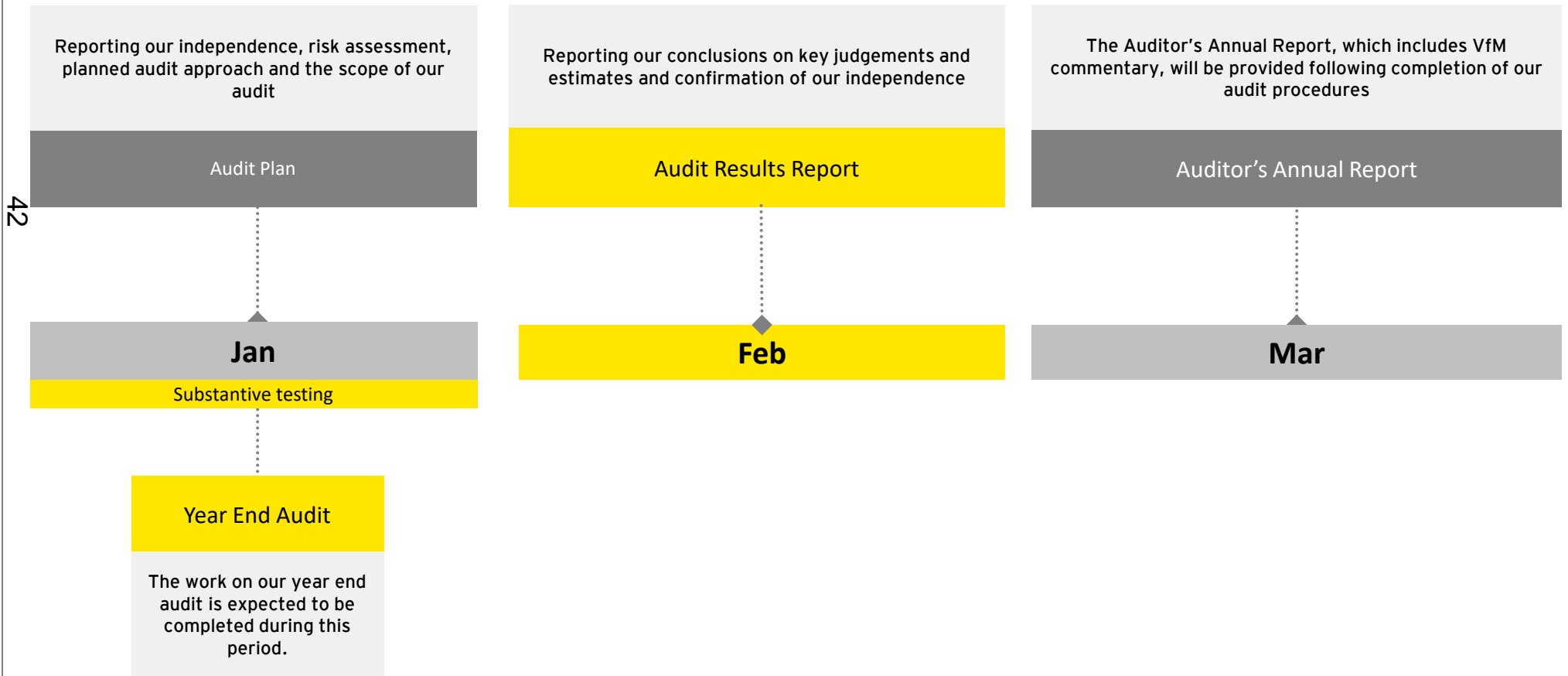
# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Governance and Audit Committee and we will discuss them with the Governance and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



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# Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Andrew Brittain, your audit engagement partner and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval.

The ratio of non audit fees to audits fees is not permitted to exceed 70% and this has not been exceeded, therefore no additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

## Relationships, services and related threats and safeguards

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

### Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



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## Appendices



## Appendix A – Fees



The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

Description	Planned Fee 2021/22	Scale Fee 2021/22	Final Fee 2020/21
	£	£	£
Total Audit Fee - Code work	£80,639	£80,639	£80,639
Scale fee variation determined by the PSAA			£23,979
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	£49,910	N/A	-
Revised Proposed Scale Fee	£130,549	N/A	£104,618
Scale Fee Variation - new VFM arrangements (Note 2)	£10,000 - £19,000	-	£10,075
Scale Fee Variation - revised ISA 540 (Note 2)	c.£5,000	-	£5,042
Scale Fee Variation due to one-off issues impacting 2020/21 and 2021/22 audits (see Note 3)	£25,000 - £35,000	N/A	£26,124
Total Proposed Audit Fee	TBD	£80,639	£145,859
None Audit Fee - Housing Benefit Certification Work (Note 4)	£30,000 - £40,000	N/A	£25,720
None Audit Fee - Teacher's Pension Certification Work (Note 5)	£11,000	N/A	£11,000



## Appendix A – Fees

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### Note 1

We have discussed with the management and the Governance and Audit Committee that we do not believe the existing scale fees provide a clear link with a public sector organisation's risk and complexity and laid out the impact of regulatory changes which have caused that. We have quantified the implications of these factors on our assessment of the baseline fee to deliver a sustainable high-quality external audit. The PSAA has approved a proportion of this in relation to the 2020/21 audit. For 2021/22, the scale fee has been re-assessed to take the above considerations into account.

### Note 2

In 2021/22, we expect the new VFM arrangements and revised ISA 540 (estimates) to result in a scale fee variation. PSAA have published guidance on these matters and advise for minimum additional fees, for a unitary authority, of £10,000 - £19,000 in respect of the new VFM arrangements. In respect of the fee for the impact of the revised ISA 540, we have included an estimate of the fee at c.£5,000 which is in line with the fee determined by the PSAA for 2020/21.

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### Note 3

As in 2020/21, we have quantified the additional work we estimate will be required in the completion of the 2021/22 audit, including costs associated with delays in receiving the Deloitte IAS 19 report; resolving potential material issues that may arise from the report; responding to potential findings, including input from EY Pensions specialists; impact of Covid-19 including additional risk assessment procedures and consultations; the elongated audit period and impact on volume of post balance sheet event work. We will discuss these fees with the S151 officer and will then seek approval from PSAA.

### Note 4


Since 2018/19 the Housing Benefit subsidy audit work falls outside the PSAA regime and is subject to a separate fee proposal and engagement terms. This work is ongoing and the agreed baseline fee for 2021/22 is £21,400. The fee for extended testing is to be confirmed but we estimate the total fee will be as indicated.




### Note 5

For 2021/22 we have been engaged by the Council to complete the Teacher's Pension Audit. This work has been completed and the agreed fee was £11,000.


# Required communications with the Governance and Audit Committee




We have detailed the communications that we must provide to the Governance and Audit Committee.

 Our Reporting to you



Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Governance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report - January 2024
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - Expected to be presented March 2024
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit Results Report - Expected to be presented March 2024

# Required communications with the Governance and Audit Committee (continued)


 Our Reporting to you



Required communications	 What is reported?	 When and where
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit Results Report - Expected to be presented March 2024
 Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Governance and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit Results Report - Expected to be presented March 2024
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit Results Report - Expected to be presented March 2024

# Required communications with the Governance and Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Audit Planning Report - January 2024 and Audit Results Report - Expected to be presented March 2024
External confirmations	<ul style="list-style-type: none"> <li>• Management’s refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit Results Report - Expected to be presented March 2024
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• Enquiry of the Governance and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance and Audit Committee may be aware of</li> </ul>	Audit Results Report - Expected to be presented March 2024
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit Results Report - Expected to be presented March 2024

# Required communications with the Governance and Audit Committee (continued)

 Our Reporting to you

Required communications	 What is reported?	 When and where
53 Group audits	<ul style="list-style-type: none"> <li>• An overview of the type of work to be performed on the financial information of the components</li> <li>• An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>• Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work</li> <li>• Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted</li> <li>• Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	Audit Planning Report - January 2024 and Audit Results Report - Expected to be presented March 2024
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - Expected to be presented March 2024
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - Expected to be presented March 2024
Auditors report	<ul style="list-style-type: none"> <li>• Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit Results Report - Expected to be presented March 2024
Fee Reporting	<ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit plan is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>	Audit Planning Report - January 2024 and Audit Results Report - Expected to be presented March 2024

## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Council's and Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Governance and Audit Committee. The audit does not relieve management or the Governance and Audit Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> <li>• Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.</li> <li>• Examining and reporting on the consistency of consolidation schedules or returns with the Group and Council’s audited financial statements for the relevant reporting period</li> </ul>
Other procedures	<ul style="list-style-type: none"> <li>• We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice</li> </ul>

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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To: **GOVERNANCE AND AUDIT COMMITTEE**  
**13<sup>th</sup> March 2024**

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## **Strategic Risk Update Head of Audit and Risk Management**

### **1 Purpose of Report**

- 1.1 The Strategic Risk Register is owned by the Corporate Management Team (CMT). This report presents the Strategic Risk Register for Governance and Audit Committee review and feedback to CMT.

### **2 Recommendations**

- 2.1 **The Governance and Audit Committee to review the register in Appendix 2 and provide feedback for CMT.**

### **3 Reasons for Recommendation**

- 3.1 To ensure the Council has identified all its key risks so that these can be appropriately managed and mitigated.

### **4 Alternative Options Considered**

- 4.1 There are no alternatives.

### **5 Supporting Information**

- 5.1 The Strategic Risk Register has been reviewed by SRMG and CMT on 22<sup>nd</sup> and 28<sup>th</sup> February respectively and actions have been updated. The changes to scores are:
- To decrease the current residual and increase risk tolerance scores for the financial sustainability risk;
  - To increase the risk tolerance score for the staffing risk; and
  - To increase the current residual risk score for Safety Valve.

### **6 Consultation and Other Considerations**

#### Legal Advice

- 6.1 There are no legal implications arising from this report.

#### Financial Advice

- 6.2 There are no financial implications arising from this report.

#### Other Consultation Responses

- 6.3 The register was reviewed by SRMG on 22<sup>nd</sup> February 2024 and by CMT on 28<sup>th</sup> February 2024.

#### Equalities Impact Assessment

- 6.4 N/A

#### Strategic Risk Management Issues

- 6.5 A robust Strategic Risk Register that is a complete and up to date record of the significant corporate risks is essential for effective risk management, enabling the

Council to prioritise resources to identify and implement actions to address the threats to the achievement of the Council's vision to put residents first, working together to grow sustainable, resilient and inclusive communities.

