

Open

Audit Committee

Agenda

6pm
Monday, 30th March 2015
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

	Chairman: Councillor T L Onslow
	Vice-Chairman: Councillor J A Hart
Councillor P Dyke	Councillor J Holden
Councillor L Hyde	Councillor M B Kelly
Councillor J W Parish	Councillor C Rogers

Information for Members of the Public:

Part I of the Agenda includes items for discussion in public. You have the right to request to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

Part II of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

There are particular circumstances when the Ethics and Standards Committee may exclude the public, which are in addition to those available at meetings of the Council, its Cabinet and Committees etc. These apply when the Ethics and Standards Committee considers the following:

Information relating to a particular chief officer, former chief officer or applicant to become a chief officer of a local probation board within the meaning of the Criminal Justice and Court Services Act 2000.

Information which is subject to any obligation of confidentiality.

Information which relates in any way to matters concerning national security.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of this constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

For further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Sue Saunders, Committee and Electoral Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732733 or email susan.saunders@wyreforestdc.gov.uk

Audit Committee

Monday, 30th March 2015

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 1 st December 2014.	7
5.	Audit Update To receive an audit update report from Grant Thornton.	10
6.	Certification Report To receive a report from Grant Thornton on the certification work for year ended 31 st March 2014.	25
7.	Audit Plan To receive a report from Grant Thornton on the Audit Plan.	27

8.	Informing the Audit Risk Assessment To receive a report from Grant Thornton on Informing the Audit Risk Assessment.	42
9.	Internal Audit – Annual Audit Plan 2015/16 To receive a report from the S151 Officer and the Principal Auditor which informs Members of the Internal Audit – Annual Audit Plan 2015-2016.	65
10.	Internal Audit Monitoring Report Quarter Ended 31st December 2014 To receive a report from the S151 Officer and the Principal Auditor which informs Members of the Internal Audit Monitoring Report for the quarter ended 31 st December 2014.	83
11.	Internal Audit – Protecting the Public Purse 2014 To receive a report from the S151 Officer which asks Members to note the summary of findings and recommendations from the recent Audit Commission National Report “Protecting the Public Purse 2014.	98
12.	Annual Governance Statement To receive a report from the Chief Financial Officer which asks the Committee to approve the progress against the Annual Governance Statement Action Plan 2013/14.	108
13.	Risk Management To receive a report from the Chief Financial Officer which informs Members of the current Corporate Risk Register and the Budget Risk Matrix.	117
14.	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
15.	Exclusion of the Press and Public To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

16.	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER

1ST DECEMBER 2014 (6PM)

Present:

Councillors: T L Onslow (Chairman), J A Hart (Vice-Chairman), J Holden, M B Kelly, B McFarland, J W Parish, J Phillips and C Rogers.

Observers:

Councillors: M J Stooke, P Wooldridge and M J Wrench.

AUD.20 Apologies for Absence

Apologies for absence were received from Councillor L Hyde.

AUD.21 Appointment of Substitutes

Councillor B McFarland was appointed as a substitute for Councillor L Hyde.

AUD.22 Declarations of Interests by Members

No declarations of interest were made.

AUD.23 Minutes

Agreed: The minutes of the meeting held on 29th September 2014 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.24 Audit Update

The Committee received the Audit Update report from Grant Thornton.

Members were taken through the report and advised that the 2013/14 audit had been completed. The 2013/14 Housing and Council Tax Benefits audit had also been completed and a detailed report would be presented to the next meeting of the Audit Committee. The work had been qualified. It was pointed out to Members that part of the audit process had been set by Department of Works and Pensions (DWP) and there had not been many benefit claims not qualified for authorities across the country.

Agreed: The report be noted.

AUD.25 Annual Audit Letter and Audit Opinion

The Committee received the Annual Audit Letter and Audit Opinion from Grant Thornton.

Members were informed that the audit has been clean and efficient and Grant Thornton were pleased with the Council's resilience. There were very challenging times ahead for the Council and he reiterated that reserves should be protected. He congratulated the Finance team and stated that the Council were in a good place moving forward but had a challenging future.

Agreed: The report be noted.

AUD.26 Internal Audit Monitoring Report Quarter Ended 30th September 2014

The Committee received a report from the Principal Auditor that informed Members of the Internal Audit Monitoring Report for the quarter ended 30th September 2014.

Members were taken through the report and the Principal Auditor and advised of a change in presentation. The Principal Auditor reported that four audit reports had been finalised with three at a level of Some assurance.

In response to a Member query, the Principal Auditor advised that the small difference that had been identified in the Council Tax Reconciliations for 2013/14 had been £238 and this was due to the timing and differences at month end. She pointed out that the way cash was collected was now different resulting in changes to the reconciliation procedure which had been addressed as part of the 2014 reviews.

With regard to a previous Payroll Audit for 2013/14, the overall conclusion had been to give it a "limited" assurance level, this had related to the establishment including employees and this had been done on spreadsheets. However, Human Resources were part of an implementation team working to introduce an electronic database known as HR21 which will provide complete establishment records. In the meantime Internal Audit had performed full cross checks of the establishment using the accountancy pay estimates and this had been satisfactory, therefore the assurance level had improved to "some".

Members were informed that payroll services were provided by Redditch Borough Council & Bromsgrove District Council with Human Resources services being provided by Worcestershire County Council. It was hoped that going forward the new software developments would ease some of the processes and not so many audit days would have to be spent on the system, but the system would be closely monitored also including continuation of to cross checking.

In response to a Member question with regard to Worcestershire Regulatory Service debtors, the Chief Financial Officer advised that a member of the Audit Team attended regular meeting of the Finance Intervention working groups and this area was currently being reviewed.

Agenda Item No. 4

Agreed: The Internal Audit Monitoring Report for the Quarter ended 30th September 2014 as detailed in Appendix 1 of the report to the Audit Committee be considered.

The meeting ended at 6.23 pm.



Audit Committee Update for Wyre Forest District Council

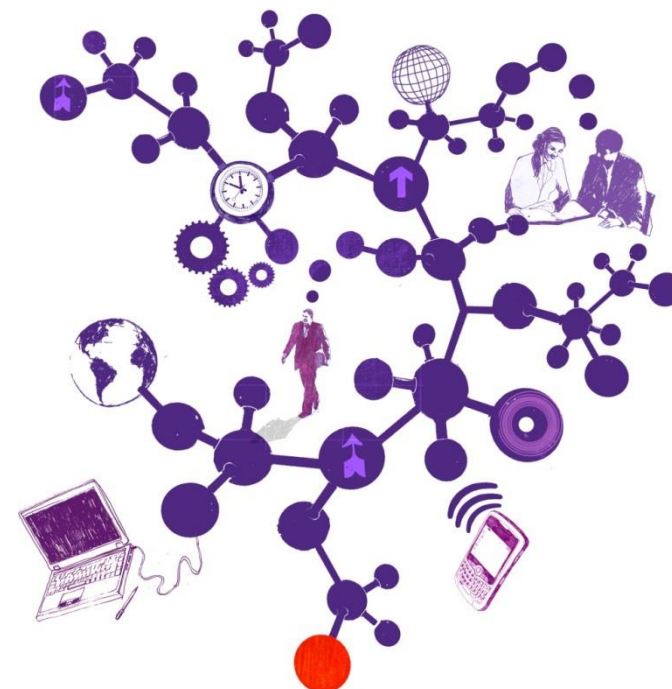
Year ended 31 March 2015

March 2015

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Progress at March 2015

Work	Planned date	Complete?	Comments
2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.	March 2015	Yes	Our Audit Plan is included as a separate agenda item
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	February – March 2015	Yes	We have completed our interim audit work. There are no issues that we wish to bring to Member's attention at this stage in our audit.
2014-15 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July – September 2015	Not started	We have had preliminary discussions on some accounting issues, including the valuation of property, plant and equipment

Progress at March 2015

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion comprises: <ul style="list-style-type: none">• assessment of arrangements in place for securing financial resilience• assessment of arrangements for challenging how the Council secures economy, efficiency and effectiveness	April 2015	Not started	We will carry out our Value for Money assessment in April

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

Governance of the organisation – the main area of concern highlighted in this year's governance survey is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through many other agencies. This implies a greater role for scrutiny and a need to make sure local public sector bodies' arrangements are as transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors and is available at <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

- there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

- implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

- there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have specific internal audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures:
development of the LGPS

Improving governance in local government pension schemes
February 2015



Independent Commission into Local Government Finance

Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

Challenge question

Have officers considered the key findings of the Independent Commission's final report?

Inspection into the governance of Rotherham Council

Local government issues

On 4 February 2015 the Secretary of State for Communities and Local Government, Eric Pickles announced the publication of [Louise Casey's report](#). Her inspection of the exercise of functions on governance, children and young people and taxi and private hire licensing states:

"Rotherham Metropolitan Borough Council is not fit for purpose. It is failing in its legal obligation to secure continuous improvement in the way in which it exercises its functions. In particular, it is failing in its duties to protect vulnerable children and young people from harm."

It summarises the following serious failings:

- a council in denial about serious and on-going safeguarding failures
- an archaic culture of sexism, bullying and discomfort around race
- failure to address past weaknesses, in particular in Children's Social Care
- weak and ineffective arrangements for taxi licensing which leave the public at risk
- ineffective leadership and management, including political leadership
- no shared vision, a partial management team and ineffective liaisons with partners
- culture of covering up uncomfortable truths, silencing whistle-blowers and
- paying off staff rather than dealing with difficult issues

The report has had widespread press coverage and the Secretary of State confirmed on 26 February 2015 that he had decided to nominate five commissioners to take over all of the council's executive functions and to begin a rapid improvement programme. He also confirmed that he would act to move Rotherham to 'all out' council elections from 2016.

Challenge question

Have officers considered :

- the headline messages from the inspection of aspects of Rotherham MBC's governance arrangements?
- whether there are any lessons to be learned by the authority and actions that need to be taken to strengthen its overall governance arrangements in response to the risk of child sexual abuse, including the robustness of member oversight, challenge and scrutiny?

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Challenge questions

Has your Chief Financial Officer:

- reassessed the methodology for making the business rates provision?
- got arrangements in place for the estimation of appeals to be charged against the provision?

Early payment of pension contributions

Accounting and audit issues

During 2014/15 some local authorities paid pension fund deficit contributions covering three years (2014/15 to 2016/17). By doing this the local authority benefits from a discount on the total amount payable resulting in a lower overall charge.

Due to the amounts involved, some authorities are seeking to spread the impact of the payment over the three-year period. In doing so, they must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year as defined by regulation 30 of [The Local Authorities \(Capital Finance and Accounting\) \(England\) Regulations 2003](#).

We expect authorities that are spreading the impact of pension deficit contributions to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. The accounting judgements and treatment should reflect the advice received and should be documented accordingly.

Where an authority has received legal advice that the up-front payment can be recognised in the general fund over three years, based on our understanding of the arrangement we would expect the total amount to be reflected in the pension fund liability. This means that the pension reserve will not equal the pension liability. We expect the background to the transactions and the reason for the difference to be disclosed in a note to the accounts.

Challenge question

Has your authority paid pension fund contributions covering more than one year and if so has your Chief Financial Officer obtained legal advice and documented their judgement on accounting for the early payment of pension contributions?

Inclusion of overtime in the calculation of holiday pay

Accounting and audit issues

The Employment Appeal Tribunal (EAT) has delivered its judgement on the extent to which overtime pay should be included in the calculation of holiday pay. This case stems from an apparent conflict between UK law and European Law.

The EAT found that non-guaranteed overtime (i.e. overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered), should be included in the calculation of holiday pay. Back-dated claims can only be made if it is less than three months since the last incorrect payment of holiday pay.

It is likely that there will be an Appeal to this decision. However that does not mean that authorities should hold off assessing the impact. Local authorities should be considering their own circumstances and if necessary taking their own legal advice as to the extent they might be affected by the ruling. If an authority is going to be affected they need to assess whether the liability can be reliably measured.

For an authority likely to be affected in a material way, where it is possible to reliably measure that liability, then appropriate provision should be made in the 2014/15 accounts. The fact that the issue might go to Appeal at some uncertain time in the future is not of itself grounds for not including a provision. The chances of any success would need to be taken account of in the legal analysis but, in any case, there are some indications that the key issue on Appeal would be whether to remove the three month cap (if this were done then the provision would increase), rather than dismissing the entire decision to include overtime in the calculation of holiday pay.

Challenge question

Has your Chief Financial Officer considered whether the authority is likely to be affected in a material way and if so taken legal advice and assessed if a provision is required in the 2014/15 accounts?

Earlier closure and audit of accounts

Accounting and audit issues

Legislation was recently passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from 2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit will be reduced by one month and two months respectively as follows:

- Deadline for preparation of financial statements – 31 May (currently 30 June)
- Deadline for audit completion – 31 July (currently 30 September)

Although July 2018 is over 3 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management.

Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Auditors are already working on bringing forward more testing to before the financial statements are prepared and will be discussing further changes with local authorities including greater use of estimates in the accounts which will enable the audits to be brought forward further.

Some authorities currently produce their financial statements ahead of the current deadline, or have plans to do so in 2014/15, and some audits are completed before 31 July.

We will be assessing how this has been achieved and will share our findings in a national report, expected in early 2016.



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Grant Thornton

An instinct for growth™

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28th January 2015

Dear Tracey

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Certification work for Wyre Forest District Council for year ended 31 March 2014

We are required to certify certain claims and returns submitted by Wyre Forest District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final, but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified one claim, the Housing Benefit subsidy claim, for the financial year 2013/14 relating to expenditure of £33 million. Our audit identified a four issues (detailed in Appendix A). These issues were not significant in terms of the amounts claimed by the Council but we are however required to report them by the Department for Works and Pensions.