Climate Change Implications

6.6 See risk 6.

Health & Wellbeing Considerations

6.7 N/A

Background Papers

Risk Management Strategy

Contact for further information

Sally Hendrick, Head of Audit and Risk Management - 01344 352092

Sally.hendrick@bracknell-forest.gov.uk

RISK MATRIX- STRATEGIC RISK REGISTER CURRENT RESIDUAL RISK SCORES AND RAG RATING AS RED, AMBER OR GREEN

LIKELIHOOD	5				
	4		Staffing Climate Change Net Zero	Demand Management Cyber Impact of pressures on local Health System Financial Sustainability	Safety Valve ↑
	3		Local Economy		
	2				
	1				
		1	2	3	4
	IMPACT				

**Likelihood:**  
 5 Very High  
 4 High  
 3 Significant  
 2 Low  
 1 Almost Impossible

**Impact:**  
 5 Catastrophic  
 4 Critical  
 3 Major  
 2 Marginal  
 1 Negligible

STRATEGIC RISK REGISTER MARCH2024

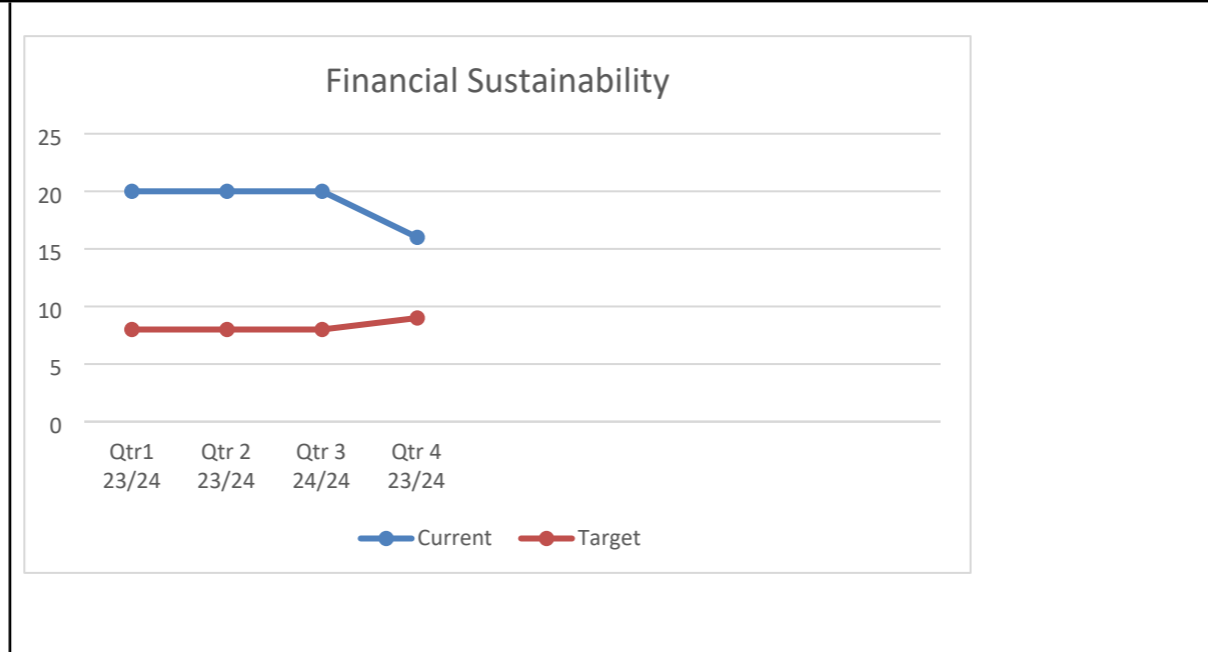
Link to Borough Priorities: Engaged and healthy communities  
 Link to Borough Priorities: Thriving and connected economy  
 Link to Borough Priorities: Green and sustainable environment

**Risk 1: Financial Sustainability**

**Risk Rating (Likelihood x Impact)**  
 Current Residual 4 x 4  
 Target Tolerance 3 x 3

**Potential Impact**

- Strategic objectives and statutory duties unable to be met
- Reserves depleted sooner than planned, leading to financial cliff edge
- Residents unhappy with what the Council is delivering
- Deterioration in quality of infrastructure



**Rationale for current score:**  
 A combination of inflationary pressures, increased demand on services (particularly social care, housing and special needs education services) and income shortfalls in the current year are putting the approved budget under higher strain than is normally experienced. The current 2023/24 budget monitoring information indicates an improvement in the forecast overspend position but looking ahead, achieving a financially sustainable position where budgeted pressures match savings each year is going to be difficult in the short to medium-term and hence the risk rating is still considered to be red. While the Council possesses a relatively high amount of reserves, these can only be used once and any requirement to draw a large sum in any one year makes future budgets even more difficult.

**Rationale for risk tolerance score**  
 Achieving a sustainable financial position is a core responsibility. The target score reflects that the local government sector as a whole is facing significant financial challenges with heightened risk to service delivery, which would have a significant impact if not addressed.

**Current RAG rating** RED

**Current Actions (What we are currently doing about the risk)**

- The approved 2023/24 budget included a higher level of savings than any previous one, recognising that inflationary and other pressures being faced were at unprecedented levels.
- The Council has for many years used the maximum permitted flexibility regarding Council Tax increases, recognising that Council Tax is the largest on-going income source to fund revenue services.
- The use of reserves needed to balance the 2023/24 budget was higher than normal, but within planning parameters.
- A new earmarked reserve was created as part of the 2021/22 accounts closedown, to provide some protection against the impact of rapidly rising pay and price inflation that was not anticipated when the 2022/23 budget was agreed. This was not used in 2022/23 so is available to support the 2023/24 budget if needed.
- The approach to budget monitoring has been changed, and now includes base projections to the end of the year and highlights significant emerging issues that could cause these projections to change. This has informed regular messages from the Chief Executive and CMT to curtail non-essential expenditure.
- Financial delegations have been removed in large parts of the organisation, to ensure that spending decisions are generally made by the most senior managers. This includes sign-off of all proposed recruitment by the Corporate Management Team.
- Regular engagement is held fortnightly with s151 officers in neighbouring councils, 4 – 6 weekly with the Society of Unitary Treasurers and periodically with DLUHC officials to share issues being faced and understand future Government thinking on resources.

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	Officer responsible	Target date
The Business Change Programme will be launched in March 2024, with delivery of the target savings within it for each of the next 3 years a primary focus. Progress will be closely monitored by CMT.	Corporate Management Team, Executive Director: Resource	March 2025
Resources are to be identified and allocated for SEND improvement activities, to enable the Safety Valve activities to be delivered at pace and minimise cost increases.	Corporate Management Team, Executive Director: Resource	March 2024
Savings included in the 2024/25 budget are to be RAG rated to ensure that risks to delivering the anticipated financial benefits are understood before the start of the year and mitigating actions can be taken as necessary to maximise these.	Corporate Management Team, Executive Director: Resource	March 2024

- The final 2024/25 budget proposals include a lower than expected use of reserves, due to additional funding being made available by Government through the local government finance settlement. This moves the Council closer to a medium-term financially sustainable position.
- Leader and Executive Member for Finance and Business Change receive regular briefings on the projected current and future years' financial position.
- Council approved a Flexible Use of Capital Receipts strategy in November 2023, to secure funding to deliver the Business Change programme that aims to ensure a sustainable organisation into the future.

**Link to Borough Priorities: Engaged and healthy communities**

**Risk 2: Impact of pressures on local health system**

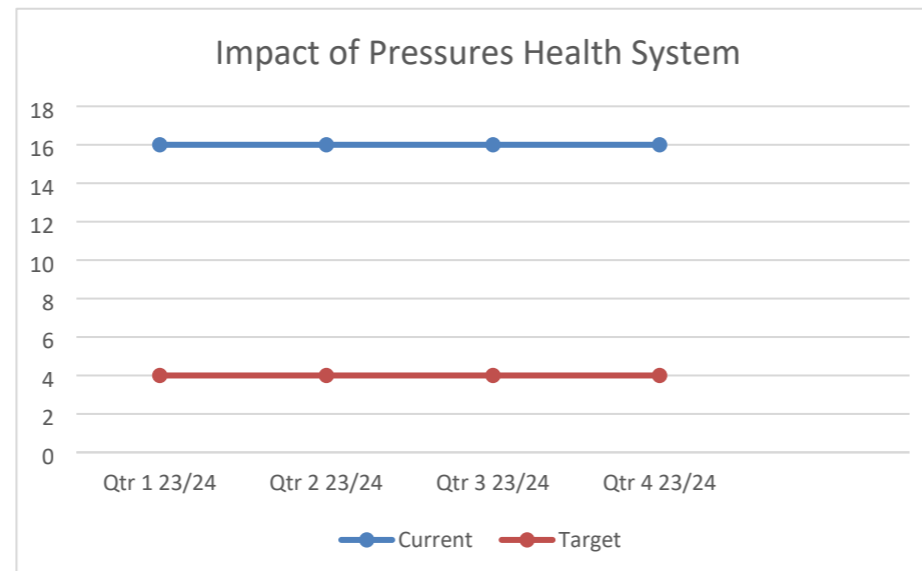
**Risk Owners: Executive Director: People**

**Risk Rating (Likelihood x Impact)**

Current Residual 4 x 4  
Target Tolerance 2 x 2

**Potential Impact**

- Increased financial pressures
- Potential failure to meet statutory responsibilities
- Potential reduction in level and timeliness of support that can be provided
- Public dissatisfaction where unable to meet needs /demands
- Increased staffing pressures where additional detailed assessments of complex cases have to be undertaken to be able to respond to NHS challenge of joint funded provision
- Increased pressure on welfare and social care services
- Pressure to use Public Health monies to fund activities which do not meet the criteria of public health to meet shortfall of any funding withdrawal from the NHS
- Increased safeguarding risk due to transfer of ownership of funding for the S12 doctors (independent psychiatrist under s.12 MHA 1983)
- Increased pressure on whole system due to seasonal fluctuations in demand (winter pressures)



**Rationale for current score:**

Following the change in NHS footprint on cessation of the CCG and creation of the ICB and the health system delays post covid, the NHS are under increased pressure. This pressure relates to the need to deliver efficiency savings and also to improve the timeliness of activity. Frimley ICS is currently in the process of concluding and implementing a revised management structure which reduces investment in posts alongside their requirement to deliver increased savings.

The efficiency programmes identified will impact on a number of areas of joint work with the local authority including:

- Reviewing current financial contributions to support children and adults with continuing health care, joint funded packages of care and section 117 aftercare arrangements;
- Hospital discharge;
- Community equipment;
- Better care funding;
- Reduction in appetite for co-location of services

The current delays in the provision of occupational therapy assessments and child and adolescent mental health services are also impacting on some of the most vulnerable children and young people in Bracknell Forest.

**Rationale for risk tolerance score**

Financial implications and statutory responsibilities mean risk appetite is low.

**Current RAG rating** Red

**Current Actions (What we are currently doing about the risk)**

- Robust governance arrangements at place level, revising the terms of reference for place committee
- Support from NHS England relating to system understanding of the better care fund
- Earlier engagement of DASS in discussions relating to Better Care Fund decisions
- Additional detailed assessments of joint funded complex support packages to support fair cost sharing arrangements
- Agreed Better Care Fund Plan now in place
- Representation on regional board to champion Bracknell Forest's interests and clear knowledge and understanding of the governance framework to enable the Council to push back on any challenge from the NHS
- Increased input and coordination in the discharge and flow activity and priority areas within the Frimley health and care system
- OT and CAMHS waiting times to be built into the relevant dashboards
- Closer monitoring of Occupational Therapy and CAMHS waiting times via SEND Improvement Partnership Board and Safety Valve Programme Board
- Regular meetings with Trust and Approved Mental Health Practitioners to monitor situation

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	<b>Officer responsible</b>	<b>Target date</b>
Increase level of challenge around funding decisions made by Health Partners including increased scrutiny around panel decisions via Scheme of Delegation limits	Responsible AD's / Exec Director: People	(Ongoing) March 2025
Increased scrutiny of investment in Better Care Fund and associated reporting	Exec Director – People Adults Business Partner - Finance	Monthly

**Link to Borough Priorities : Thriving and connected economy**

**Risk 3: Local Economy Resilience**

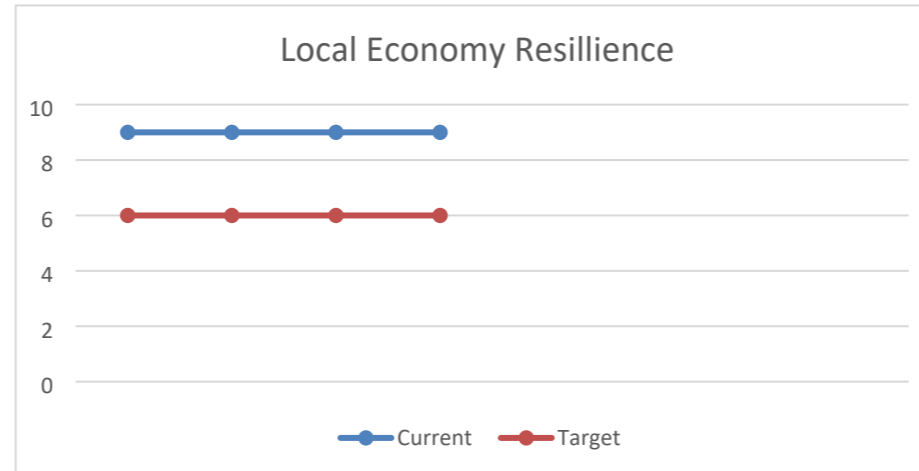
**Risk Owners:** Executive Director: Place, Planning and Resources

**Risk Rating (Likelihood x Impact)**

Current Residual 3 x 3  
Target Tolerance 3 x 2

**Potential Impact**

- Increased demands on services such as welfare and housing
- Increased community tensions
- General decline in borough through lack of investment
- Increase commuting out of the Borough for work
- Less disposable income to support local retail, leisure and local businesses



**Rationale for current score:**

Changes to working practices has reduced office-based working and hence the need for office-based headquarters. This, together with the relocation of some firms previously based in Bracknell to areas with cheaper real estate and the local workforce not having the higher level skills required by some business sectors resulting in loss of businesses and good jobs from the area potentially could reduce prosperity across the borough. Since the pandemic the overall position of Bracknell Forest has declined and seen lower growth than other local comparator areas.

**Rationale for risk tolerance score**

Whilst a significant level of likelihood could be tolerated, the impact of decline in the local economy would need to be limited to secure financial sustainability for the Council and ensure inward investment to the borough is not discouraged.

**Current RAG rating** AMBER

**Current Actions (What we are currently doing about the risk)**

- Economic Strategy being developed with input from local employers and support from Thames Valley Local Enterprise Partnership (LEP)
- Engaging with the Bracknell Forest Economic & Skills Development Partnership (ESDP) and Bracknell Business Improvement Districts (BID) to identify what is happening locally and how we can help businesses thrive by making the local environment for businesses as good as possible.
- Support being provided to the business community to enable them to flourish through the Berkshire Growth Hub
- Working with colleagues across Berkshire to encourage national and international businesses to move or expand in the area e.g. showcasing Berkshire at the National Property conference in Leeds
- Education and learning services working in partnership with the local college and DWP to help local people improve their skills and pathways to employment.
- The Joint Venture continuing to develop sites within Bracknell Forest Council
- New Local Plan with a set of new and up to date Economic policies and allocations.
- Support programmes to upskill residents to enhance local business productivity through the UK Shared Prosperity Fund and the Berkshire Local Skills Improvement Plan

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	<b>Officer responsible</b>	<b>Target date</b>
Bracknell Forest Economic Strategy and Action Plan adopted by the council.	Head of Economic Development and Regeneration	Completed
Support the Bracknell Business Improvement District (BID) to achieve a second 5-year term	Executive Director Place Planning and Regeneration	October 2024
Following the adoption of the economic strategy, the ESDP will be replaced by a new entity, Bracknell Forest Economic Partnership with four thematic sub groups to support the local economy.	Head of Economic Development and Regeneration	Ongoing
Establish regular Business Liaison with major businesses based within the Borough	Head of Economic Development and Regeneration	Ongoing
Implement the new policies in the local plan to support economic development	Assistant Director Planning	From Local Plan adoption
Berkshire Local Skills Improvement Plan published and approved. Fund allocations being developed. BUK Shared Prosperity funded Bracknell Forest Skills & Training Hub project underway- anticipated summer 2024	Head of Economic Development and Regeneration	LSIP approved, actions and funding ongoing

**Link to Borough Priorities: Engaged and healthy communities**

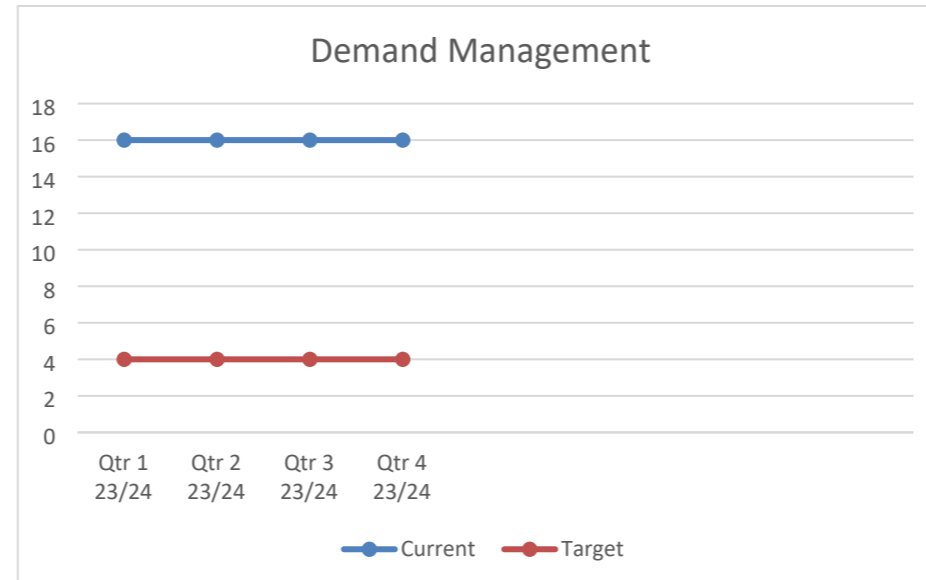
**Risk 4: Demand Management**

**Risk Owners: Executive Director: People**

**Risk Rating (Likelihood x Impact)**  
 Current Residual 4 x 4  
 Target Tolerance 2 x 2

**Potential Impact**

- Failure to meet demand for services
- Failure to meet statutory responsibilities
- Need to move clients from one setting to another at short notice
- Financial pressures
- Reputational damage
- Negative impact on external inspections
- Adverse effect on staff morale
- Sufficient workforce and market capacity within the whole system to effectively manage seasonal fluctuations



**Rationale for current score:**  
 Increasing pressure on front line services due to changing demographics, increase in need and cost of living crisis. Number of adults requiring support continues to rise, with more people approaching the local authority for assistant relating to a range of areas. More adults presenting with increase in complex need, existing people's needs increasing, increased number of people being discharged from hospital needing support, increased presentation of people in need of homeless prevention advice and welfare and debt advice. Pressure on families resulting in increased number of referrals to early help and children's social care and children being supported for longer due to complexity of family environments. Increasing difficulty securing appropriate support for adults and children in a timely and cost-effective way.

**Rationale for risk tolerance score**  
 The target risk score reflects the Council's statutory responsibilities for vulnerable children and adults in need.

**Current RAG rating** Red

**Current Actions (What we are currently doing about the risk)**

- Further development of business systems and reporting capability to monitor increased volume of activity and indicators to monitor risk / impact
- Performance and quality boards to provide high level oversight of performance and quality of service departments;
- Monthly review of finance / budget activity linked to performance activity e.g. homelessness
- People Care Governance board in place to manage any strategic provider safeguarding and quality issues
- Market Position Statement developed and published February 2024
- Heathlands is now being utilised on a phased basis
- Regular provider forums ensure we are kept up to speed with emerging issues
- Use of the NHS capacity tracker to assess local supply
- Risk and Issue log in place and reviewed across operations, safeguarding and commissioning 3 times a week that includes and market capacity issues and risks
- ADASS working together to implement duty to support market and share intelligence of potential failures
- Finance tracker reviewed monthly and intelligence used to address pressure points
- Inflationary increase given to care providers
- Support brought into the People Directorate to model future demand profiling
- Additional resources agreed for Mental Health to add capacity
- Market oversight meetings now in place.
- Strategy refresh in key areas – e.g. Placement sufficiency
- Regular performance monitoring and reporting to DMT
- Access to resource team in place to source best possible placements at cost and quality when in-house not available
- Strong partnership relationships

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	<b>Officer responsible</b>	<b>Target date</b>
ASC Customer Journey Project – phase 1 and phase 2	Executive Director: People	Ongoing
Change programme for Fostering to include proposals for a marketing strategy to recruit additional foster carers to support children with higher needs.	Assistant Director: Children's Social Care	Ongoing
Disability needs assessment to be developed to inform future planning	Executive Director – People Deputy Director Public Health	March 2025
Market workstream within people improvement programme	Assistant Director: Commissioning	Ongoing



Link to Borough Priorities: Engaged and healthy communities  
 Link to Borough Priorities: Thriving and connected economy

**Risk 5: Cyber - IT controls or staff vulnerabilities fail to prevent a cyber attack and/or unable to respond effectively to an attack to enable IT services to be sustained.**