The Audit Commission sets an indicative certification fee for each council based on the 2011/12 certification fees. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) were removed and the scale fee for the certification of the Council's housing benefit subsidy claim reduced by 12 per cent, (reflecting the removal of council tax benefit from the scheme). The indicative scale fee set by the Audit Commission for the Council for 2013/14 was £7,920.

The actual fee for 2013/14 is £10,295, £4,108 less than 2012/13. The variation of £2,375 from the indicative fee is due to the volume of additional Housing Benefit testing we were required to complete for the 2013/14 claim compared to the 2011/12 Housing Benefit certification audit. This fee variation is subject to ratification by the Audit Commission. More detail is set out in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

Chartered Accountants

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Appendix A - Details of claims and returns certified for 2013/14

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim (BEN01)	33,002,258	Yes	Nil	Y	<p>We identified a small number of errors in the benefits claim. As a result we issued a qualification letter. The errors were minor and consisted of:</p> <ol style="list-style-type: none"> 1 The understatement to benefit paid to claimants on five cases totalling £1,437 2 An overpayment of £249 to a claimant. This will be corrected during 2014/15 3 An error in the calculation of wages in 4 cases that resulted in an overpayment of £126. If extrapolated across the entire population to indicate an estimated overpayment of benefit of £6,881 4 An issue has been identified at other Civica sites where the benefit system has not reported the correct amount of benefit awarded, in some cases, resulting in an incorrect amount of subsidy being claimed on the claim form. Due to the complexity of this issue, and late notice of this issue, we were not in a position to quantify the value or the number of cases affected. Civica is working on a solution to correct this issue. Once it has identified the cause and effect of this issue, a correction patch will be released for each local authority to run.

Appendix B - Fees for 2013/14 certification work

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance to prior year (£)	Variance to indicative fee (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	13,883	7,920	10,295	(3,588)	2,375	The overall fee has decreased by £3,588 over the prior year. The fee is higher than the indicative fee because due to the errors identified we needed to undertake additional certification work. Additional testing was required on three cells (compared to one cell in 2011/12 – the base year for the indicative fee).
National non-domestic rates return (NDR3)	520	N/A	N/A	(520)	Nil	No requirement to certify this return in 2013/14
Total	14,403	7,920	10,295	(4,108)	2,375	The Council has, overall, seen a £4,108 reduction in grant certification fees over 2012/13



The Audit Plan for Wyre Forest District Council

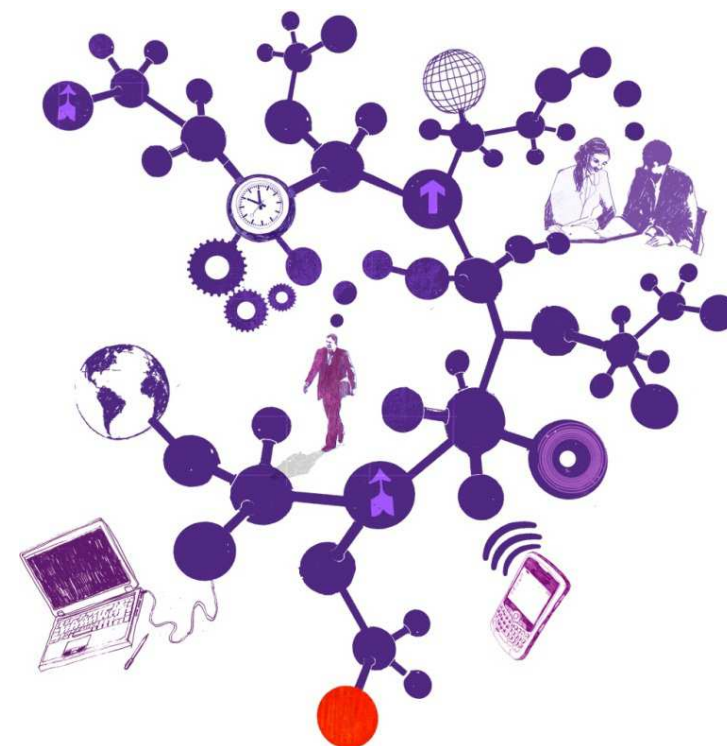
Year ended 31 March 2015

March 2015

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

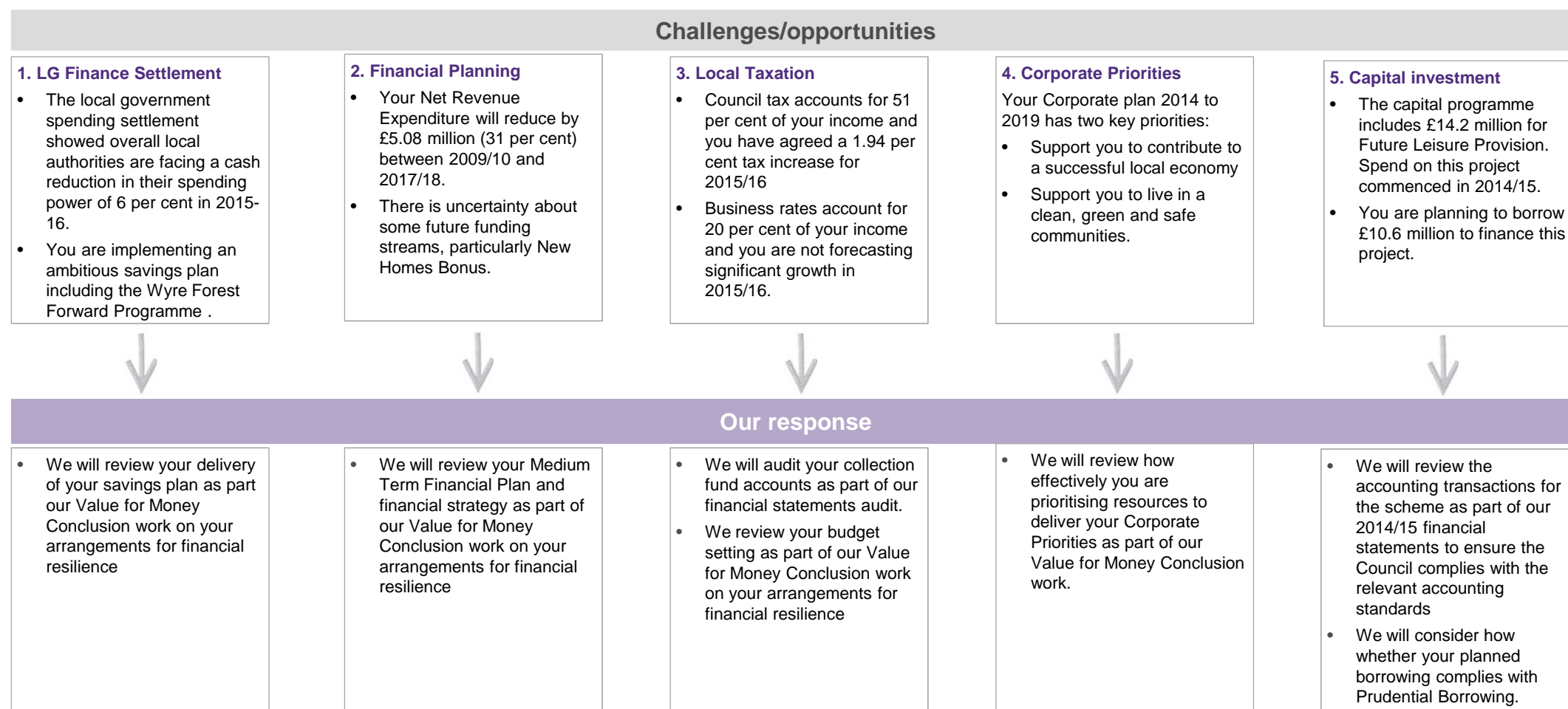
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Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting

- We are not expecting the changes to the CIPFA Code of Practice for 2014/15 to have a significant impact on your accounts.
- Valuation of your property, plant and equipment is a key issue for you.

2. Legislation

- Local Government Finance settlement
- Business Rates Retention
- New Homes Bonus

3. Corporate governance

- Annual Governance Statement (AGS)
- Explanatory foreword

4. Accounts Production

- You will need to deliver your accounts earlier in future. The Accounts and Audit Regulations require you to deliver your 2018 accounts for audit by the end of May.

5. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion
- The Council completes grant claims and returns on which audit certification is required

Our response

- We will ensure that the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing.
- We will pay particular attention to the basis of valuation of property, plant and equipment.

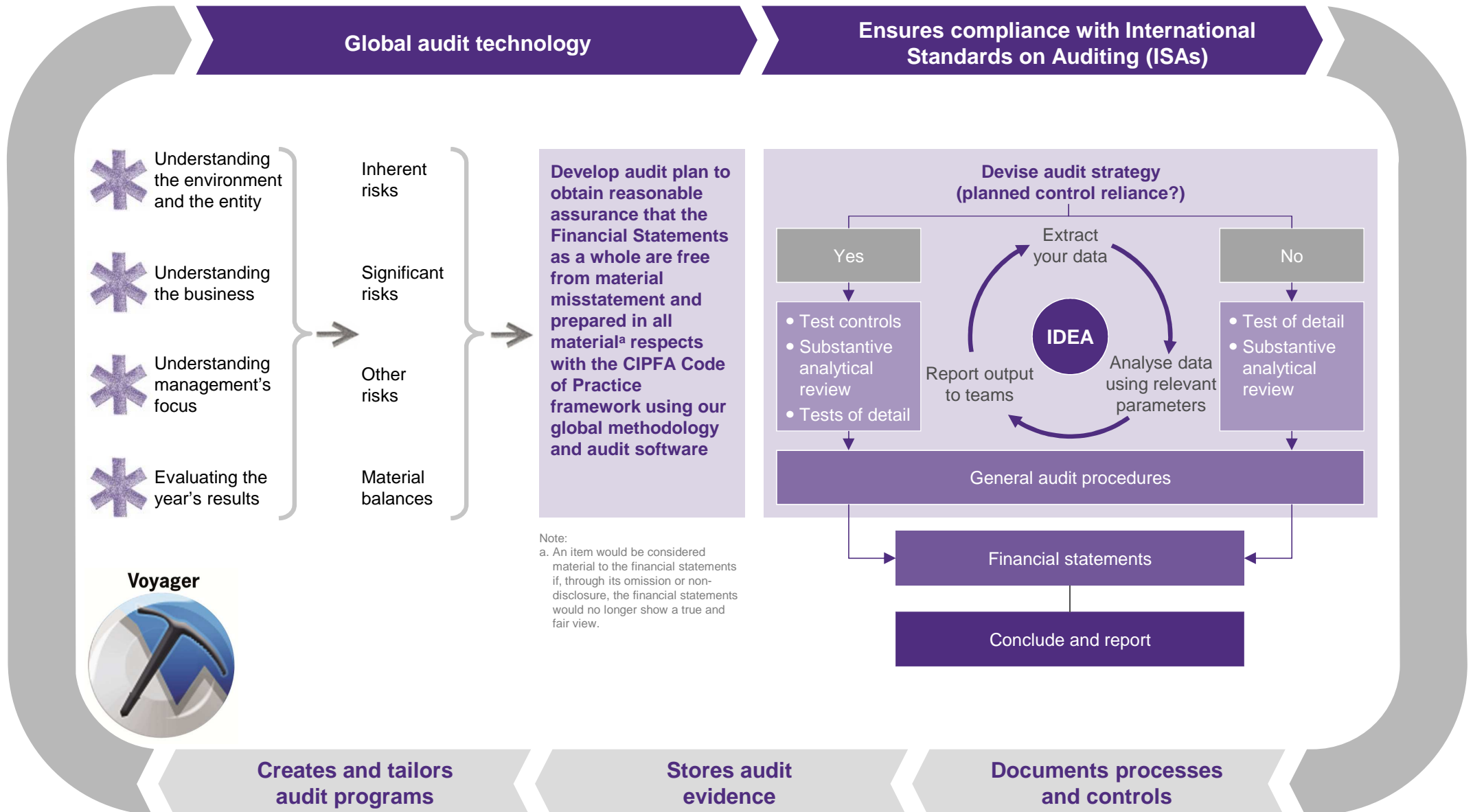
- We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate.

- We will review the arrangements for the production of the AGS
- We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge of the Council.

- We will work with you to help you reduce your accounts production timetable by a month over the next two years

- We will carry out work on the WGA pack in accordance with requirements
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Wyre Forest District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at Wyre Forest District Council, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	<p>Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Operating expenses	Creditors related to core activities (e.g. supplies) understated or not recorded in correct period	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have conducted a walkthrough of the key controls for this system <p>Further work planned:</p> <ul style="list-style-type: none"> We will search for unrecorded liabilities by reviewing payments after the year end We will review the Council's accruals process and test accordingly (including goods receipted)
Employee remuneration	Employee remuneration and benefit obligations and expenses understated	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have conducted a walkthrough of the key controls for this system <p>Further work planned:</p> <ul style="list-style-type: none"> We will undertake a reconciliation of the payroll system to the general ledger, including proof in total of the monthly payroll to the general ledger. We will complete a trend analysis of monthly payroll data We will test individual employees on a sample basis.
Welfare Expenditure	Welfare benefit improperly computed	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have conducted a walkthrough of the key controls for this system <p>Further work planned:</p> <ul style="list-style-type: none"> We will reconcile the benefits system to the general ledger We will substantively test benefit expenditure as per the guidance in HBCOUNT

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in the following areas to address the risks identified:

- Undertake a detailed risk assessment which will support our overall conclusion
- Undertake a financial resilience review.