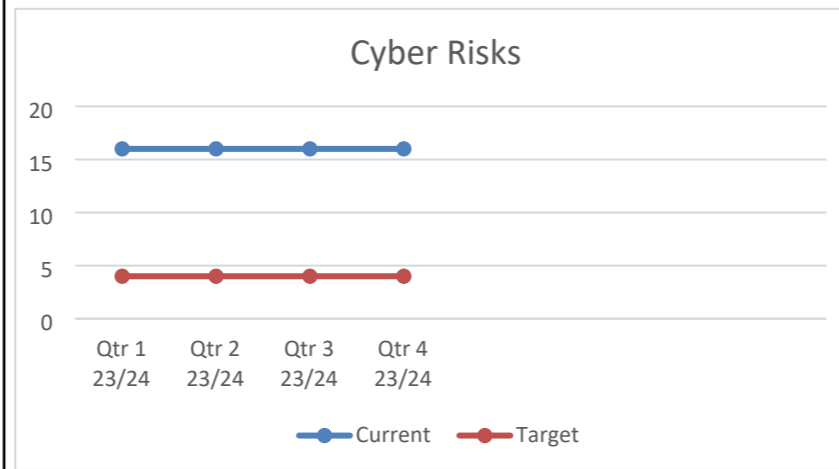
Risk Owners: Executive Director: Delivery

**Risk Rating (Likelihood x Impact)**

Current Residual 4 x 4  
 Target Tolerance 2 x 2

**Potential Impact**

- Disruption to services.
- Failure to meet statutory duties.
- Reputational damage.
- Financial loss



**Rationale for current score:**

The inherent likelihood of cyber-attacks against local authorities has risen with more sustained and intense attacks. The current likelihood of the risk materialising has hence increased. The impact of an attack is mitigated by improving cyber security controls in IT, and Disaster Recovery and Business Continuity arrangements. An external review of cyber risk controls is currently ongoing which will identify if this risk can now be reduced.

**Rationale for risk tolerance score**

Appetite is low due to dependency on IT for delivery of all services.

Current RAG rating **RED**

**Current Actions (What we are currently doing about the risk)**

- Approaching third parties for managed SOC service – options to be presented to IT Steering Group
- Network refresh project is replacing end-of-life network devices
- Cisco ISE will allow us to block unauthorised devices from being able to see the network at all. An example where this is relevant is NHS staff plugging their laptops into the wrong docks
- Continuing to resolve remaining risks identified as part of the work that allowed us to receive the grant from DHLUC
  - Procured new Cisco firewall to allow core network segregation
  - Setting up single sign-on where possible
  - Rolling out multi-factor authentication
  - Resolving vulnerabilities identified during the recent penetration test, for PSN certification via Cabinet Office
- We have a team member doing an apprenticeship in cyber security
- Increased staff communications to ensure awareness of risks

**Recent Actions but not already mentioned on this log (What we have already done about the risk since last update)**

- Setup DMARC/DKIM/SPF policies to ensure bracknell-forest.gov.uk spoofing doesn't work – benefits both staff and the public
- Obtained a £150k grant from DHLUC to resolve 18 cyber risks. Risks relating to these are closed:
  - Set backups to immutable
  - Backup restore testing
  - Automating the disablement of inactive accounts in Active Directory – the manager receives an email and Service Desk receives a list
  - Reducing number of Domain Admins
  - Network logging (see below)
  - Sentinel review/setup
  - Decommission Windows Server 2008 servers
  - Some more apps had single sign-on enabled
- Obtained consultancy to setup logging into MS Sentinel
- Procured Splunk Cloud subscription and sending network traffic logs to be stored (cheaper than Sentinel)
- Setup an allow list for USB mass storage devices with default block
- Setup AppLocker to prevent users running unauthorised executables
- Set all our backups in Azure to immutable
- Procured an Office 365 (email, Teams, SharePoint, OneDrive) immutable backup solution
- Incident response service is in place.
- Cyber Security training for all staff is now mandated and annual refresher is introduced for in year.
- Implementation of NCSC exercises in a box

**Past Actions (What we have already done about the risk)**

- Cyber Security policies all re-written and published on the intranet

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	Officer responsible	Target date
Meetings with managed SOC providers because an in-house one is unrealistic (requires 8 FTEs to cover 24x7x365).	Assistant Director: Customer Focus, Digital & IT	First meetings held – cost being assessed – Oct 2024
The new Networking Strategy will mean each component on the network performs independently as a security component, and this will be implemented over the next year – now a current action as parts have been received.	Assistant Director: Customer Focus, Digital & IT	Current phase end of June 2024 (unless other priorities impact date)
Implementation of NCSC Cyber Assessment Framework.	Assistant Director: Customer Focus, Digital & IT	March 2025
Introducing additional security measures including phishing-resistant multi-factor authentication.	Assistant Director: Customer Focus, Digital & IT	Current phase end of March 2024 and next phase will run across until March 2025
Reassess environment against zero trust principles	Assistant Director: Customer Focus, Digital & IT	Will run in line with the Cyber Assessment Framework
Further conversations with other Local Authorities with respect to mutual aid collaboration	Assistant Director: Customer Focus, Digital & IT	Ongoing

- Mandatory Information security and GDPR (General Data Protection Regulation) training before access is given to system
- Microsoft SCP ATP II Licensing acquired for advanced security on Office 365- Outlook, Office, SharePoint and Teams as well as security and compliance on all Council data.
- Windows Defender ATP deployed for the best in class anti-virus protection for all laptops.
- MS Intune deployed for protection of smartphones
- PSN compliant
- Members of government early warning groups such as NCSC (National Cyber-Security Council) and SEGWARP (Warning, Advice and Reporting Point)
- Mandatory Information security and GDPR training before access is given to systems
- Disaster Recovery Plan and Action Plan for the systematic recovery of systems.
- Disaster Recovery contract with a provider to get systems up and running and an Action Plan for the systematic recovery of systems
- Cyber risks monitored through Delivery risk register
- Risks of cyber attacks covered regularly in IT newsletter
- NCSC Cyber Security training package undertaken by staff in IT and Digital Services
- New VPN with Split Tunnelling has been implemented. Microsoft Defender Advanced Threat Protection web filtering has been implemented.
- External review of cyber controls is underway. This will deliver recommendations on technical improvements, ICT staff development and organisation-wide staff training that will help to improve our cyber resilience.
- New VPN configuration reduces risk of successful cyber-attack.
- New network strategy developed will enable greater resilience against cyber attacks
- Cyber review undertaken and action plan is in development to address recommendations
- Azure Sentinel logs recorded routinely
- 2012 R2 Windows servers have been replaced.

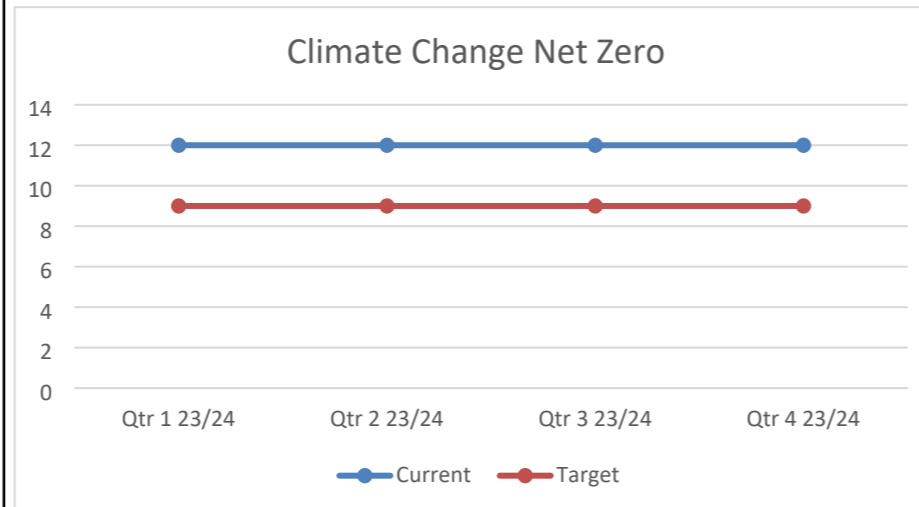
**Link to Borough Priorities: Green and sustainable environment**

**Risk 6: Climate Change The Council’s climate change action plan is not delivered and the Council’s environmental objectives and climate change targets are not met.**

**Risk Owners:** Executive Director: Delivery, Executive Director: Resources (re business change programme)

**Risk Rating (Likelihood x Impact)**  
 Current Residual 4 x 3  
 Target Tolerance 3 x 3

- Potential Impact**
- Reputational damage
  - Public censure
  - Significant financial pressures



**Rationale for current score:**

Environmental sustainability is a key objective. The Council is responsible for up to 10% of emissions (Scope 1,2 & 3). The remaining 90% will require Council influence to persuade residents to change their lifestyles to reduce the remaining emissions. The strategic direction and governance arrangements for climate change over the next 5 years have now been developed to provide a framework that will deliver the Council’s climate change objectives. A Joint Climate Action Board supported by several Working Groups will develop a Community Climate Emergency Strategy.

**Rationale for target risk score**

Environmental sustainability is a key strategic theme for the Council.

**Current RAG rating** **AMBER**

**Current Actions (What we are currently doing about the risk)**

- Climate Change Strategy to be reviewed and refreshed during 2024
- Climate Change Officer Board and Members’ Climate Change Working Group
- Joint Climate Action Board developing Community Climate Emergency Strategy
- Climate change action plan in place with baseline and targets
- 2 x F/T Climate Change Officers
- Flood Risk Management is already within current Planning for all new developments
- Water supplies (drought) & Heatwaves – are in Emergency Planning
- Planning – New Local Plan has tightened some requirements with regards renewable on-site energy generation and energy efficiency. Plan includes increasing biodiversity and provision of EV charging / encouraging active travel mitigations on all new developments
- Emergency Planning – should cover changing climate generally
- Biodiversity – revised Biodiversity Strategy under development.
- Committed to discussing climate adaptation needs in collaboration with Berks LA’s
- Interim greenhouse gas emissions targets in place within Corporate Plan.
- Assisting with development of Integrated Assessment Tool (identifies climate/environmental; health; and equalities considerations in council decision making).
- Embedding climate change thinking within corporate policies and actions (Net Zero: Business Change Prog)

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	<b>Officer responsible</b>	<b>Target date</b>
Emergency planning to include effects of climate change e.g. water supplies for droughts, heatwave / flood, infrastructure damage	Executive Director: Delivery	Ongoing
Planning future Electric Grid capacity needs / identifying renewable energy generation opportunities (Local Area Energy Plan)	Executive Director: Place, Planning and Regeneration/ Executive Director: Delivery	Ongoing
Invest to Save projects to reduce emissions	Executive Director: Place, Planning and Regeneration/ Executive Director: Delivery	Ongoing
Building repairs to be completed to enable Invest to Save projects to progress	Executive Director: Place, Planning and Regeneration/ Executive Director: Delivery	Ongoing
Sustainable Procurement Principles	Head of Procurement	Ongoing
Planning to facilitate improved monitoring of council’s scope 3 climate change emissions.	Head of Climate Change and Sustainable Living	Ongoing

Link to Borough Priorities: Engaged and healthy communities  
 Link to Borough Priorities: Thriving and connected economy  
 Link to Borough Priorities: Green and sustainable environment

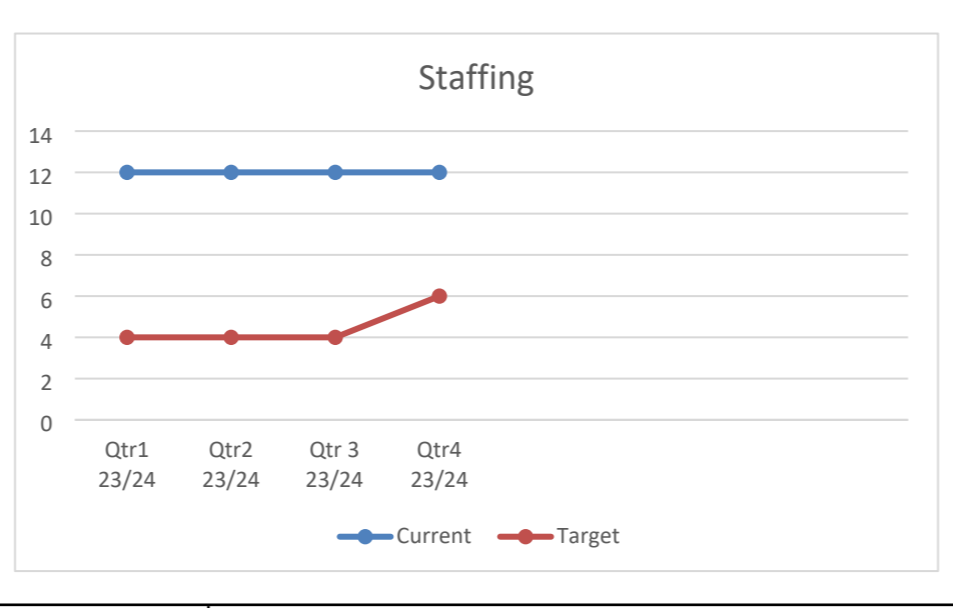
**Risk 7: Council is unable to recruit and retain the permanent workforce required to meet the demand for services** Risk Owner: CMT

**Risk Rating (Likelihood x Impact)**

- Current Residual 4 x 3
- Target Risk Score 3 x 2

**Potential Impact**

- Demand for statutory services cannot be met
- Increased financial pressures due to high reliance on locums and agency workers
- Increased reliance on market premia and retention payments due to labour market pressures i.e. social workers and specialists post
- Potential for weakness in resilience in key areas as locums and agency workers can leave at shorter notice.
- The loss of experienced permanent staff and replacement with less experienced agency personnel.
- Increased absence due to work pressures
- Negative impact on service efficiency and consistency for customers



**Rationale for current score:**  
 Turnover of staff in key areas and difficulties in recruiting to key technical posts due to pressures in the market.

**Rational for target risk score**  
 Staff are the key resource in delivering and providing support for statutory services

**Current RAG rating** RED

**Current Actions (What we are currently doing about the risk)**

- Management information on absence, high cost locums/ agency workers now being produced for peer review at CMT.
- Increased governance on the neutral agency arrangements
- Continue to explore opportunities for apprenticeships including OT, planning, AMHP
- Retention and Recruitment project scoped as part of the business change programme – including additional capacity in HR/OD
- Well-being initiatives and research activity underway that will diagnose support needed to staff
- Exit interviews are undertaken with it being possible to request a full one. Hard to recruit areas are being targeted.
- Market premia is being considered where required
- Managers development programme introduced

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	Officer responsible	Target date
Business change programme on recruitment and retention to be progressed	Assistant Director: Chief Executive's office	Ongoing
The use of agency staff is regularly monitored through HR, DMT and CMT with the aim to reduce reliance.	CMT	Ongoing
Providing greater scope for apprenticeship roles throughout the council	Assistant Director: HR and OD	Ongoing
Wellbeing and staff recognition focus of the HR Workforce Plan	Assistant Director: HR and OD	31/08/24
Financial wellbeing of staff – signposting to areas for support being provided for staff	Assistant Director: HR and OD	Ongoing
Consideration of applying market premiums and other retention incentives within the other services where agency costs are increasing or where local market intelligence identifies risks .	CMT	As necessary
Attendance at recruitment fairs highlighting council job opportunities	Assistant Director: HR and OD	Ongoing
Employee benefits under review	Assistant Director: HR and OD	31/12/24
Explore workforce academy model	Assistant Director: HR and OD	31/03/25
Review applicant experience and trial new recruitment options	Assistant Director: HR and OD	Ongoing

**Link to Borough Priorities: Engaged and healthy communities**

**Risk 8: Council is unable to deliver the Safety Valve programme to achieve the financial savings within the specified time frames to bring the dedicated schools grant budget back into balance whilst ensuring that the council meets its statutory responsibilities.**

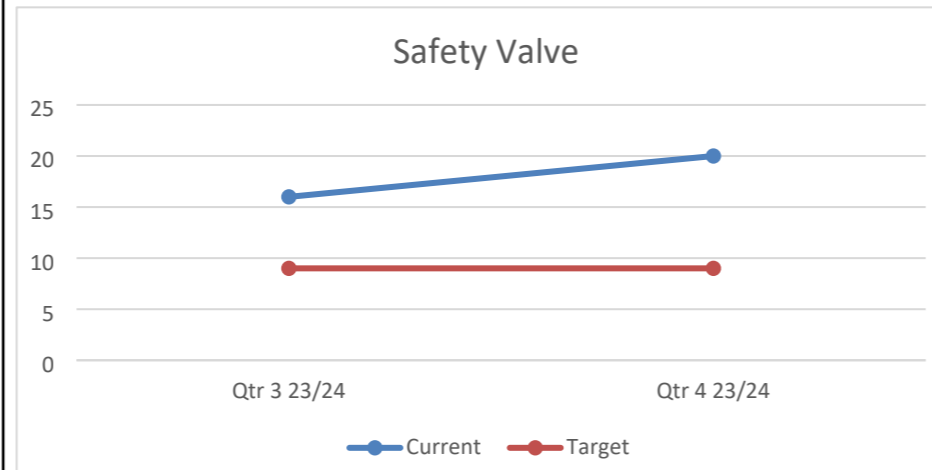
Risk Owner: CMT

**Risk Rating (Likelihood x Impact)**

- Current Residual 4 x 5
- Target Risk Score 2 x 3

**Potential Impact**

- Demand for services continues to grow significantly and statutory timescales cannot be met.
- Negative reputational impact on the council.
- When the statutory override ends, the council will be responsible for the full deficit, which will negatively impact the council's overall financial position.
- Salary caps prevent staff with required skills and experience being delivered leading to continued reliance on agency staff.
- Low staff morale.
- Further adverse external inspections.



**Rationale for current score:**

The council has not yet entered into a formal Safety Valve agreement with the DfE and all projects are in the early stages of planning and delivery. Resourcing to deliver all projects has not yet been confirmed. Significant savings will need to be delivered whilst at the same time improving the standard and timeliness of service delivered through reduction of agency staff, a new staffing structure and a revised delivery model.

**Rational for target risk score**

Need to implement actions to address the significant accumulated deficit £24.1m

**Current RAG rating** RED

**Current Actions (What we are currently doing about the risk)**

- Final Safety Valve proposal submitted to DfE on 12 January. Reviewed at DfE advisory board and now with Secretary of State for decision.
- Engagement and coproduction with local school leaders (headteachers and chairs of governors) and the Parent Carer Forum.
- Capital plans developed to create increased local SEND capacity
- Workstreams and projects identified to deliver improvements in service and financial savings, with positive feedback from DfE's SEND and Finance advisers.
- Project leads identified for all SV projects and high-level project plans drafted.
- New staffing structure endorsed by CMT on 07/02/24.
- Self-delivery business case for new autism school submitted to DfE and now awaiting decision.
- Funding agreed for new SEMH school at full Council on 10 January.

**Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities**

	Officer responsible	Target date
Enter into a formal agreement if the proposal is accepted by the secretary of state. This must be in time for the publication of the agreement in March 2024 and before the start of the 2024/25 financial year	Chief Executive	March 2024
Capital plans being implemented to create increased local SEND capacity	Programme Director Education Capital Programme.	Sandhurst – 31/3/25 Edgebarrow – 31/8/25 All Saints Site - 31/8/26 Bucklers Park – 31/12/26 ( subject to DfE agreeing to BFC managing and delivery the project)
New staffing structure to be implemented	Assistant Director: Education and Learning	April 2024
DfE to agree to revocation of academy order for College Hall to enable the council to consult on its closure	Assistant Director: Education and Learning	March 2024
Confirm resourcing requirements for delivery of all projects	Assistant Director: Strategic Projects	February 2024
To deliver the formal written statement of action. Review of governance arrangement to ensure effective delivery.	Assistant Director: Education and Learning	

RISK MATRIX

LIKELIHOOD	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5

**Likelihood:**  
 5 Very High  
 4 High  
 3 Significant  
 2 Low  
 1 Almost Impossible

**Impact:**  
 5 Catastrophic  
 4 Critical  
 3 Major  
 2 Marginal  
 1 Negligible

**IMPACT**

CRITERIA FOR ASSESSING LIKELIHOOD

PROBABILITY	SCORE	DEFINITION
Almost impossible	1	Rare (0-5%). The risk will material only in exceptional circumstances.
Low	2	Unlikely (5-25%). This risk will probably not materialise.
Significant	3	Possible (25-75%). This risk might materialise at some time
High	4	Likely (75-95%). This risk will probably materialise at least once.
Very High	5	Almost certain (>95%). This risk will materialise in most circumstances.

CRITERIA FOR ASSESSING IMPACT

	Negligible	Minor	Major	Critical	Catastrophic
Score	1	2	3	4	5
<b>Disruption to established routines/operational delivery</b>	No interruption to service. Minor industrial disruption.	Some disruption manageable by altered operational routine.	Disruption to a number of operational areas within a location and possible flow to other locations.	All operational areas of a location compromised. Other locations may be affected.	Total system dysfunction. Total shutdown of operations
<b>Damage to reputation</b>	Minor adverse publicity in local media.	Significant adverse publicity in local media.	Significant adverse publicity in national media.	Significant adverse publicity in national media. Senior management and/or elected Member dissatisfaction.	Senior management and/or elected Member resignation/removal.