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

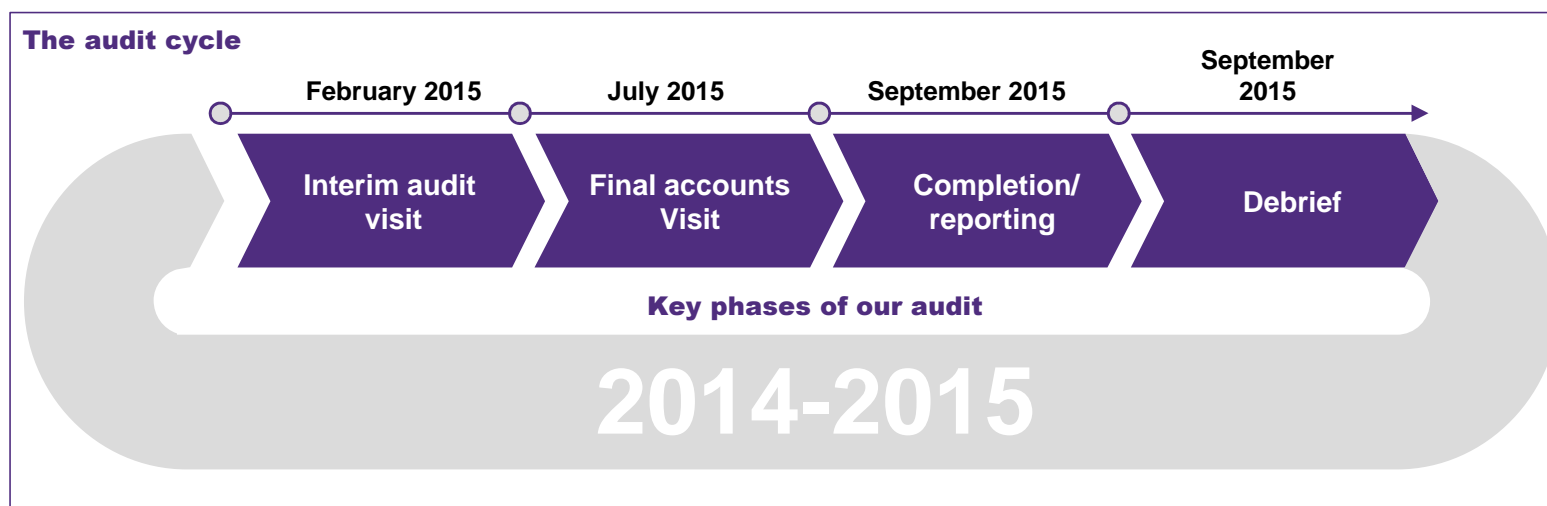
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

Results of interim audit work (continued)

	Work performed	Conclusion
Review of information technology controls	<p>The audit team have performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have also performed a follow up of the issues that were raised last year.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

Key dates



Date	Activity
February 2015	Planning
February 2015	Interim site visit
March 2015	Presentation of audit plan to Audit Committee
July 2015	Year end fieldwork
July 2015	Audit findings clearance meeting with Chief Financial Officer
September 2015	Report audit findings to those charged with governance (Audit Committee)
September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	65,248
Grant certification	12,220
Total fees (excluding VAT)	77,468

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

Service	Fees £
Place Analytics	5,000

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Informing the audit risk assessment for Wyre Forest District Council

Year ended - 31 March 2015

March 2015

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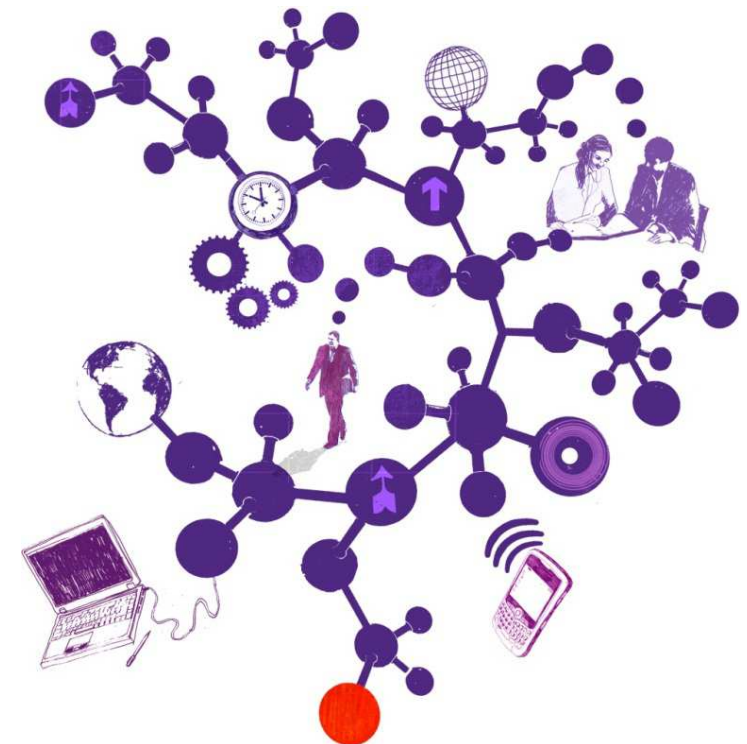
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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Authority's external auditors and the Authority's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:

- fraud
- laws and regulations
- going concern
- related parties
- accounting estimates

This report includes a series of questions on each of these areas and the response we have received from the Authority's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Fraud

Issue

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Authority's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Authority's management.

Fraud risk assessment

Question	Management response
<p>1. What is officers' assessment of the risk of material misstatement in the financial statements due to fraud? Is this consistent with the feedback from your risk management processes?</p>	<p>Although there is an on-going risk of fraud being committed against the Council, arrangements are in place to both prevent and detect fraud. These include work carried out by Internal Audit on overall fraud risk areas and on Council Tax and Housing Benefit fraud. The risk of material misstatement of the accounts due to undetected fraud is low.</p>
<p>2. Are you aware of any instances of fraud, either within the Council as a whole or within specific departments since 1 April 2014?</p>	<p>There are no material instances of fraud that have been identified during the year. There are some areas that are inherently at risk from fraud such as:</p> <ul style="list-style-type: none"> ■ Council Tax ■ Benefit fraud ■ Single person discount <p>The dedicated benefits investigation team within the Revenues and Benefits section that investigated any fraud transferred to the DWP under the SFIS government initiative as at 1st November 2014. A new resource has now been approved for non-benefit fraud by the creation of a full-time compliance officer post from 1st March 2015.</p> <p>Civica has been commissioned to undertake a full review of Single person discount on a 3 year rolling programme.</p>
<p>3. Do you suspect fraud may be occurring, either within the Council or within specific departments? Have you identified any specific fraud risks? Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>Evidence published by the National Fraud Authority amongst others, suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring in the Authority. The Internal Audit plan incorporates consideration of potential fraud. In addition to this management is expected to identify and record fraud risks where necessary on the corporate risk register. We do not consider that any material fraud is occurring.</p>

Fraud risk assessment (continued)

Question	Management response
<p>4. Are you satisfied that the overall control environment, including: the process for reviewing the system of internal control; internal controls, including segregation of duties; exist and work effectively? If not where are the risk areas?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Yes - Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud.</p> <p>No - any such areas would be factored into risk management and mitigated to ensure potential was kept at a minimum by peer review etc. Any such potential would also be factored into the risk matrix for the Audit Plan.</p>
<p>5. How do you encourage, and communicate to employees about your views on business practices and ethical behaviour? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud?</p>	<p>There is a Fraud Strategy and a Whistleblowing procedure in place which explain the procedures to follow.</p>
<p>6. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?</p>	<p>There are not any significantly high-risk posts identified.</p>

Fraud risk assessment (continued)

Question	Management response
<p>7. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The 2013/14 financial statement disclosure of related party transactions did not identify potential fraud risk. Members and officers are required to make full disclosure of any relationships that impact on their roles. Members are required to declare any relevant interests at Council and Committee meetings.</p>
<p>8. What arrangements are in place to report fraud issues to Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>Internal Audit provide the Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken as part of regularly reported audit review reports. These are considered and debated at the committee where the external auditors also attend and may be asked to comment. Training covers this key area and the S151 and Principal Auditors provide reports on compliance with auditing standards and internal controls. Risk is high on the Audit Committee agenda and the committee are briefed on key risks such as fraud prevention and detection in relation to the audit plan. Separate reports would be made on any specific cases of fraud with specific briefings to the Chairman and/or Vice-Chairman as appropriate.</p>
<p>9. Are you aware of any whistleblowing reports under the Bribery Act since 1 April 2014? If so how does the Ethics and Standards Committee respond to these?</p>	<p>No whistle blowing reports under the Bribery Act since 1 April 2014</p>

Laws and regulations

Issue

Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that the Authority's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>The Monitoring Officer is responsible for ensuring the Council is compliant with laws and regulations. The Constitution notes that these responsibilities cover:</p> <ul style="list-style-type: none"> ■ complying with the law of the land (including any relevant Codes of Conduct); ■ complying with any General Guidance issued, from time to time, by the Monitoring Officer; ■ making lawful and proportionate decisions; and ■ generally, not taking action that would bring the Council, their offices or professions into disrepute. <p>This officer has access to all Council committee reports. Monitoring Officer raises awareness on legal requirements at meetings where needed. In addition, in terms of any specific legal issues, the Monitoring Officer is involved at an early stage. Further information on how the Monitoring Officer carries out these responsibilities is detailed in the Constitution.</p>
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	The S151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements. The Monitoring Officer (or representative) attends Audit Committee meetings and advises members on any areas of concern.
3. Have there been any instances of noncompliance with law and regulation since 1 April 2014 with and on-going impact on the 2014/15 financial statements?	None
4. Is there any actual or potential litigation or claims that would affect the financial statements?	Potential claim against the construction contractors of Wyre Forest House. Further potential claim against design/project management contractors. There is also potential for the construction contractors to claim against the Council.
5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	The Council takes external advice on the strength of the Council's claim for all litigation or claims from Counsel
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None

Going Concern

Issue

Matters in relation to going concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
1. Has a report been received from management forming a view on going concern?	The Chief Financial Officer (as s151 Officer) is satisfied that the budget proposals are based on robust estimates, and that the level of reserves is adequate. This was reported in the Medium Term Financial Strategy.
2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Council's Business Plan and the financial information provided to the Council throughout the year?	The Financial Plan is agreed at the same time as the Council's Corporate Plan. The financial plan makes clear reference to the Corporate Plan as the basis for the financial considerations in setting the medium term budget. The financial assumptions are therefore consistent with the Corporate Plan. Reports in year are consistent with the budget set.
3. Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	The financial plan considered explicitly the government changes in terms of grants. The plan sets out the likely implications of the Governments Resources Review and other changes to local government finance.
4. Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	No
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance?	No

Going concern considerations (continued)

Question	Management response
<p>6. Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Council's objectives?</p> <p>If not, what action is being taken to obtain those skills?</p>	<p>Yes, the Council does have sufficient staff in post with appropriate skills and experience.</p>
<p>7. Does the Council have procedures in place to assess the Council's ability to continue as a going concern?</p>	<p>The Medium Term Financial Strategy (MTFS) underpins the strategic, transformational and operational intentions for Wyre Forest District District Council and forms part of the corporate strategic planning process. The Wyre Forest Forward Programme progress is monitored on an ongoing basis and reported to CLT/ CLT/Cabinet and Group Leaders monthly to ensure savings required for the MTFS will be achieved.</p>
<p>8. Is management aware of the existence of events or conditions that may cast doubt on the Council's ability to continue as a going concern?</p>	<p>No</p>
<p>9. Are arrangements in place to report the going concern assessment to the Audit Committee?</p> <p>How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>Yes, the Risk Register and associated Risk Analysis including Risks directly related to the budget, are reported to Audit Committee. The Annual Governance Statement from the Statement of Accounts is also considered and the Audit Committee receives regular progress reports against each issue.</p>

Related Parties

Issue

Matters in relation to Related Parties

Local Authorities are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the authority (i.e. subsidiaries);
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the authority, or of any entity that is a related party of the authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties considerations

Question	Management response
<p>1. What controls does the Authority have in place to identify, account for and disclose related party transactions and relationships ?</p>	<p>A number of arrangements are in place for identifying the nature of a related party and reported value including:</p> <ul style="list-style-type: none"> ■ Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. ■ Annual return from senior managers/officers requiring confirmation that they have read and understood the declaration requirements and stating details of any known related party interests. ■ Review of in-year income and expenditure transactions with known identified related parties from prior year or known history. ■ Review of related information with subsidiaries, companies and joint ventures, e.g. accounts. ■ Review of the accounts payable and receivable systems and identification of amounts paid to/from assisted or voluntary organisation ■ Review of year end debtor and creditor positions in relation to the related parties identified. ■ Review of minutes of decision making meetings to identify any member declarations and therefore related parties.