	<b>Negligible</b>	<b>Minor</b>	<b>Major</b>	<b>Critical</b>	<b>Catastrophic</b>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Political</b>	Could have a major impact one departmental objective but no impact on a Council Medium Term Objective	Could have a major impact one or more departmental objective but no impact on a Council Medium Term Objective	Could have a major impact on a Departments objective with some impact on a Council Medium Term Objective	Could severely impact the delivery of a Council Medium Term Objective	Council would not be able to meet multiple Medium Term Objectives.
<b>Security</b>	Non notifiable or reportable incident.	Localised incident. No effect on operations.	Localised incident. Significant effect on operations.	Significant incident involving multiple locations.	Extreme incident seriously affecting continuity of operations.
<b>Financial (Council as a whole/ single dept.)</b>	<1% of monthly budget	>2% of monthly budget	<5% of monthly budget	<10% of monthly budget	<15% of monthly budget
<b>General environmental and social impacts</b>	No lasting detrimental effect on the environment i.e. noise, fumes, odour, dust emissions, etc. of short-term duration	Short term detrimental effect on the environment or social impact i.e. significant discharge of pollutants in local neighbourhood.	Serious local discharge of pollutants or source of community annoyance in general neighbourhood that will require remedial attention.	Long term environmental or social impact e.g. chronic and significant discharge of pollutants.	Extensive detrimental long-term impacts on the environment and community e.g. catastrophic and/or extensive discharge of persistent hazardous pollutants.
<b>Corporate management</b>	Localised staff and management dissatisfaction.	Broader staff and management dissatisfaction.	Senior management and /or elected Member dissatisfaction. Likelihood of legal action.	Senior management and/or elected Member dissatisfaction. Legal action.	Senior management and/or elected Member resignation/removal.
<b>Operational management</b>	Staff and line management dissatisfaction with part of a local service area.	Dissatisfaction disrupts service.	Significant disruption to services.		Resignation/removal of local management.
<b>Workplace health and safety</b>	Incident which does not result in lost time.	Injury not resulting in lost time.	Injury resulting in lost time. Compensatable injury.	Serious injury /stress resulting in hospitalisation.	Fatality (not natural causes)
<b>Legal</b>	Minor breach resulting in small fines and minor disruption for a short period	Regulatory breach resulting in small fines and short term disruption for a short period	Major regulatory breach resulting in major fines and short term disruption for a short period	Severe regulatory breach resulting in severe fines and disruption for an extended period	Very severe regulatory impact that threatens the strategic objectives of the Council

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To: **Governance and Audit Committee**  
**13<sup>th</sup> March 2024**

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## **Internal Audit Update Head of Audit and Risk Management**

### **1 Purpose of Report**

1.1 This report presents the update on progress on the Annual Internal Audit Plan.

### **2 Recommendations**

**2.1 To note the update on progress on the Internal Audit Plan for 2023/24.**

### **3 Reasons for Recommendations**

3.1 To ensure the Council complies with statutory requirements for internal audit.

### **4 Alternative Options Considered**

4.1 There are no alternatives.

### **5 Supporting Information**

#### **Internal Audit**

5.1 Delivery of the Council's internal audit services in 2023/24 are being delivered as follows:

- The Internal Audit Contract Manager whose post re-evaluation following the development of the in-house team is currently being finalised to reflect her changing role to deliver complex audits and manage, supervise and mentor the apprentices;
- Two apprentices who joined us at the end of November 2022; and
- Wokingham Council's Business Assurance team delivering internal audit services under a S113 agreement.

5.2 Progress against the 2023/24 Internal Audit Plan is set out in Appendix 1. There has been delay in progressing the 2023/24 Audit Plan due to significant staff shortages compounded by clearing the backlog of work arising from delays in finalising fieldwork and issuing reports for 2022/23 audits and maintaining the new audit recommendation tracker which is resource intensive and was intended to be the responsibility of the Principal Auditor post which we have been unable to successfully recruit and is currently being readvertised.

### **6 Consultation and Other Considerations**

#### **Legal Advice**

6.1 There are no specific legal implications arising from the recommendations in this Report.

Financial Advice

6.2 There are no financial implications arising from this report.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 A robust internal audit service is essential for ensuring proper processes are in place for effective control. Resourcing pressures have been impacting on delivery of the Annual Audit Plan over the last 2 years and continue to do so as the in-house team is at present reliant on inexperienced staff who require close supervision from the qualified auditors on the team to deliver audits assigned to them.

Background Papers

Internal Audit Plan 2023/24

Internal Audit Charter

Contact for further information

Sally Hendrick, Head of Audit and Risk Management - 01344 352092



**BRACKNELL FOREST COUNCIL  
HEAD OF AUDIT AND RISK  
MANAGEMENT'S INTERIM REPORT**

**MARCH 2024**

Sally Hendrick  
Head of Audit and Risk Management  
[Sally.Hendrick@bracknell-forest.gov.uk](mailto:Sally.Hendrick@bracknell-forest.gov.uk)  
01344 352092

## 1.BACKGROUND

- 1.1 The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control.” This report summarises the activities of Internal Audit for the period 1<sup>ST</sup> April 2023 to 29 February 2024 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

## 2. INTERNAL AUDIT

- 2.1 The basic approach adopted by Internal Audit falls broadly into four types of audits:
- System reviews provide assurance that the system of control in all activities undertaken by the Council is appropriate and adequately protects the Council’s interests.
  - Regularity (financial) checking helps ensure that the accounts maintained by the Council accurately reflect the business transacted during the year. It also contributes directly towards the external auditor’s audit of the annual accounts.
  - Computer/IT audits, carried out by specialist audit staff, provide assurance that an adequate level of control exists over the provision and use of computing facilities.
  - Certification as required by relevant Government departments that grant monies have been spent in accordance with grant terms and conditions.
- 2.2 Recommendations are made after individual audits, leading to an overall assurance opinion for the system or establishment under review and building into an overall annual assurance opinion on the Council’s operations called the Head of Internal Audit Annual Opinion. The different categories of recommendation and assurance opinions are set out in the following tables.
- 2.3 We categorise our **audit opinions** according to our assessment of the controls in place and the level of compliance with these controls as set out below. It should be noted that from 1 April 2022 we renamed our second level assurance category from adequate to satisfactory to better reflect the positivity of this level of opinion.

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Satisfactory - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non- compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.

	Partial - there are areas of weakness and/or non-compliance with control which put the system/process objectives at risk and undermine the system's overall integrity. Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number of areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations.
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

2.4 We categorise our recommendations according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

### 3. SUMMARY OF INTERNAL AUDIT RESULTS TO DATE

- 3.1 The Annual Internal Audit Plan for 2023/24 was considered and approved by the Governance and Audit Committee on 22nd March 2023. The delivery of the individual audits during 2023/24 is being undertaken by:
- The Internal Audit Contract Manager whose post following the development of the in-house team has been re-evaluated pending finalisation to reflect her changing role to deliver complex audits and manage, supervise and mentor the apprentices;
  - Two apprentices who joined us at the end of November 2022; and
  - Wokingham Council's Business Assurance team delivering internal audit services under a S113 agreement.
- 3.2 Consistent with other Berkshire authorities, the in-house model at Bracknell Forest is based on a Head of Audit supported by 4 qualified auditors undertaking fieldwork. Under mandatory Public Sector Internal Audit Standards, the Head of Internal Audit is required to bring to the Governance and Audit Committee's attention where the level of agreed resources may impact on the delivery of audit work needed to provide the annual audit opinion. "Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the

consequences must be brought to the attention of the board.” Since the Internal Audit Service was brought in-house the service in 2020, there has been significant pressure on resources to complete audit work. Attracting suitable candidates to audit posts has been very challenging with limited candidates in the market coupled with the Council not offering competitive salaries for these roles and as a result audits have largely been delivered by a series of costly agency workers for the last 3 years. It is recognised that this is no longer sustainable from a financial, management and delivery point of view since in addition to being more expensive than an experienced qualified principal auditor on a competitive market salary, agency auditors require considerable supervisory input due to their lack of knowledge of the organisation. Now that we have 2 apprentices with significant supervisory and training needs, there is reduced capacity to manage agency workers and hence the agency worker who left in September was not replaced.

- 3.3 The external quality assessment undertaken by CIPFA in 2022 acknowledged auditor recruitment challenges to be a national problem and recommended the Council go down the apprenticeship route to help address this. Whilst successfully recruiting 2 apprentices in November 2022, 20% of their time is on formal training and as expected at the moment they still require a considerable level of training and supervision which diverts more experienced audit resources.
- 3.4 Resourcing pressures as noted above together with additional work in maintaining the recommendation tracker and delays in completing and finalising 2022/23 audits have resulted in delays in progressing audits. In addition to maximising the use of the apprentices, action has been taken to purchase additional days from Wokingham Borough Council Internal Audit Team. The Annual Audit Plan for 23/24 as approved by the Governance and Audit Committee prioritised each audit in the Plan and as per Appendix 3 noted “*The Audit Plan includes the following 9 audits considered to be only medium priority. Audit resources will in the first instance be directed to very high and high priority resources and the breakdown of medium priority audits as below will be reviewed quarterly to identify capacity available to undertake these reviews*”. The Audit Plan has now been reviewed and a number of audits have been deferred. Moving forward, effective delivery of the Internal Audit Service and compliance with statutory responsibilities for internal audit services will be dependent on the successful recruitment of permanent experienced auditors to undertake the more complex audits and this will be driven to a large extent by our ability to offer competitive market salaries.
- 3.5 Between April 2023 and February 2024, 6 grant audits and 14 memo/reports were finalised and 7 reports/memos were issued in draft awaiting management responses. One draft report for discussion had been issued prior to exit meeting, one audit report had been received for quality from Wokingham Internal Audit team and nine audits were work in progress.
- 3.6 Details on the status and outcome of all audits are attached at Appendix 1. A summary of the outcome of finalised and audits with reports issued in draft are set out below.

2023/24 TO DATE ASSURANCE LEVELS	NUMBER OF AUDITS YEAR TO DATE IN 23/24	2022/23 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	1 (22/23:0)	Good	0
Satisfactory	6 (22/23:12)	Satisfactory	19 (including 5 with major recommendations)
Partial	5 (22/23:5)	Partial	7
Inadequate	0 (22/23:0)	Inadequate	0
No assurance	0(22/23:0)	No assurance	0
<u>Total for Audits with an Opinion</u>	12 (22/23:17)	<u>Total for Audits with an Opinion</u>	26
Memos and reports with Critical/Major Recommendations/Observations and no Opinion	5 (22/23:4)	Memos and reports with Major Recommendation and no Opinion	12
Other Follow Up Memos/ Reports with no Opinion	4(22/23:5)	Other Follow Up Memos/ Reports with no Opinion	8
<u>Total Audits</u>	21 (22/23:26)	<u>Total Audits</u>	46
Grant Certifications/Submissions	6(22/23:7)	Grant Certifications	8
Overall Total	27 (22/23:33)	Overall Total	54

### Identified High Priority Control Issues

3.7 Audits which have identified high priority recommendations will generally be revisited in 2024/25, to ensure successful implementation of agreed recommendations.