Accounting estimates

Issue

Matters in relation to accounting estimates

Local Authorities apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate. Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Authority identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Authority is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting estimates considerations

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	No, the significant accounting estimates are reported in Appendix A.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes, management arrangements are suitable. The Final Accounts Closedown has regular Chief Officer reviews scheduled. Accounting Policies are reviewed annually with any changes reported to Audit Committee. Early dialogue with External Auditors is also undertaken where the impact of the accounting estimates are considered to be significant.
3. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	As detailed above, regular reviews are undertaken during the Accounts Closedown process. Accounting Policies are reviewed annually with any changes specifically reported to Audit Committee.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, Plant and Equipment valuations	Valuations are made by the internal valuer (local RICS/CIB Member) as well as external valuer in line with RICS guidance on the basis of 5 year valuations with interim reviews	Councils Estates Surveyor notifies the external valuer of the program of rolling valuations or of any conditions that warrant an interim re-valuation in liaison with the Principal Accountant	Use the Internal and external local RICS/CIB Member	Valuations are made in-line with RICS guidance - reliance on expert	No
Estimated remaining useful lives of PPE	The following asset categories have general asset lives: · Buildings 50 years · Equipment/vehicles 7 years · Plant and machinery 10 years	Consistent asset lives applied to each asset category.	Use the external valuer (RICS qualified)	The useful lives of property are recorded in accordance with the recommendations of the external RICS qualified valuer.	No
Depreciation & Amortisation	Depreciation is provided for on property, plant and equipment with a finite useful life on a straight-line basis	Consistent application of depreciation method across assets	No	The length of the life is determined at the point of acquisition or revaluation.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.	Assets are assessed by the Councils Estates Surveyor and external valuer at each year-end as to whether there is any indication that an asset may be impaired.	Use the Internal local RICS/CIB Member and external valuer for valuations.	Valuations are made in-line with the CIPFA Code of Practice guidance - reliance on expert	No
Bad debt provision	A provision is estimated using a proportion basis of the aged debt listing an aged debt listing..	The finance team using the aged debt listing calculate the provision	No	Consistent proportion used across aged debt as per the Code	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments	Council values financial instruments at fair value based on the advice of their external treasury consultants and other finance professionals	Take advice from Finance (retained treasury advisors - Capita) professionals	No	Take advice from finance Professionals (retained treasury advisors)	No
Accruals	Finance department collate accruals of Expenditure and Income. Activity is accounted for in the financial year that it takes place, not when money is paid or received	Activity is accounted for in the financial year that it takes place, not when money is paid or received	No	Accruals for income and expenditure have been principally based on known values. Where accruals have had to be estimated the latest available information has been used	No
Pension Fund Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial experts. These figures are based on making % adjustments to the closing values of assets/liabilities.	For the LGPS the Authority responds to queries raised by the administering authority Worcestershire County Council.	The Authority are provided with an actuarial report by Mercers (LGPS) .	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Overhead allocation	The Finance Team apportion central support costs to services based on agreed methodology	All support service cost centres are allocated according to an agreed policy	No	Apportionment bases are reviewed each year to ensure equitable.	No
Non adjusting events - events after the BS date	S151 Officer makes the assessment. If the event is indicative of conditions that arose after the balance sheet date then this is an unadjusting event. For these events only a note to the accounts is included, identifying the nature of the event and where possible estimates of the financial effect	Service Directors and Managers notify the S151 Officer	This would be considered on individual circumstances	This would be considered on individual circumstances	N/A

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties	Charged in the year that the Council becomes aware of the Obligation	No	Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Council.	



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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
30TH MARCH 2015

Internal Audit - Annual Audit Plan 2015-2016

OPEN	
CABINET MEMBER	Councillor N J Desmond
RESPONSIBLE OFFICER	S151 Officer
CONTACT OFFICERS:	Tracey Southall Extension No 2100 tracey.southall@wyreforestdc.gov.uk Cheryl Ellerton Extension No. 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Internal Audit ~ Annual Audit Plan 2015~16

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2015–2016. The Plan has been prepared in accordance with the UK Public Sector Internal Audit Standards as endorsed by the Audit Committee on 2nd December 2013.

2. RECOMMENDATIONS

The Audit Committee is asked to:

- 2.1 **Consider and approve the Internal Audit – Annual Audit Plan 2015~16, attached as Appendix 1.**
- 2.2 **Approve that the Chief Financial Officer as Section 151 may amend the plan in consultation with the Principal Auditor in light of developments arising during the year as described in paragraph 3.6 of this report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard and use public funds in an efficient and effective way and so providing value for money. An effective internal audit service is vital in helping management to meet these important duties. It is an independent appraisal function for the review of the Council's internal control system.
- 3.2 The Internal Audit section operates in accordance with recognised Internal Audit Standards¹ which aim to promote further improvement in professionalism, quality, consistency and effectiveness of Internal Audit across the Public Sector.

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach

¹ The UK Public Sector Internal Audit Standards (UKPSIAS) from April 2013 (previously CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006).

to evaluate and improve the effectiveness of risk management, control and governance processes”

And adds:

“The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. **Internal Audit** plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the governance statement, both emphasises and reflects the importance of this aspect of internal audit work. The organisation’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”.

- 3.3 The role played by Internal Audit is key in **assessing the internal controls** in operation and **making recommendations** for improvement, working in partnership **with management**. Further, the role assists in working with managers aiming for continuous improvement and provides assurance that the Council maintains an effective internal control environment and ensures that effective and efficient operations are maintained, safeguards its resources and provides assurance that the Council has good governance arrangements in place.
- 3.4 The UK Public Sector Internal Audit Standards set out the definitions and principles (the **standards**) which establish how a professional internal audit service should operate in the modern local government context.
- 3.5 The annual plan is viewed flexibly and treated as a working document subject to amendment as required to reflect changing corporate conditions or demands as well as issues that may arise during the currency of the plan, which divert Internal Audit away from planned work.
- 3.6 The plan is therefore seen as a **statement of intent** and provides the direction of travel and a framework for audit engagements in the forthcoming year that can be amended as necessary without having a damaging effect on the overall direction of the internal audit service. The audit plan has been prepared in accordance with the Internal Audit Charter.
- 3.7 Performance of the service is **monitored** against this plan during the year by way of a quarterly monitoring report to this committee, to the Corporate Leadership Team and to the external auditors.

4. **KEY ISSUES**

- 4.1 The Internal Audit Charter² requires:

An audit plan be prepared based on risk to provide assurance on the council’s Services and activities in consultation with the S151 Officer and the Corporate Leadership Team.

The detailed operational plan will show how resources are to be allocated in the coming financial year in order to meet the requirements of the strategic plan.

² Previously the Internal Audit Terms of Reference

- 4.2 As part of the preparations for this annual plan the Section 151 Officer has discussed with the Corporate Leadership Team their requirements for the forthcoming year for consideration for inclusion within the plan.
- 4.3 In order to ensure that the audit service cost is minimised to the authority the internal audit section work with external audit to ensure full liaison of planned internal audit work.
- 4.4 The Internal Audit – Annual Audit Plan 2015~16 has been prepared in accordance with recognised Internal Audit standards and considers many factors to provide assurance to the Council in terms of the adequacy and effectiveness of financial and management controls in the areas under review.
- 4.5 The Annual Audit Plan should focus on areas where it can add most value and provide assurance that the Council's risks are being properly managed. In doing so, Internal Audit has a role in ensuring the Council achieves its strategic aims. In addition to this, the audit plan should be realistic and achievable.
- 4.6 The areas in the audit plan have been identified by an objective risk assessment. This has produced an overall needs assessment for the internal audit service of 449 days. In accordance with the Internal Audit Public Sector Standards, the Internal Audit Section must be appropriately staffed and qualified and undertake Continuing Professional Development to fulfil its role. From the 1st April 2014 a new Internal Audit Structure was in place as part of the required reductions in corporate support services for 2014~15 onwards.
- 4.7 The restructure of the Internal Audit Team remains unchanged for 2015~16 ensuring that it meets the staff resources required to audit the risks of the Council and provide management with an opinion of the control environment within the annual internal audit opinion.
- 4.8 During 2014~15 additional audit days have been worked to provide necessary assurance on Payroll, HR21 and the Finance Intervention. This has been funded either by Redditch Borough Council or from transformational reserves. Further work was also undertaken by the Audit Team and funded by the Worcestershire Internal Audit Shared Service as part of a collaboration working arrangement agreed in early 2014.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit (England) Regulations 2011 section 6(1) require that: "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control."

7. RISK MANAGEMENT

- 7.1 The Internal Audit - Annual Audit Plan 2015~16 has been prepared in accordance with the recognised Internal Audit Standards. This requires the plan to be informed by the Council's risk management, performance management and other assurance processes. Where the risk management process is not fully developed or reliable an independent risk assessment is undertaken by the Principal Auditor in consultation with the Section 151 Officer.
- 7.2 The restructure of the Internal Audit Team effective from April 2014 has been managed carefully against the service need to ensure sufficient Internal Audit resource is retained. The reduced Internal Audit Team continues to work with the S151 Officer on a flexible basis and work additional hours if required to cover specific projects. The arrangement has worked well throughout 2014~15 and will continue for 2015~16.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the nine protected characteristics.

9. CONCLUSION

- 9.1 The Annual Audit Plan 2015~16 summarises the work to be undertaken by the Internal Audit section and provides its overall direction. It is presented to members in accordance with the Internal Audit Charter.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
Cabinet Member for Resources & Transformation.

11. BACKGROUND PAPERS

Accounts & Audit Regulations (England) 2011 (SI 817).
UK Public Sector Internal Audit Standards ~ April 2013.
Internal Audit Charter ~ Audit Committee ~ 24th March 2014.



INTERNAL AUDIT

INTERNAL AUDIT ANNUAL PLAN

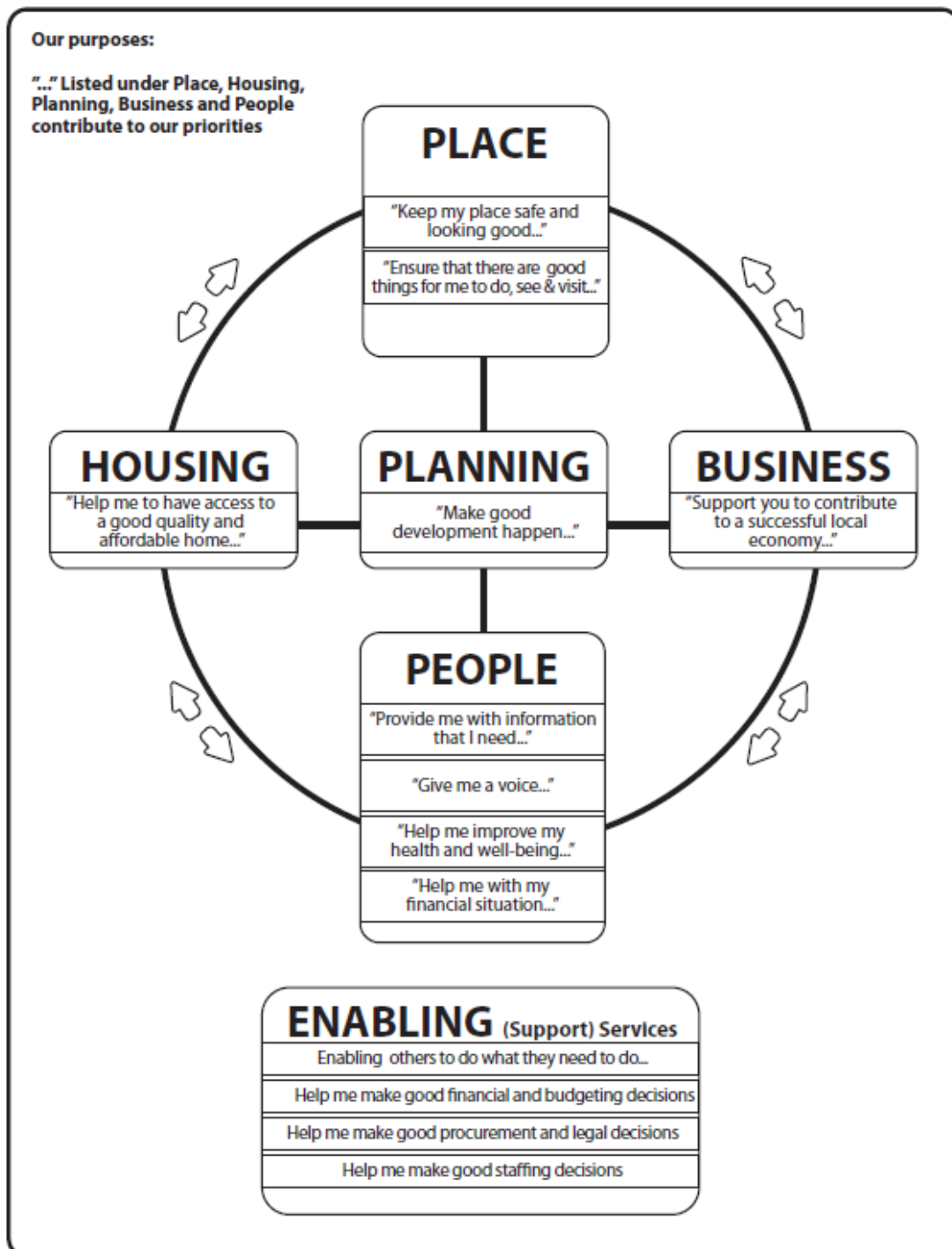
2015 ~ 2016

Wyre Forest District Council affects the whole community and therefore aims to deliver public services to meet the needs of the Community and provide value for money. This includes identifying smarter ways of working to ensure delivery of services the community want as underpinned by the principles of systems thinking, ensuring the Council can meet its outcome priorities and purposes as identified by the Wyre Forest Forward Programme.

WYRE FOREST FORWARD

Our Corporate Plan priorities 2014 - 2019:

■ **Support you to live in clean, green & safe communities** ■ **Support you to contribute to a successful local economy**



WYRE FOREST DISTRICT COUNCIL
INTERNAL AUDIT ANNUAL PLAN 2015 ~ 2016

		<u>2015/16</u> <u>Days</u>
Systems and Probity	NOTE 1	289
Computer Audit	NOTE 2	40
Contract Audit	NOTE 3	25
Sub-total Planned Work		354
Consultancy and Advice		50
➔ Provide professional advice on emerging issues		
Irregularity Contingency		20
➔ Provide advice and assistance on required investigations		
Specific Service Duties	NOTE 4	25
WORKLOAD/AVAILABLE DAYS		449

NOTES

- 1 The days per service area are shown on Pages 72-75
- 2 An analysis of the areas covered is shown on Page 76-77
- 3 An analysis of the areas covered is shown on Page 78
- 4 A breakdown of the specific service duties follows on Page 79
- 5 An analysis of the available days is shown on Page 80

OVERALL COMMENTS

The areas in this plan have been identified by an objective risk assessment as denoted by “**RA**” in the attached pages. The Audit Risk Assessment uses a number of factors to calculate a risk score and to provide a weighted assessment as detailed in Schedule A. The resulting scores are branded into three risk categories and ranked to identify determine the audit universe for 2015~16 for Wyre Forest District Council.

- High (Scores 76-100+)
- Medium (Scores 26-75)
- Low (Scores up to 25)

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AUDIT COVERAGE	RA	2015/16 Days	AUDIT SCOPE
Treasury Management (Risk: Failure to Maintain adequate controls over Key Financial Systems)	103	10	Assurance Review to capture changes to the systems and procedures in place to manage the Council's Cash Flow and investments to maximise interest earned. To review and ensure borrowing is managed to meet the Medium Term Financial Strategy.
Budgetary Control & Monitoring (Risk: Failure to Maintain adequate controls over Key Financial Systems)	94	10	Assurance Review to capture changes to the systems and procedures around the Council's Budget Cycle to record and monitor budgets to feed into the financial records and the final accounts. Including follow up on change processes from on-going finance intervention.
Corporate Debtors: Accounts Receivable (Risk: Failure to Maintain adequate controls over Key Financial Systems) To include Property Debtors.	89	10	Assurance Review to capture changes to the systems and procedures in place for the raising of accounts for services provided by the Council in respect of Miscellaneous Debts to include the monthly reconciliations and aged debt reports. Including follow up on change processes from on-going finance intervention. Including work in relation to the ICON cash receipting system.
Benefits (Risk: Failure to Maintain adequate controls over Key Financial Systems; April 2014 has seen the retirement of a Key member of Staff, followed by a further restructure/changes within the team)	88	25	Assurance Review to capture changes to the systems and procedures to ensure entitlement to and payments in relation to Housing Benefit. To include Payments, Overpayments, Rent Referrals, Statistical and Subsidy Returns. Review changes to the Benefits System under the Welfare Reform Act, Single Fraud Investigation Service and the WFDC local scheme as amended.
VAT & PAYE ~ HMRC RETURNS (Risk: Financial penalties)	88	10	Cyclical review of the arrangements for the collection, payment and accounting for VAT, Income Tax, National Insurance, Statutory Payments and CIS.
Trading Estates; Asset Management/Fixed Asset Valuations (Risk: Failure to Maintain adequate controls over Key Financial Systems)	86	12	Cyclical review of the system and arrangements in place to record, manage and maintain the Council's physical assets and property portfolio. Review of the systems and procedures in place in respect of the arrangement for leases, licenses and rental agreements; calculation of income due, collection and banking of income and the monitoring and recovery of arrears.
Payroll (Including Mileage & Subsistence claims) (Risk: Failure to Maintain adequate controls over Key Financial Systems; HR21 is in development for Employee/Member Claims with part implementation achieved in 2014. Include Employee and Member Claims, further development of the system is planned for April 2016). Shared Service with Redditch BC (SLA) ends on 31.03.6	85	15	Assurance Review to capture changes to the systems and procedures in place at Wyre Forest District Council and Redditch BC to ensure accurate payments to bonafide employees, HMRC, Pensions and other deductions and allowances with detailed quarterly testing of both staff and member mileage & subsistence claims.
NNDR (Risk: Failure to Maintain adequate controls over Key Financial Systems)	84	12	Assurance Review to capture changes to the systems and procedures in place to calculate liability, raise bills, collect income and monitor arrears; review process for the Business Rate retention including contributions to/from the Worcestershire pool. NNDR 3 return.
Council Tax (Risk: Failure to Maintain adequate controls over Key Financial Systems)	82	12	Assurance Review to capture changes to the systems and procedures in place to calculate liability, raise bills, collect payment and monitor arrears. Review the local Council Tax Discount scheme as amended. Review changes to the system for the detection/prevention of fraud on Single Person Discounts following the transfer of the Fraud Team to DWP under SFIS.

Waste Collection Services			
→Trade Waste (Risk: Failure to meet customer expectations; Reputational Damage)	82	15	Cyclical review of the systems and procedures in place for the provision of a Trade Waste Service, to include the collection and banking of income, promotion of the Service as part of the current Depot review
→Kerb Side~Waste Collection & Recycling-Domestic (Risk: Failure to meet statutory obligations) →Garden Waste	79		Cyclical review of the systems and procedures in place for the kerb side collections of domestic refuse and the provision of recycling. To include domestic bulking waste collections and Garden Waste as part of the current Depot review.
Creditors: Accounts Payable (Risk:Failure to Maintain adequate controls over Key Financial Systems/Roll out of procurement cards and change to processes for payment and budgetary management).	80	20	Assurance review to capture changes to the system and procedures in place for the payment of invoices for services and supplies across the Council to cover all aspects including the weekly reconciliations of BACS; Purchase Order Processing (requisition to invoice payment);, Periodical Payments; Payment by Procurement Card and Petty Cash arrangements. Including follow up on change processes from on-going finance intervention.
Corporate Debt Recovery			
→Trading Estates & Property Debts (Risk:Failure to Maintain adequate controls over Key Financial Systems)	86	15	Cyclical review of the systems and procedures in place in respect of the arrangement for leases, licenses and rental agreements; calculation of income due, collection and banking of income and the monitoring and recovery of arrears.
→Debt Recovery Procedures (Risk:Failure to Maintain adequate controls over Key Financial Systems) To include Corporate & Property Debtors	79		Assurance review to capture changes to the systems and procedures for the recovery of outstanding debts having regard to the Legal requirements for Court Action (exc. Council Tax and NNDR).
Accounting (Income~Bank) (Risk :Failure to Maintain adequate controls over Key Financial Systems)	74	15	Assurance Review to capture changes of systems and procedures around the Council's General Ledger to record financial transactions and produce the final accounts. To include Bank Reconciliation review the change of collection of payments arising from the Finance Intervention; Journals, Housing Act Advances, Miscellaneous Income Reconciliations & ICON Income receipting system. . Including follow up on change processes from on-going finance intervention.
Worcestershire Hub (Risk: Reputational Damage)	74	5	Cyclical review of the systems and procedures in place to provide a front line service to customers. To include Worcestershire County Council contributions.
Strategic Housing Needs			
→Home Improvement/Care & Repair Agency (Risk: Failure to meet Customer expectation; Reputational Damage)	73	20	Cyclical review as part of Strategic Housing to cover housing needs.
→Housing Grants including (DFG's) (Risk: Fraudulent claims; insufficient fund; misappropriation of funds)	69		Cyclical review as part of Strategic Housing to cover housing needs specifically the Disabled Facilities Grant Budget.

Agenda Item No. 9

→CHG Agency including Homelessness (Risk: Failure to meet Customer expectation; Reputational Damage; Assessments may not be adequate)	68		Cyclical review as part of Strategic Housing to cover housing needs specifically the arrangements with the Community Housing Group under Contract to cover changes in light of the welfare reform act.
Fees & Charges (Risk: Reputational Damage; Failure to maintain a balanced budget)	69	20	Cyclical reviews of Fees & Charges not covered elsewhere within the Plan but on a rolling basis. Includes setting of the charges, assurance that sections are complying with the approved charges ~Open Spaces, Other Sports Facilities; Playschemes; Rangers; Air Pollution; Copy Documents, Minutes & Agendas; Building Control Fees; Food Safety Inspections; Licensing Income; Hackney Carriage Income; Pest Control; Garden Waste, Bulky Waste and Commercial Waste; Enforcement Notices; Parking Fines; Land Charges. New penalty charges for the Local Council Tax Discount Scheme.
Human Resources (Worcestershire County Council)			
→Establishment (Risk: Failure to Maintain adequate controls over Key Financial Systems)	71	15	Assurance review to capture changes to the systems and procedures in place for the maintenance of the WFDC Establishment data base; review the process for updating staff details following the implementation of the electronic staff record forms.
→Human Resources (Risk: Failure to meet commitments under the SLA which ends 31.03.16)	63		Cyclical review of the systems and procedures in place in respect of the Shared Service arrangements with Worcestershire County Council to include in house procedures for a detailed establishment reconciliation, processing of Staff Record Forms and the maintenance of any Training Budget; maintaining and implementation of Corporate HR Policies.
Partnerships, Joint Working & Shared Services (Risk: Reputational Damage)	~	8	Review of the arrangements for working in partnership/joint working with others to include governance arrangements and management procedures. To include a review of the arrangements under Service Level Arrangements.
Corporate Governance Arrangements			
→Corporate Governance (Risk: Reputational Damage; Failure to meet Statutory Requirements; Ineffective governance)	~	20	Cyclical review of the Council's Governance Arrangements to include Anti Fraud & Corruption Strategies; Data Protection; Freedom of Information; Contract Procedure Rules; Financial Regulations; Constitution; Code of Conduct; Gifts & Hospitality; Members Allowances; Data Quality/Performance Management. Arrangements with third party sections, partnerships and localism arrangements.
→Civil Contingencies Act & Business Continuity Planning (Risk: Reputational Damage; Failure to meet Statutory Requirements)	75		Cyclical review of the arrangements in place relating to the Council's Business Continuity Arrangements under the Civil Contingencies Act. Ensure that there is an established procedure to enable the Council to provide services in the event of a disaster at Wyre Forest House, Green Street Depot or other Council sites.
TOTAL DAYS		269	

2014/15 Cyclical Reviews Carried Forward:

AUDIT COVERAGE	RA	2015/16 Days	AUDIT SCOPE
Post Opening Procedures (Risk: Failure to meet Regulatory Timeframes)	56	5	Cyclical review of adherence to corporate guidance to account for changes in working practices at Wyre Forest House, Green Street Depot and the HUB. Corporate arrangements with Birmingham City Council.
Garage & Vehicle Maintenance (Risk: Failure to Maintain adequate controls over Key Financial Systems)	54	10	Cyclical review of the arrangements in place for the maintaining and servicing of Council Vehicles, to cover Driver responsibilities, stock control and issue of fuel. As part of the Depot review.
Garage~MOT Station (Risk: Failure to Maintain adequate controls over Key Financial Systems)	38	5	Cyclical review of the systems and procedures in place to promote and offer the facilities to the general public, to include income collection and compliance with VOSA.
TOTAL DAYS		20	
TOTAL AVAILABLE AUDIT DAYS		289	

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2015~16

ICT Audits and Assistance (30 Days Per Annum)~ Corp Risk Register CORPRISK07

Application Control Reviews:
<p>Agresso (Upgrade)</p> <p>Icon Radius (Cash Receipting) ~ Allpay (Pay Points)/PDQ' machines</p> <p>Wireless Technology (Security & Set Up)</p> <p>Network Security ICT Main Controls</p> <p>Civica/IBS Open Revenues System</p>

Areas	Reason
IT Governance~ Physical Security	To ensure that physical security is in place and that protocols are adhered to. Ensure that there is effective management of assets throughout to manage changes and restructuring.
IT Governance ~ Access Control	To ensure that system access is recorded and appropriately granted. To ensure that System administrators are appropriately trained. To ensure Roles and Permission are monitored To ensure employee starter, leaver and transfers access right set up and amendments are controlled and recorded.
IT Governance ~ Upgrade/Patch Management	To ensure there is a system in place for upgrading software and applying security and other supplier patches.
IT Governance ~ Back up	To ensure system back ups are controlled and secure. To ensure back ups are tested and the tests are recorded. To ensure back up equipment is working appropriately.
IT Governance ~ Audit Trails	To ensure Audit trails are switched on, show an accountable trail, are retained for an appropriate length of time and the time stamps are accurate. To ensure significant events have been recorded.
IT Governance ~ Contingency Plans (Monitoring of Cyber Risks)	To ensure contingency plans are in place and include security arrangements (including physical). To ensure off site arrangements have been tested. To ensure that the cyber environment is reviewed to maintain pace with current threats; addressing the risk of financial loss, disruption or damage to the reputation of the Council.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2015~16

Assistance & Advice (10 Days Per Annum) ~ Corp Risk Register CORPRISK07

Areas	Reason
Social Media to include: Facebook Twitter Press Releases	<p>The Council regularly updates the pages to ensure the Council.</p> <p>The sites are monitored with regard to mitigating risks in respect of branding and/or reputational damage</p> <p>The sites are accessible to all.</p> <p>Compliance with Data Security under:-</p> <ul style="list-style-type: none"> ~a privacy policy, ~social media policy, ~ risk policy ~Freedom of Information and Data Protection policies. <p>Ensure an internal policy include the employees use of social media.</p>
IT Governance ~ Inventories	<p>To ensure inventories are in place for both computer software and hardware.</p> <p>To ensure inventories are regularly reviewed and updated.</p>
Payments on Line ~ Procurement/Paypal (Risk: The planned extension of the new procurement cards and change in process in noted for 2015)	<p>To ensure that the Council procurement cards are secure and appropriately used.</p> <p>To ensure that the procurement cards are being used inline with Council policies when used on line.</p> <p>To ensure that purchases and payments are appropriately controlled.</p>
Payment Card Industry Data Security (Risk: Financial Penalties or withdrawal of payment facilities)	<p>To ensure that appropriate processes are in place for adherence to industry standards in relation to the use of payment card technology.</p>
ICT Strategy Board	<p>To attend and provide consultative advise and support on information governance and expected internal controls.</p>

WYRE FOREST DISTRICT COUNCIL
INTERNAL AUDIT ANNUAL PLAN 2015~2016

Contract Audit to include Procurement(25 Days Per Annum)

Contract/Procurement Audit includes:

- Contract Specifications
- Tendering Process including opening & recording
- Award of Contract
- Contract Monitoring
- Contract payments
- Contract register
- Final accounts as appropriate
- Service Level Agreements

Procurement Cards: Review the controls in place for the use of the Council's purchasing cards and for the recording and verification of purchases via this method following the change processes to be implemented in 2015.

On contracts selected from the approved Revenue & Capital budgets.