AUDITS WHERE HIGH PRIORITY ISSUES HAVE BEEN IDENTIFIED SINCE THE LAST UPDATE TO THE COMMITTEE		
<ul style="list-style-type: none"> <li>SECURITY CAMERAS</li> </ul>	<p>The follow up review identified that of the three original major recommendations only one relating to policy and governance had been partially implemented. In response to this, a further major recommendation has been raised relating to updating of the policy and data impact assessments and deployment of</p>	<p>Follow up memo with 5 major risk observations</p>

	<p>security cameras. Two of the original major recommendations had not been implemented and have been re-raised relating to signage and defining access to camera footage. Two moderate recommendations from the original report had not been addressed. These issues have now been escalated and major recommendations have been raised on publicising and communicating the policy with officers responsible for security cameras and maintaining a list of the cameras in place.</p>	
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**Summary of Internal Audit Performance**

3.9 As shown below, only 2 completed client questionnaires have been received to date for 2023/24 and both were satisfactory. For the draft audits to date, the first draft report has been produced within 15 days of the exit meeting in 75% of instances.

	Client Questionnaires		Draft Report /Memo Produced within 15 Days of Exit meeting
	Received	Satisfactory	
<b>1<sup>st</sup> April to 29<sup>th</sup> February 2024</b>	<b>4</b>	<b>100%</b>	<b>67%</b>
<b>2022/23</b>	<b>7</b>	<b>86%</b>	<b>63%</b>

**4. PROGRESS ON INTERNAL CONTROL ENVIRONMENT 2023/24**

4.1 Progress to improve the control environment is being monitored based on the outcome of the audits undertaken and in particular identifying whether agreed management actions for areas previously found to have significant control weaknesses have been implemented as this has been a key factor in the Head of Audit and Risk Management’s annual opinion on the control environment for the last 4 years.

**5. RISK MANAGEMENT**

5.1 During 2023/24, the Strategic Risk Register has been reviewed by was reviewed by the Strategic Risk Management Group (SRMG) in May, August, December and



February and by the Corporate Management Team in September 2023 and February 2024 before being presented to the Governance and Audit Committee for feedback in September 2023 and March 2024.

## **6. COUNTER FRAUD UPDATE**

### **6.1 HOUSING BENEFIT AND COUNCIL TAX REDUCTION**

A detailed update was provided to the Committee in January 2024 and a further update to cover the full year will be included in the Head of Audit and Risk Management's annual report in June 2024.

**2022/23 INTERNAL AUDIT PLAN OUTCOMES NOT REPORTED IN 2022/23**

\*Key indicator- Draft report issued within 15 days of exit meeting

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
<b>Council Tax and Business Rates</b>	January 2023	14/7/23	X			✓			6	4		Final report issued

**2023/24 INTERNAL AUDIT PLAN**

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	Inadequate	Critical	Major	Moderate	Low	
<b>GOVERNANCE</b> Data indicators follow up review												Audit starting 11 March 2024
Security cameras follow up	6/11/23	2/2/24	✓	Follow up memo					5			Draft report issued
SARS	16/10/23	1/3/24	✓		✓					6	1	Draft report issued
iESE	1/7/23	30/8/23	✓	Advisory memo issued with 13 observations made including 3 major observations								Finalised
<b>Grant Certifications</b> Bus Service Operator	6/6/23	6/6/23	✓	Grant certified								Certified
Integrated Transport Block Allocation	11/8/23	20/9/23	✓	Grant certified								Certified
Food waste collections capital grants	14/2/24	14/2/24	✓	Grant certified								Certified
Troubled Families-June	25/6/23	27/6/23	✓	Payments by Results grant audit completed								Finalised

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	Inadequate	Critical	Major	Moderate	Low	
Troubled Families-September	11/9/23	18/9/23	✓	Payments by Results grant audit completed								Finalised
Troubled Families-December	11/12/23	19/12/23	✓	Payments by Results grant audit completed								Finalised
Troubled Families-March												Starting 18 <sup>th</sup> March
<b>COUNCIL WIDE</b> Debt management-PPR	4/1/24											Work in progress
Debt management-Delivery												Deferred to 24/25 due to staff changes in Property
Debt management-People												Deferred to Q1 of 24/25
Budget monitoring in service areas	1/7/23	8/11/23	X	Advisory memo with no opinion with 3 major recommendations					4	3		Finalised
Procurement	7/8/23											Work in progress
Absence management	28/8/23	24/1/24	X		✓					5	1	Draft report issued
Amazon account IR35	19/7/23	16/11/23	X		✓				1	9		Finalised
	18/12/23											Work in progress
Climate Change- <del>ADDITIONAL</del>												Cancelled
<b>DELIVERY</b> Public Protection Partnership follow up review	1/6/23	20/7/23	✓	Follow up memo						5	1	Final memo issued
Home to School Transport	1/6/23	5/7/23	✓	Advisory memo with no opinion with 3 major recommendations					3	4		Finalised
Gap analysis to determine IT audit strategy												Cancelled
Business Continuity follow up review												Quarter 4 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	inadequate	Critical	Major	Moderate	Low	
Disaster Recovery Procedures												Cancelled
<b>PLACE</b> PLANNING AND REGENERATION Tree services	4/12/23											Work in progress
Highways reactive maintenance												Work in progress
Public health – utilisation of funding	4/12/23											Work in progress
<b>RESOURCES</b> Supplier payments	4/9/23											Discussion draft issued for exit meeting
Establishment costs	4/1/24											Work in progress
Council tax and business rates												Cancelled
<b>PEOPLE</b> Assurance framework												Deferred to 2024/25
Support for TMC and CQC inspections												Audit no longer required
Child Protection Conferences or Independent Review Officer arrangements												Cancelled
Domiciliary care	31/7/23	27/11/23	X		✓					6	2	Finalised
Intermediate Care-capacity, flow and efficacy												Deferred 2024/25
Blue badges- new processes												Deferred 2024/25
Drug and Alcohol Team- following change in head of service												Deferred 2024/25



AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Satisfactory	Partial	Inadequate	Critical	Major	Moderate	Low	
Refuges asylum <b>ADDITIONAL AUDIT</b>												<b>Quarter 4 audit</b>
<b>SCHOOL AUDITS</b> School D	<b>26/6/23</b>	<b>19/7/23</b>	✓			✓			<b>4</b>	<b>10</b>		<b>Finalised</b>
School R	<b>6/6/23</b>	<b>22/11/22</b>	X			✓			<b>1</b>	<b>6</b>	<b>2</b>	<b>Finalised</b>
School E	<b>14/6/23</b>	<b>10/10/23</b>	X	<b>Memo issued with no opinion as agreed with the Head teacher prior to the audit</b>				<b>2</b>	<b>8</b>	<b>10</b>		<b>Finalised</b>
School V												<b>Cancelled</b>
School M -desk top follow up	<b>October 23</b>	<b>16/11/23</b>	✓	<b>Follow up Memo with no opinion</b>						<b>5</b>		<b>Finalised</b>
School I -desk top follow up												<b>Deferred to quarter 4 at request of the school and now deferred again</b>
School G	<b>13/11/23</b>	<b>20/12/23</b>	✓			✓			<b>5</b>	<b>6</b>	<b>1</b>	<b>Draft report issued</b>
School X												<b>Cancelled as school academising</b>
School W	<b>8/2/24</b>											<b>Work in progress</b>
School Y	<b>15/2/24</b>	<b>9/2/24</b>	✓		✓					<b>6</b>	<b>1</b>	<b>Draft report issued</b>
School K	<b>5/1/24</b>											<b>Work in progress</b>

**TO: GOVERNANCE AND AUDIT COMMITTEE  
13 MARCH 2024**

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**INTERNAL AUDIT PLAN 2024/25  
(Head of Audit and Risk Management)**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to set out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2024/25.

**2 RECOMMENDATION**

- 2.1 **To approve the Internal Audit Plan for 2024/25 attached at Appendix A.**

**3 REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the Council meets its statutory responsibilities for internal audit.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 There is no alternative option.

**5 SUPPORTING INFORMATION**

Internal Audit Requirements

- 5.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 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." The Council delegates its statutory responsibilities for the provision of the internal audit service under the Accounts and Audit (England) Regulations 2015 to the Executive Director: Resources.

- 5.2 More specifically, Internal Audit aims to: -

- satisfy the legal requirements of a Local Authority Internal Audit Service and provide an annual opinion on the effectiveness of the Council's control environment risk management and governance processes;
- comply with Public Sector Internal Audit Standards;
- examine, evaluate and report independently and objectively on the adequacy of management's arrangements to secure the proper use of resources (economy, efficiency and effectiveness);
- assist management in achieving its objectives, managing its risks and establishing and maintaining adequate systems of internal control;
- assist management, where appropriate, in the investigation of alleged fraud, theft, corruption or other irregularity; and

- ensure External Audit can place reliance on Internal Audit's work to inform their planning and minimise audit fees.

- 5.3 Internal Audit provides independent assurance on the control environment but for Internal Audit to provide full assurance on all activities and transactions across the organisation, the Council would need to commit significantly more resources to internal audit services than is realistically available. Historically, the Council has taken the view that spend on internal audit should be limited to only what is necessary to undertake sufficient audit work to enable an annual evidence based opinion to be given. Responsibility for the prevention and detection of fraud rests with management. However, in undertaking all audit assignments audits are mindful to the risk of fraud and fraud and look to ensure that managers have put adequate procedures in place to address the risk of fraud.
- 5.4 The 2024/25 programme will incorporate audits that had to be deferred from 2023/24 that are still required. Delivery of these deferred audits will be prioritised. In addition, audits have been prioritised into very high, high and medium and audit resources will be directed first to very high and high priority audits.
- 5.5 The audits in the Council's internal audit plan are delivered via a hybrid of in-house resource and outsourcing. An in-house team set up during 2021/22 will deliver the bulk of audit work. The in-house team is comprised of the Head and Audit and Risk Management , an Internal Audit Manager, two apprentices and a Principal Auditor post which has been vacant for 12 months with no mitigating agency cover for the last 6 months. This post is currently being re-advertised. In addition, a third of the audit plan is delivered by Wokingham Internal audit team under a s113 agreement. Counter fraud is provided by Reading Borough Council Fraud Investigation Teams.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Legal Advice

- 6.1 Nothing to add.