Leisure Centre
Disposal of Council Assets
Community Asset Transfers
Refurbishment of Vehicles

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2015 ~ 2016

Specific Service Duties – (25 Days Per Annum)

- Review of Financial Regulations/Contract Procedure Rules/Corporate Fraud Policies
- National Fraud Initiative Data Matching Exercise/Protecting The Public Purse
➔Participation in mandatory exercise and the identification of fraud through data matching exercises.
- Year End Reconciliation of Petty Cash Balances
- Monitoring of Salaries/Wages BACS Limits
- Monitoring of Authorisation limits Signatory Lists

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2015 ~ 2016

	TOTAL Per Annum
GROSS (FTE*)	676
<u>Less: Leave Allocations</u>	
Bank Holidays	26
Annual Leave	71
Sick/Special Leave	13
Training	13
Sub Total	553
<u>Less: Administration</u>	
Management Meetings (Internal)	24
Corporate Briefings	8
Audit Committee Attendance	5
Audit Plans/Monitoring Reports/Annual Report	12
General Duties	35
Risk Management Support	20
Available audit days (FTE)	449

*FTE = Full Time Equivalent.

INTERNAL AUDIT SYSTEM RISK ASSESSMENT

SYSTEM

Assessed by:

Date:

Reviewed by:

Date:

SUMMARY:

High Priority Risk Assessment (Maximum) **111**

Tolerable/Low Priority Risk Assessment **27**

Difference **84**

Risk No.	Risk Element	Weighting factor	Scale of qualification	Points	Initial Points	Initial Value	Comments	Revised Points	Revised Value
1a	MATERIALITY: Expenditure	3	£0 - £10,000	1	1	3	Will Look at Budgets	7	21
			£10,001 - £50,000	2					
			£50,001 - £100,000	3					
			£100,001 - £250,000	4					
			£250,001 - £500,000	5					
			£500,001 - £1,000,000	6					
			£1,000,000 +	7					
1b	MATERIALITY: Income	5	£0 - £10,000	1		0	Will Look at Budgets		0
			£10,001 - £50,000	2					
			£50,001 - £100,000	3					
			£100,001 - £250,000	4					
			£250,001 - £500,000	5					
			£500,001 - £1,000,000	6					
			£1,000,000 +	7					
1c	MATERIALITY: Stores	2	£0 - £10,000	1		0			0
			£10,001 - £50,000	2					
			£50,001 - £100,000	3					
			£100,001 - £250,000	4					
			£250,001 - £500,000	5					
			£500,001 - £1,000,000	6					
			£1,000,000 +	7					

Agenda Item No. 9

Risk No.	Risk Element	Weighting factor	Scale of qualification	Points	Initial Points	Initial Value	Comments	Revised Points	Revised Value
2	VOLUME OF TRANSACTIONS	1	0 - 1,000	1	1	1		6	6
			1,001 - 10,000	2					
			10,001 - 100,000	3					
			100,001 - 200,000	4					
			200,001+	5					
3a	SYSTEM FACTORS: Stability	2	Very stable (no developments)	1	1	2		5	10
			Generally stable (under review)	3					
			Unstable (risk of control breakdowns)	5					
3b	SYSTEM FACTORS: Type	1	Manual	5	3	3		5	5
			Mixed	4					
			Computerised	3					
3c	SYSTEM FACTORS: Complexity of regulations and processing	2	Simple	1	1	2		5	10
			Moderately complex	3					
			Very complex	5					
4	MANAGERIAL AND CONTROL ENVIRONMENT	5	Adequate controls in place	1	1	5		5	25
			Control deficiencies / no prev. knowledge	5					
5	POTENTIAL FOR FRAUD	5	Minimal	1	1	5		5	25
			Significant	3					
			High	5					
6	SENSITIVITY	3	Confidentiality	2	2	6		3	9
			Impact on other systems	2					
			Political	3					
			Commercial	3					
LOW RISK ASSESSMENT:						27	HIGH RISK ASSESSMENT:		111

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
30TH MARCH 2015**Internal Audit Monitoring Report**
Quarter Ended 31st December 2014

OPEN	
CABINET MEMBER	Councillor N J Desmond
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Internal Audit Monitoring Report for the Quarter ended 31st December 2014

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 31st December 2014, attached as Appendix 1.

2. RECOMMENDATION

The Audit Committee is asked to **CONSIDER:**

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 31st December 2014 as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2014~15 in March 2014 as part of the 3 year 2012~15 Strategic Audit Plan. This plan takes into account changes in priorities and risk.
- 3.3 The Internal Audit Strategic Plan 2012~15 approved in March 2012 provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority.
- 3.4 Actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year by way of this quarterly monitoring report to the Audit Committee, Corporate Leadership Team and to the External Auditors.

3.5 The Report attached as an Appendix contains 4 sections which are:

- Section 1 **Follow up** reviews undertaken in the quarter (cyclical)
Incorporating Recommendations in progress
- Section 2 **Final** internal audit reports issued in the quarter
- Section 3 **Draft** internal audit reports issued in the quarter
- Section 4 **Work In Progress** to include draft reports issued
following completion of 2013~14 Annual Audit Plan
- Section 5 **Performance Statistics**

A number of other reviews are currently in progress. To support the work in progress, a summary of **action plans** issued is detailed within section 4 for Member information. In addition to the managed audits, within the audit plan resources are allocated to **consultancy and advice** for which a summary of the requests dealt with by Internal Audit is included within the performance statistics.

3.6 The audit reports referred to in the Appendix are those where testing has been undertaken on an element of the internal control environment. It should be noted that the findings are on an **exception basis** i.e. reported if an internal control was found not to be operating satisfactorily, so giving rise to a control weakness and therefore an area for improvement. The findings of audit reviews in the report do not list those internal controls which were found to be operating satisfactorily. This approach has been adopted to enable the output of the review to focus on those areas considered by Internal Audit to require management's attention.

3.7 The Internal Audit review process is published on the Council's Intranet. This details the process whereby **Draft** internal audit reports arising from audits are forwarded to Chief Officers and nominated lead managers for agreement to recommendations and timescales for implementation prior to the preparation of **Final** internal audit reports.

3.8 The Internal Audit Charter requires an annual opinion on the Council's internal control environment. This takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment, which is reported to the June meeting of the Audit Committee.

3.9 The terminology within the reports presented to members is in line with that used by many other Internal Audit Teams of public authorities, private and public companies and external auditors.

3.10 Every organisation operates in the real world and errors/omissions/system weaknesses (manual or computerised) are inevitable. Management have to manage these known risks through the use of internal controls.

3.11 It may be that an operational decision has been taken by management to accept the risk of the non operation of an internal control. Where the area is being reviewed by Internal Audit in such an instance the weakness and any associated recommendation would be reported. Management would record within the service's risk register the processes in place to mitigate the risk.

- 3.12 The Corporate Leadership Team have confirmed that action would be taken immediately should an internal audit review report a significant weakness which could lead to a potentially serious issue.

4. KEY ISSUES

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been adopted to enable management and members to focus on those areas that Internal Audit wishes to draw to its attention. The success or otherwise of a service is reported via other dimensions of the Council's Performance Management Framework including regular reports in respect of the Council's performance in delivering the Wyre Forest Forward Programme.
- 4.3 The Internal Audit Team operate in accordance with recognised Internal Audit Standards¹. Procedures are monitored to ensure that the Internal Audit Team procedures remain compliant.
- 4.4 The Internal Audit Charter requires an annual opinion on the Council's internal control environment. This takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment, which is reported to the June Meeting of the Audit Committee.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. There may however be financial implications if the audit recommendations made within audit reports are not implemented on a timely basis.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit (England) Regulations 2011 section 6(1) require that:
- “A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.”

¹ The UK Public Sector Internal Audit Standards (UKPSIAS) from April 2013 (previously CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006).

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the nine protected characteristics.

8. RISK MANAGEMENT

- 8.1 In order to manage risks internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.
- 8.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 8.3 The Internal Audit service is one element of the Council's assurance/internal control framework.
- 8.4 A relevant member of the Internal Audit Team will continue to be involved in future Wyre Forest Forward Systems Thinking reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.

9. CONCLUSION

- 9.1 The work undertaken by the Internal Audit Team in the quarter ended 31st December 2014 is reported within Appendix 1. This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
Cabinet Member for Resources & Transformation.

11. BACKGROUND PAPERS

- 11.1 24th March 2014 ~ Audit Committee ~ Internal Audit Annual Audit Plan 2014~15.
24th March 2014 ~ Audit Committee ~ Internal Audit Charter.
12th March 2012 ~ Audit Committee ~ Strategic Audit Plan 2012~2015.
Accounts and Audit (England) Regulations 2011 (SI 817).



INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
31st December 2014**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 31st December 2014

INDEX	PAGE
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Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 31 st December 2013	96
Supporting Information for ICT and Interventions	97

Cheryl Ellerton
PRINCIPAL AUDITOR

Tracey Southall
SECTION 151 OFFICER

March 2015

SECTION 1

Quarter Report to the 31st December 2014

Summaries of Follow up Reviews undertaken in the Quarter

KEY	
Assurance Levels	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.

TITLE	SYSTEM TYPE K=Key S=Subsidiary	ASSURANCE LEVEL OF FINAL REPORT	IMPLEMENTATION STAGE PER CHIEF OFFICER AND/OR RESPONSIBLE MANAGER AT TIME OF FOLLOW UP REVIEW				Page No.
			No of Recommendations	No of Recommendations Implemented	No of Significant Recommendations	No of Recommendations Implemented	
SYSTEM REVIEWS							
-	-	-	-	-	-	-	-

SECTION 2

SECTION 1 FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 31st December 2014		
	ASSURANCE	PAGE
CORE FINANCIAL SYSTEM REVIEWS		
<u>Key Systems (Annual Assurance Reviews)</u>		
2013~14 Accounts Payable (Corporate Creditors)	S	91
2013~14 Accounts Receivable (Corporate Debtors)	S	92
2014~15 Council Tax Compliance Testing	F	-
2014~15 NNDR Compliance Testing	F	-
<u>Subsidiary System (Annual Assurance Reviews)</u>		
2014~15 Income To Bank (Car Park Cash Collection Reconciliations)	F	-
CYCLICAL SYSTEM REVIEWS		
2014~15 Pay & Display Car Parks (Charging Facilities)	F	-

KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.
S = Some	Sufficient framework of controls but some weaknesses identified ~ provides adequate assurance.	Summary page of Audit Report together with any significant findings and associated recommendations where appropriate.
L = Limited	Significant lapses/breakdown in individual controls ~ at least on significant weakness ~ provides partial assurance.	Summary page of Audit Report and significant findings and associated recommendations.
U = Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance. A significant internal control is one which is key to the overall framework of controls.	Summary page of Audit Report and significant findings and associated recommendations.

AUDIT REPORT TITLE: Corporate Creditors {Compliance} 2013-14	ACTION PLANS: 18 th October 2013	SERVICE: Chief Executive (Accountancy)
BUDGET: Various	DRAFT REPORT DATE ISSUED: 18 th August 2014	RESPONSE RECEIVED: 11 th November 2014
REF:	FINAL REPORT ISSUED: 19 th November 2014	

Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken as part of the 2013-14 annual audit plan. The review concentrated on ensuring that the controls in place over the system for the payment of the Council's creditors (Accounts Payable) are operating as intended. The review comprised examination of the Council's procedures for the ordering, processing and payment of invoices and that these procedures operate within current Contract Procedure Rules and Financial Regulations.

Testing was undertaken in July and November 2013 on samples of invoices processed for payment during April & September 2013. The detailed compliance testing ensured that requisitions/official purchase orders were raised prior to the receipt of goods/services and invoices were bona fide, paid promptly and the expenditure correctly recorded within the Agresso Financial Management System including any VAT payable to HMRC. Additionally, supplier VAT registration numbers were verified.

During the course of the review an action plan was issued to the Financial Services Manager to advise of any matters arising during following the initial period of testing in order that they may be addressed promptly and remedial action taken where appropriate. Those observations arising from the initial testing were acknowledged with supporting evidence provided to the Internal Audit team and are detailed below for completeness.

Following the second phase of testing, it was found that on occasion orders had not been raised for goods/services provided prior to the receipt of the supplier invoice, which although not detrimental to service delivery did not allow for commitment accounting under the current procure to pay procedures. The nature of the purchases was not classified as emergency expenditure and therefore purchase orders should have been raised by their respective budget holders. All other orders/invoices examined had been paid correctly and in a timely manner.

Conclusion

On the basis of the work undertaken, the review has concluded that the system for the ordering and payment of goods/services is operating well. There are areas where the system will be enhanced further with the implementation of the following recommendations. The overall conclusion therefore is that at this time **SOME** assurance can be given that the internal controls in place for the electronic ordering, processing and payment of Council invoices are operating effectively.

AUDIT REPORT TITLE: Corporate Debtors (Accounts Receivable) 2013-14 BUDGET: VARIOUS REF:	ACTION PLANS ISSUED: 11th October 2013 ~ Compliance Testing 21st October 2013 ~ Reconciliations DRAFT REPORT ISSUED: 14th July 2014 FINAL REPORT ISSUED: 26th November 2014	SERVICE: Chief Executive (Accountancy) RESPONSE RECEIVED: 7th November 2014
---	--	---

Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview:

This Audit forms part of the annual assurance reviews undertaken as part of the 2013-14 annual audit plan. The audit reviewed the system in place for Sundry Debtors (Accounts Receivable) from the initial creation of a customer account through to the raising of a sundry debtor invoice for payment. The review comprised examination of the Council's procedures for the reconciliation of the Debtors Control Account within the Agresso Financial Management System to both the independent Radius Cash Receipting system and Council bank accounts. A review was also undertaken on a number of invoices raised in April 2013 to ensure that the income had been accounted for in the appropriate financial year. A sample of account balances written off were examined to ensure compliance with the Council's financial regulations.