### Financial Advice

- 6.2 There are no financial implications arising from the report. However, a strong internal control environment helps ensure that the Council is not exposed to unexpected financial risks and ensure value for money. The Internal Audit programme is focused primarily on key financial controls as well as high risk areas identified by the Head of Internal Audit and senior managers across the organisation. As such, it is to be expected that some areas may receive adverse assurance reports. Where weaknesses are identified it is important that they are addressed as quickly as possible.

### Equalities Impact Assessment

- 6.3 Not applicable.

### Strategic Risk Management Issues

- 6.4 Robust internal audit arrangements are an important part of effective risk management. Audit plans should be targeted to areas of greatest risk to the Council



and individual internal audit reviews should focus on controls in place to mitigate risk and highlight any gaps in assurance. Difficulties with recruiting to the Principal Auditor post will potentially impact on delivery of the audit plan which has been designed to provide assurance coverage across Council activities to enable the Head of Audit and Risk management to provide the annual opinion on the Council's control environment. To mitigate this some additional days will be purchased from Wokingham internal audit during 2024/25 and agency staff may need to be sought.

Climate Change Implications

6.5 Not applicable.

Health & Wellbeing Considerations

6.6 Not applicable.

**7 CONSULTATION**

Principal Groups Consulted

7.1 CMT and DMTs .

Method of Consultation

7.2 The development of the Annual Internal Audit Plan has involved extensive consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. This was based on one to one discussions with senior officers noted above.

Representations Received

7.3 Not applicable.

Background Papers

Public Sector Internal Audit Standards

Internal Audit Charter

Contact for further information

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**BRACKNELL FOREST COUNCIL**  
**INTERNAL AUDIT PLAN 2024/25**

## Introduction

The role of internal audit is that of 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, control and governance processes’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council’s objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Head of Audit and Risk Management can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. It should be noted that under the Accounts and Audit Regulations 2015, the Council is required each financial year to review the effectiveness of the system of internal control and produce an Annual Governance Statement.

The Head of Audit and Risk Management is required to provide this annual assurance on controls across the whole Council which encompasses a diverse range of activities. Whilst it is not feasible to audit every area and cover each risk every year, this assurance cannot be given without carrying a range of audits across the Council’s departments, activities and risks.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Executive Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be discussed and agreed with the S151 officer.

## The Internal Audit Team

Delivery of audits is through a hybrid of in-house resource and outsourcing of some general audit work to Wokingham Council internal audit team. In addition, counter

fraud support is provided by Reading Borough Council Corporate Investigation Team. The in-house internal audit service is led by Sally Hendrick, Head of Audit and Risk Management supported by Michele Woodhatch, Internal Audit Contract Manager, one Principal Auditor post which has been vacant for 12 months and two apprentices. There have been significant resource pressures within the service in the last 2 years due to the transition from an outsourced to an in-house delivery model and subsequent issues with recruiting. To address this and as advised by CIPFA during their external assessment, the two internal audit apprentices were recruited in November 2022 and additional days have been purchased from Wokingham's internal audit team.

### Conformance with internal auditing standards

The internal audit service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In March 2022, CIPFA carried out an external assessment against the PSIAS, Local Government Application Note and the International Professional Practices Framework. In considering all sources of evidence the external assessor concluded:

**It is our opinion that Bracknell Forest Council's Internal Audit Service's self-assessment is accurate and, as such, we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.**

Between each formal external assessment, the Head of Audit and Risk Management carries out an annual check to confirm continued compliance. internal audit service is designed to conform to the Public Sector Internal Audit Standards (PSIAS).

### Conflicts of Interest




We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

### The Council Plan

The Public Sector Internal Audit standards state that:

*"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals"*

The organisation's current goals are set out in the Council Plan 2023 -2027 which was developed to address the challenges facing the Council and deliver the commitments made in the 2023 election manifesto. The 2024/25 Internal Audit Plan has been developed to link to the organisation's current goals as set out in the priorities as set out below.

		
<p><b>Engaged and healthy communities</b></p> <p>Our role is to help create opportunities where people can succeed, be happy and feel safe.</p>	<p><b>Thriving and connected economy</b></p> <p>The local economy includes many different aspects, such as businesses, jobs, skills, accommodation, and services.</p>	<p><b>Green and sustainable environment</b></p> <p>Our environment includes everything around us, our parks, our cycleways and our road networks.</p>

## Council Risk

The Council has a clear framework and approach to risk management. The Strategic Risk Register is currently being revisited by the Corporate Management Team (CMT) to ensure that it accurately reflects the risks to strategic objectives and focuses on uncertainties rather than existing issues. In the meantime the risks in the existing risk register as set out below have been used to inform development of the audit plan for 2024/25. We will monitor the Strategic Risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape and is focusing on key risks identified by CMT.

REF.	STRATEGIC RISK
Risk 1	Financial Sustainability
Risk 2	Impact of Pressures on Health System
Risk 3	Local Economy Resilience
Risk 4	Demand Management
Risk 5	Cyber Risks
Risk 6	Climate Change Net Zero
Risk 7	Staffing
Risk 8	Safety Valve

## Developing the internal audit plan 2024/25

We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Management Team
- Executive Directors
- Assistant Directors



Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Head of Audit and Risk Management has developed an annual audit plan for the coming year. The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation. We will however continue to monitor closely the work of other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained








**2024/25 INTERNAL AUDIT PLAN**




AUDIT	DAYS BY QUARTER				TOTAL DAYS	TOTAL DAYS DELIVERED	TOTAL DAYS PER PLAN
	Q1	Q2	Q3	Q4	24/25	23/24	23/24
1.GOVERNANCE & GRANTS	3	7	3	23	36	48	38
2.COUNCIL WIDE AUDITS	0	40	22	22	84	78	110
3. DELIVERY INCLUDING IT AUDIT	15	12	22	25	74	20	52
4.RESOURCES	20	0	14	0	34	22	42
5.PLACE, PLANNING, AND REGENERATION	0	0	10	0	10	33	23
6.PEOPLE	37	39	7	36	119	67	157
7.SCHOOLS	32	0	20	0	52	42	44
<b>TOTAL</b>	<b>107</b>	<b>98</b>	<b>98</b>	<b>106</b>	<b>409</b>	<b>310</b>	<b>466</b>
BFWD FROM 23/24 WORK IN PROGRESS					25		
<b>TOTAL 24/25</b>					<b>434</b>		




**DETAILED BREAKDOWN**

AUDIT	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Sponsor	Priority	Strategic Risk	Council priority
<b>GOVERNANCE</b> Complaints follow up	10	0	0	0	10	Executive Director: Delivery	Very High		
O&S Reviews project management follow up	10	0	0	0	10	Executive Director: Delivery	High		
<b>GRANT CERTIFICATIONS</b> Bus Service Operator	1	0	1	0	0	Director of Place, Planning and Regeneration	Essential	1	
Integrated Transport Block Allocation	3	0	3	0	0	Director of Place, Planning	Essential	1	



AUDIT	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Sponsor	Priority	Strategic Risk	Council priority
						and Regeneration			
Troubled Families	12	3	3	3	3	Executive Director: People	Essential	1,4	
<b>COUNCIL WIDE</b> Updating of Council records from death lists	12	0	0	12	0	Executive Director: Resources	High	1,4	
Monitoring of staffing budgets	12	0	0	0	12	Executive Director: Resources	High	1	
Budgeting follow up	10	0	10	0	0	Executive Director: Resources	Very high	1	
MOSAIC-IT/Finance/CSC	20	0	20	0	0	Executive Director: Resources	High	1	
Audit Contingency	30	0	10	10	10	Executive Director: Resources	Medium		
<b>DELIVERY</b> Debt management in Delivery	15	15	0	0	0	Executive Director: Delivery	Very High	1	
Registration services	10	0	0	10	0	Executive Director: Delivery	Medium	1	
Minor capital works	12	0	0	12	0	Executive Director: Delivery	High	1,6	
Landscaping and Street Cleansing	15	0	0	0	15	Executive Director: Delivery	Medium	1,6	
Change control in IT and digital services	10	0	0	0	10	Executive Director: Delivery	Medium	1	
Life Cycle review of IT hardware	12	0	12	0	0	Executive Director: Delivery	Medium	1	
<b>PLACE PLANNING AND REGENERATION</b> The Look Out	10	0	0	10	0	Executive Director: Place, Planning and Regeneration	Medium		
<b>RESOURCES</b> Supplier payments- follow up	7	0	0	7	0	Executive Director: Resources	High	1	
Establishment costs – follow up	7	0	0	7	0	Executive Director: Resources	High	1	

AUDIT	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Sponsor	Priority	Strategic Risk	Council priority
Council tax and business rates	20	20	0	0	0	Executive Director: Resources	Very High	1	
<b>PEOPLE</b> Debt management- People	20	20	0	0	0	Executive Director: People	High	1	
Timeliness of updating of LAS	12	0	12	0	0	Executive Director: People	High	1,4	
Direct payments fraudit	12	0	0	0	12	Executive Director: People	Medium	1,4	
Blue badges- new processes	12	0	0	0	12	Executive Director: People	Medium	4	
Drug and Alcohol Team	12	0	12	0	0	Executive Director: People	Medium	4	
Waymead	10	10	0	0	0	Executive Director: People	Medium	1,4	
Financial Assessments	12	0	0	0	12	Executive Director: People	High	1	
Larchwood follow up	7	7	0	0	0	Executive Director: People	Very high	1,4	
Housing benefit and CTR	15	0	15	0	0	Executive Director: People	High	1,4	
Services to schools follow up	7	0	0	7	0	Executive Director: People	High	1,4	
<b>SCHOOL AUDITS</b> School B -desk top follow up	4	0	0	4	0	Executive Director: People	Very high	1	
School T -desk top follow up	4	0	0	4	0	Executive Director: People	Very high	1	
School U -desk top follow up	4	0	0	4	0	Executive Director: People	Very high	1	
School R -desk top follow up	4	0	0	4	0	Executive Director: People	Very high	1	
School S -desk top follow up	4	0	0	4	0	Executive Director: People	Very high	1	
School E -desk top follow up	4	4	0	0	0	Executive Director: People	Very high	1	

AUDIT	Days	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Sponsor	Priority	Strategic Risk	Council priority
School D -desk top follow up	4	4	0	0	0	Executive Director:People	Very high	1	
School G -desk top follow up	4	4	0	0	0	Executive Director:People	Very high	1	
Audit following self assessments due- Schools A and F	20	20	0	0	0	Executive Director:People	High	1	
<b>TOTAL</b>	<b>409</b>	<b>107</b>	<b>98</b>	<b>98</b>	<b>106</b>				

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