During the course of the review action plans were issued to the Financial Services Manager/Principal Accountant to advise of any matters arising during the period of testing in order that they may be addressed promptly and remedial action taken where appropriate. Those observations arising from the initial testing were acknowledged with supporting evidence provided to the Internal Audit team and are detailed below for completeness.

The Debtors Control (general ledger) & the Debtors Income (cash receipting) reconciliation for the months of June and October 2013 were examined in detail; this was supported by detailed compliance testing of 20 debtor invoices. The General Ledger reconciliations were found to have been completed accurately and in a timely manner as were the Debtors Income (cash receipting) reconciliation. There were no matters arising from any of the reconciliations tested. From the sample of 20 Debtor accounts selected for testing to ensure that invoices were raised promptly, with the correct approved amount being charged to the customer, two invoices had been raised at an incorrect charge. This was raised with the appropriate Financial Support Officer, and credits raised to correct the error with evidence sighted by Internal Audit.

Conclusion:

The review concluded there are areas within the Debtors (Accounts Receivable) System that are well managed and controlled. Whilst full assurance can be given on the completion of the monthly reconciliations,, improvements could be made to enhance the system by ensuring that all employees are advised of the fees and charges formally approved by Council as part of the Financial Strategy. The overall conclusion therefore, is that **SOME** assurance can currently be given that the internal controls in place within the key system for Corporate Debtors (Accounts Receivable) are operating as intended.

SECTION 3**Quarter Report to the 31st December 2014**

DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 31st December 2014		
TITLE	DATE OF ISSUE	CURRENT STATUS OF REPORT
<u>CYCLICAL SYSTEM SYSTEMS</u>		
2014~15 Management of Kidderminster Town Hall	18.11.14	Intervention Meeting 10.02.15/05.03.15/Formal Response 10.03.15
2014~15 Fees & Charges {Kidderminster Town Hall}	18.11.14	Intervention Meeting 10.02.15/05.03.15/Formal Response 10.03.15

SECTION 4

The following Action Plans have been issued to Managers. In addition, the table below shows the status of reviews currently in progress to cover the current on ~ going testing within the 2014~15 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 31st December 2014		Status	Action Plans		
RISK ASSESSMENT	AUDIT REVIEW	As At 31.12..14	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3
RA74	<u>Core Financial Systems (Annual Assurance Reviews)~ 2014/15 Annual Audit Plan</u> <u>Accounting Cash To Bank</u> Accounting (Cash To Bank) ~ Bank Reconciliation Corporate Income To Bank Miscellaneous Income {Holding Codes} Reconciliation	Stage 1 Stage 5 Stage 6	20.08.14 (Qrt 1) - -	10.10.14 (Qrt 2) - -	27.01.15 (Qrt 3) 27.01.15 25.02.15
RA88	<u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u> Benefits Compliance (Housing Allowances)~Entitlement Benefits Compliance (Housing Allowances)~Overpayments Benefits Compliance (Council Tax Discount {Local} Scheme) Benefits Compliance (Council Tax Discount {Local} Scheme) ~ Overpayments Benefits Reconciliations ~ Overpayments {Financial Ledger}	Stage 6 Stage 6 Stage 4 Stage 4 Stage 1	20.08.14 (Qrt 1) - 20.08.14 (Qrt 1) 22.08.14 (Qrt 1) -	- 16.10.14 (Qrt 2) - - 03.11.14 (Phase 1)	25.02.15 25.02.15 - - -
RA82	<u>Council Tax</u> Council Tax ~ Compliance/Recovery Council Tax ~ Reconciliations	Stage 6 Stage 1	- -	21.10.14 (Phase 1) -	09.02.15 17.02.15
RA80	<u>Creditors (Accounts Payable)</u> Creditors (Accounts Payable) Compliance Creditors (Accounts Payable) Reconciliations	Stage 4 Stage 4	- -	04.11.14 (Phase 1) -	- -
RA89	<u>Debtors (Accounts Receivable)</u> Debtors (Accounts Receivable) Compliance Debtors (Accounts Receivable) Reconciliations	Stage 1 Stage 1	- -	04.11.14 (Phase 1) 04.11.14 (Phase 1)	- -
RA71	<u>Establishment</u> Establishment Reconciliation Establishment {Staff Record Forms}	Stage 4 Stage 4	- -	04.11.14 (Phase 1) 05.11.14 (Phase 1)	- -
RA84	<u>National Non Domestic Rates</u> NNDR ~ Compliance/Recovery NNDR ~ Reconciliations	Stage 6 Stage 1	- -	21.10.14 (Phase 1) 31.10.14 (Phase 1)	09.02.15 -
RA85	<u>Payroll (Including Mileage & Subsistence Claims)</u> Payroll ~ Reconciliations (WFDC Accountancy Team) Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team)^ ^ Field Work includes Local Government Pension Scheme & Local Pay Award	Stage 1 Stage 1	- 09.07.14	06.11.14 (Phase 1) -	- 25.11.14
RA103	<u>Treasury Management</u>	Stage 4	-	-	-

KEY

- Stage 1 Phases 1 & 2 & 3 Field Work Complete with Action Plan to Service Manager.
 Stage 2 Phases 1 & 2 & 3 Field Work Complete and Peer Reviewed ~ Action Plan/Report to be issued by Principal Auditor
 Stage 3 Field Work In Progress ~ {With Individual Auditor}
 Stage 4 Audit Complete awaiting review by Principal Auditor
 Stage 5 Draft Report Issued
 Stage 6 Final Report Issued

SECTION 5

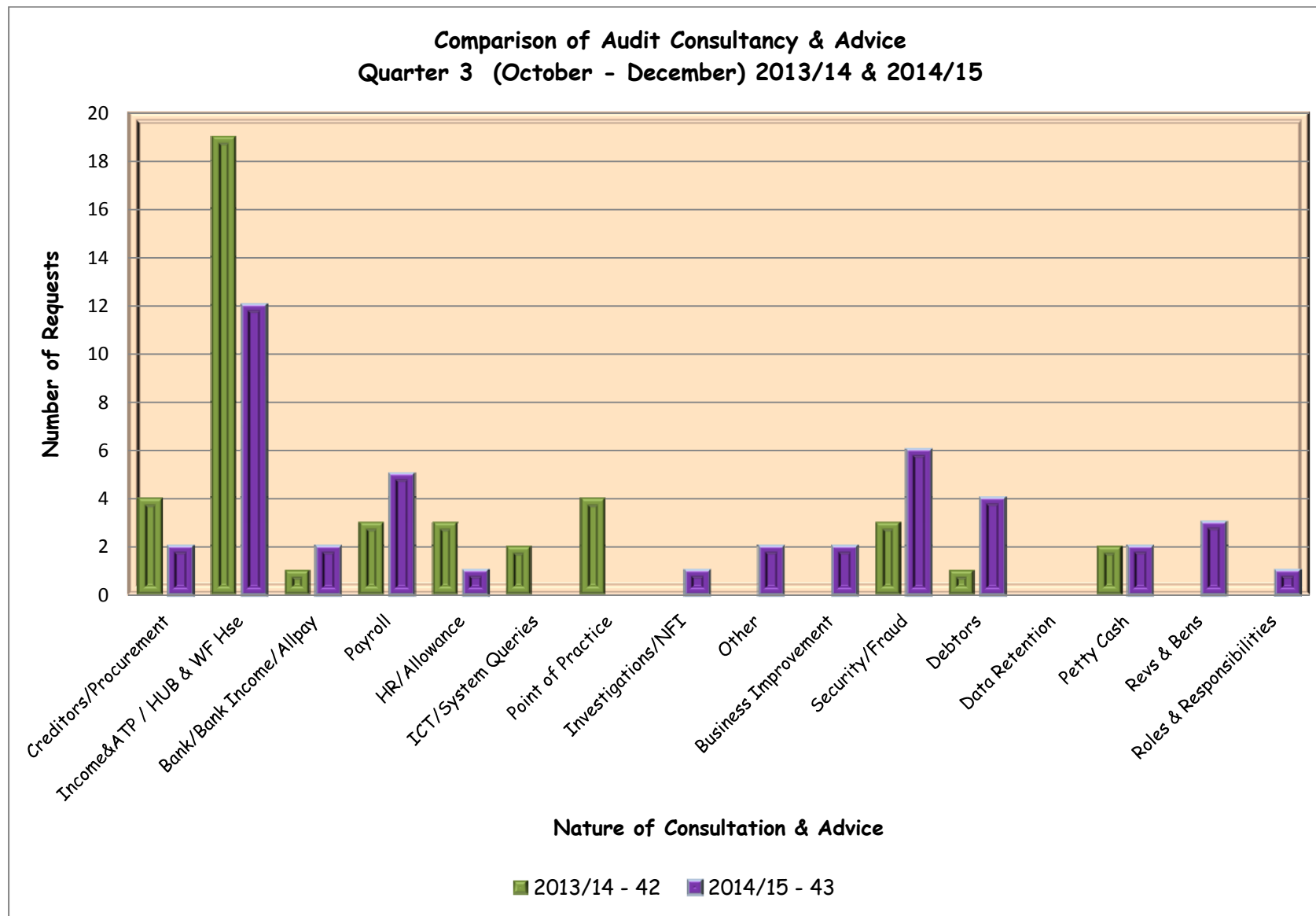
Performance Against Annual Plan For The Financial Year 2014/15**Quarter ended 31st December 2014****Year to 31st December 2014**

	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year To Date Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	77.50	72.25	107.27%	System and Probity	225.75	289	78.11%
ICT Audit (Governance, Advice & Assistance)	4.25	10.00	42.50%	ICT Audit (Governance, Advice & Assistance)	16.25	40	40.63%
Contract Audit/Procurement	1.50	6.25	24.00%	Contract Audit/Procurement	2.50	25	10.00%
Consultancy and Advice	13.00	12.50	104.00%	Consultancy and Advice	36.25	50	72.50%
Contingency for Investigations	2.00	5.00	40.00%	Contingency for Investigations	6.50	20	32.50%
Specific Service Duties	8.00	6.25	128.00%	Specific Service Duties	27.75	25	111.00%
Sub Total	106.25	112.25	94.65%	Sub Total	315.00	449	70.16%

TARGET**95.00%****71.25%****Audit Resource Statistics**

➔ For the quarter to 31st December 2014 actual against plan is **94.65 %** compared to a target of **95%** (92.9% against 95% target for quarter 31st December 2013).

➔ Within the time allocated in the above table, during this third quarter of 2014~15 the Internal Audit Team have responded to 43 requests for advice and consultancy as categorised in the graph overleaf, in comparison to the 42 requests received and actioned for the same period for 2013/14.



In addition to the planned work detailed above, the Internal Audit Team have also undertaken work in other areas for which a formal report has not been issued although time has been allocated within the Internal Audit Annual Plan as approved by the Audit Committee in March 2014.

Information Communications Technology (ICT)

Information Security Group, to include the Review of the following ICT Polices:-
Social Media Policy
Advise on Prospective Changes to the workflow for requisitions (procure to pay) as part of the on-going finance intervention.
Advise and undertake testing on the proposed system changes for the implementation of the HR21 self serve kiosk..
Advise and undertake testing on the Cash Receipting (ICON) Computer application following an upgrade to a web based browser to aid information held within the Agresso Financial Management System.

Wyre Forest Forward ~ Interventions

As part of the Consultancy and Advisory role detailed within the Internal Audit Plan, members of the Internal Audit Team are currently involved in Wyre Forest Forward Systems Thinking reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised.

During the quarter ended 31st December 2014, the Senior Auditor, as a member of the Finance Intervention Board, attended regular meetings around the “Help Me Make Good Financial Decisions” purpose.

In addition, the Senior Auditor is undertaking an active role within the Finance Intervention working groups, currently reviewing the debt recovery process and the budget information available to Managers.

Where it is not possible to accommodate this work within the Internal Audit Plan, costs will be met from the Transformation Project funds. The role of the Senior Auditor is to ensure that risk is mitigated in the event of proposed changes to current systems.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
30TH MARCH 2015**Internal Audit**
Protecting The Public Purse 2014

OPEN	
CABINET MEMBER	Councillor N J Desmond
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES:	Appendix A ~ Checklist

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is for Members to note the summary of findings and recommendations from the recent Audit Commission National Report “Protecting the Public Purse 2014~Fighting Fraud against Local Government.
- 1.2 To report an assessment of the Council’s position against the “Checklist for Councillors and others responsible for governance” and identify any actions required.

2. RECOMMENDATION

The Audit Committee is asked to consider and note:-

- 2.1 **The Audit Commission Report “Protecting the Public Purse” 2014 and the position shown within the completed checklist as attached at Appendix A including any actions required.**

3. BACKGROUND

- 3.1 The Audit Commission through a series of publications entitled Protecting the Public Purse have highlighted the risks posed by fraud to Local Authorities and identified best practice procedures to minimise exposure to these risks.
- 3.2 From 2009 and in light of the recession and introduction of austerity measures, the Audit Commission re-established publication of these reports enabling Local Authorities to actively participate via an annual survey to highlight high risk areas, and provide evidence of best practice.

4. KEY ISSUES

4.1 The Audit Commission's publication "Protecting the Public Purse" (2014) was published in November 2014. The key issues identified within the report are:

- ➔ That whilst the scale of fraud against local government is large and difficult to quantify with precision, the National Fraud Authority had estimated that fraud costs local government more than £2.1 billion a year;
- ➔ Local government bodies have detected fewer cases of fraud, both of housing benefit and council tax benefit fraud as well as non benefit fraud compared with previous years, although the value of frauds has increased;
- ➔ There is evidence that nationally, Councils have shifted their focus from benefit fraud to non-benefit fraud. From 2016, Councils will no longer be responsible for dealing with benefit fraud as all benefit fraud investigations will have transferred from councils to the Single Fraud Investigation Service (SFIS) at the Department for Works and Pensions (DWP). **November 2014 saw the transfer of WFDC benefit fraud investigators to the DWP SFIS.**
- ➔ Moving forward, Councils will need to focus on the non benefit frauds that present the high risk areas of loss.

4.2 The key recommendations from the report are:

- ➔ All local government bodies should use the checklist within the report for Councillors and others responsible for governance to review the councils counter fraud arrangements;
- ➔ Adopt a corporate approach to fighting fraud, to fulfil their stewardship role and protect the public purse from fraud;
- ➔ Actively pursue potential frauds identified through their participation in the National Fraud Initiative;
- ➔ Self assess against the framework in CIPFA's new Code of Practice on Managing the Risk of Fraud and Corruption.

4.3 Councils in particular should:

- ➔ Protect and enhance their investigative resources in order to maintain and/or improve their capacity to detect fraud;
- ➔ Be alert to the risk of organised crime, notably in procurement;
- ➔ Be alert to those growing risk areas e.g. Procurement; Insurance
- ➔ Focus on prevention and deterrence as a cost effective means of reducing fraud losses to protect public resources;
- ➔ Focus more on recovering losses from fraud using legislation e.g. Proceeds of Crime Act.

4.4 The Audit Commission report includes a checklist covering the issues and recommendations within their report to enable Councillors and those responsible for governance to review the Council's current position. The checklist has initially been completed by the Principal Auditor in consultation with the Corporate Leadership Team and Senior Managers (WF20).

4.5 The review does provide assurance and endorses the Councils zero tolerance to fraud, acknowledging that there are areas where further work is required to

evidence a robust approach to the prevention and detection of potential frauds within the Council, ensuring it fulfils its duty to protect the public purse.

- 4.6 The review does acknowledge that following the transfer in November 2014, of the dedicated 2 Benefit Investigation Officers to the Single Fraud Investigation Service (SIFS) at the DWP, a Compliance Officer role has been established within the Revenues & Benefits Team as the primary liaison between the Council and the SFIS. This role will also undertake proactive analytical and investigative work to ensure compliance across Council Tax and Business Rates to maximise income and minimise losses thus reducing the risk of error and fraud. There was a gap between the transfer of the in house Benefit Fraud Investigation Team and the appointment to the Compliance Officer position. The risk was mitigated by the provision of Benefit Assessors considering evidence of suspected fraud when dealing with claims as part of their daily role. Any suspected fraudulent activity was promptly referred to the DWP as advised by the Corporate Customer Development Manager.
- 4.7 It should be noted that apart from housing benefit/council tax fraud, no other fraud has been detected within the District Council within in the past 5 years that the Council have been contributing to the Audit Commissions publication "Protecting The Public Purse". In respect of those benefit cases for 2013/14 this equated to 41 cases with a proven value of £214,664 of which 29 were taken through to prosecution. None of these cases involved employees or councillors.
- 4.8 There is evidence that the Council do have robust systems in place to mitigate risk as demonstrated by a recent fraud attempt against the Council. The perpetrator had emailed the Finance Team using a valid email account to request payment of a large sum of money. The email was not acted upon as the protocol in place ensured that verification of the validity of the transaction was sought prior to the release of any monies.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit (England) Regulations 2011 section 6(1) require that:
- "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control."

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the nine protected characteristics.

8. RISK MANAGEMENT

- 8.1 The Internal Audit service is one element of the Council's assurance/internal control framework. This Key Assurance Service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Whilst it is not possible to eliminate or manage all risks all of the time, Internal Audit cover fraud risk as part of the review of council systems in accordance with the risk based audit plan.
- 8.2 The newly implemented Compliance Officer post within the Revenues and Benefits Team will also ensure compliance across Council Tax and Business Rates to maximise income and minimise losses thus reducing the risk of error and fraud. The Compliance Officer will also fulfil the requirement for a "Single Point of Contact" between the Council and the DWP.

9. CONCLUSION

- 9.1 Overall, the review against the checklist is reassuring and endorses the Councils commitment to a zero tolerance of fraud, with a commitment to creating and maintaining an environment where fraud and corruption will not be tolerated. It is acknowledged that there is more that can be done, particularly around awareness and this will be addressed with the current on-going review of Council policies.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
Cabinet Member for Resources & Transformation.
WF20.

11. BACKGROUND PAPERS

- 11.1 Audit Commission ~ Protecting The Public Purse 2014 ~ Fighting Fraud Against Local Government ~ October 2014.

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
1. Do we have a zero tolerance policy towards fraud?	Y	<p>The Council has a Corporate Fraud Response Plan, Anti Fraud & Corruption Policy, Strategy for Dealing with Theft Fraud & Corruption.</p> <p>Approved by the Audit Committee/Cabinet in 2008.</p> <p>Currently under review.</p> <p>In addition, there are separate documents for Housing and Council Tax Benefit:-</p> <p>→ Policy on fraud for Housing Benefit & Council Tax Benefit approved by Audit Committee/Cabinet 2008 and revisited in May 2011;</p> <p>→ Strategy on Fraud for Housing Benefit & Council Tax Benefit approved by Audit Committee/Cabinet 2008 revisited in May 2011;</p> <p>→ Prosecution Policy approved by Audit Committee/Cabinet 2008 and revisited in May 2011.</p>
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	Y	<p>The Council has a Corporate Fraud Response Plan, Anti Fraud & Corruption Policy, Strategy for Dealing with Theft Fraud & Corruption approved and implemented in 2008. These documents are currently under review to take into account emerging fraud risks and trends and will include:-</p> <p>The Corporate Fraud Response Anti Fraud & Corruption Policy/Statement Anti Money Laundering Policy Prosecution Policy</p> <p>This review will also include a full review of Financial Regulations and Contract Procedure Rules due June 2015.</p> <p>Confidential Reporting: Whistleblowing policy & Procedure reviewed by Human Resources August 2012.</p> <p>There are separate policies/strategies specific to the delivery of Housing & Council Tax Benefit which will be subject to review following the transfer of the dedicated Fraud Team (Benefits) to the DWP SFIS from 1st November 2014.</p>
3. Do we have dedicated counter-fraud staff?	P	<p>Availability for Internal Audit to undertake investigations including fraud/error is built into the annual audit plan and will be reviewed as part of the on going Finance Intervention.</p> <p>From 1st March 2015, there is now a Compliance Officer position situated within the Revenues Team as the primary liaison between WFDC and SFIS. Additional measures are currently under discussion for a review of current resources for Corporate Fraud as part of the Finance Intervention.</p>
4. Do counter-fraud staff review all the work of our organisation?	Y	<p>Internal Audit cover fraud risk as part of the planning process for review of council systems whether annual assurance or cyclical reviews under the risk based audit plan. Fraud is categorised as a risk and considered throughout the audit planning process. The current available resource will be reviewed as part of the on-going Finance Intervention.</p>
5. Does a councillor have portfolio responsibility for fighting fraud across the council?	Y	<p>Cllr Nathan Desmond, Cabinet Member for Resources & Transformation Cllr Tracey Onslow, Chairman Audit Committee</p>

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	N	WFDC actively participate in both the Protecting the Public Purse annual surveys undertaken by the Audit Commission as well as the mandatory National Fraud Initiative. Whilst the outcomes are not formally reported to the Corporate Leadership Team or the Audit Committee they are discussed with the Chief Financial Officer, and, closely monitored by the Council's external auditors Grant Thornton and form part of their annual update to the Audit Committee as part of the national exercise/results.
7. Have we received the latest Audit Commission fraud briefing presentation from our external auditor?	Y	To be presented to the Audit Committee in March 2015
8. Have we assessed our management of counter-fraud work against good practice?	Y	On-going assessment against the annual survey Protecting the Public Purse which feeds into a national report published November. CIPFA have published a Code of Practice on Managing The Risk of Fraud and Corruption (October 2014) used for an assessment of an organisations fraud and corruption risks. A self assessment exercise will be completed and reported to the Audit Committee.
9. Do we raise awareness of fraud risks with:		
• new staff (including agency staff)?	Y	Details of the Confidential Reporting Policy & the Strategy for Dealing with Theft Fraud & Corruption are included within the Induction Handbook as part of the Conditions of Employment
• existing staff?	Y	Access to dedicated Fraud policies and Strategy for Dealing with Theft, Fraud & Corruption available via the intranet.
• elected members?	Y	Form part of the annual training programme for Members
• our contractors?	Y	Detailed in our Contract Procedure Rules, Purchase Terms & Conditions (How To Do Business available via the website)
10. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Y	Membership of the National Anti Fraud Network: NAFN is an unincorporated organisation and is hosted by Tameside MBC and Brighton & Hove City Council; Updates of National Fraud are readily available as well as access via the NAFN to such restricted data as DVLA and Experian/Equifax. Audit Commission National Fraud Initiative; Access to the CIPFA Counter Fraud Centre.
11. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	Y	Receive Fraud Notifications from the National Anti Fraud Network which are circulated as appropriate; in addition, the Midland Chief Auditors Group share details of known/identified frauds and scams.
12. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	Y	Internal Audit includes fraud risks in the planning process and act as an internal control against fraud. Within audit reviews, fraud is categorised as a risk and considered through the audit plan and audit reviews. High level controls and fraud & corruption questionnaires are completed against all core financial systems. This in turn is acknowledged by the Audit Committee and the Council's External Auditors within their formal reporting to the Audit Committee

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
13. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	Y	Actively participate in the mandatory exercise with outcomes reviewed by service departments. Data available to both the Chief Finance Officer and the Principal Auditor as Key Contact. Matches are promptly reviewed upon receipt and actions taken as appropriate.
14. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Y	There is an Anti Money Laundering Policy (currently under review). Staff with responsibility for Income Collection are advised of the policy. This is reviewed by Internal Audit as part of the annual assurance review of Income Collection. Training Needs as identified are addressed so as not to expose the authority to risk. NB: Following changes in methods of payments, the levels of cash received by the authority have reduced significantly.
15. Do we have effective arrangements for:		
• reporting fraud?	Y	Detailed within the Fraud Response Plan/Confidential Reporting Policy & Procedure.
• recording fraud?	Y	
16. Do we have effective whistle-blowing arrangements? In particular are staff:		
• aware of our whistle-blowing arrangements?	Y	Confidential Reporting: Whistleblowing Policy & Procedure available to all Members and Employees on the Council's intranet.
• confident in the confidentiality of those arrangements?	Y	
• confident that any concerns raised will be addressed?	Y	No concerns have been raised under the Whistleblowing policy.
17. Do we have effective fidelity insurance arrangements?	Y	Fidelity Guarantee : Current Contract Expires June 2019 Insurers: Zurich Municipal
Fighting fraud with reduced resources		
18. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud, once SFIS has been fully implemented?	Y	Availability for Internal Audit to undertake investigations including fraud/error is built into the annual audit plan and will be reviewed as part of the on going Finance Intervention Following the transfer of the 2 FTE Benefit Investigation Officers to the Single Fraud Investigation Service (SFIS) on 1 st November 2014, there is now a Compliance Officer role situated within the Revenues Team as the primary liaison between WFDC and SFIS. Additional measures are currently under discussion for a review of current resources for Corporate Fraud as part of the Finance Intervention.
19. Did we apply for a share of the £16 million challenge funding from DCLG to support councils in tackling non-benefit frauds after the SFIS is in place?	N	A joint bid with another Council was considered but the other Council did not wish to proceed, therefore, not in a position to bid for this funding at the time of notification. However, have submitted an application for funding from the DWP Fraud and Error Reduction Incentive Scheme. WFDC have opted into the Scheme (December 2014) and have presented an application for a start up bid.
20. If successful, are we using the money effectively?	N/A	Will be subject to review by the Service Manager and Internal Audit via Annual Audit Plan
Current risks and issues		

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
Housing tenancy		
21. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	Y	Housing Stock sold April 2000; WFCH Group. The statutory duty for allocations remains with the Council – Strategic Housing Services Manager advised there are effective processes for checking eligibility at the point of registration and provide training for our Registered Providers to check at the point of allocation.
22. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	Y	Housing Stock sold April 2000; WFCH Group This is the responsibility of all social landlords with stock within our District. Strategic Housing Services Manager advised WFDC encourage our partners to undertake regular tenancy checks to ensure housing is being occupied by the named tenants.
Procurement		
23. Are we satisfied our procurement controls are working as intended?	Y	Dedicated Procurement Resource working in close liaison with the Legal Team and using external support where appropriate. Payment systems are regularly reviewed as part of the Internal Audit Review for Creditors. All requests for changes/amendments to supplier details are subject to further verification checks to confirm the relevant information.
24. Have we reviewed our contract letting procedures in line with best practice?	Y	Standing Orders Relating to Contracts reviewed to form the current Contract Procedure Rules, from 2011, recently reviewed and updated August 2013.
Recruitment		
25. Are we satisfied our recruitment procedures that: This process is led by Worcestershire County Council as part of a collaborative SLA. Recruitment Training is provided to Managers:		
<ul style="list-style-type: none"> prevent us employing people working under false identities? 	Y	As part of the recruitment process there are procedures and controls in place. Managers appointing are required to request copies of ID and eligibility to work in the UK. Acceptable documents such as passport, driving licence, birth certificate are checked in line with Home Office guidance.
<ul style="list-style-type: none"> confirm employment references effectively? 	Y	As part of the recruitment process, there are procedures and controls in place for Managers appointing to formally follow up on references.
<ul style="list-style-type: none"> ensure applicants are eligible to work in the UK? 	Y	As part of the recruitment process there are procedures and controls in place., Managers appointing are required to request copies of ID and eligibility to work in the UK.
<ul style="list-style-type: none"> require agencies supplying us with staff to undertake the checks that we require? 	P	Not part of the SLA with Worcestershire County Council. Agencies are required to undertake necessary pre-employment checks.

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
Personal budgets		
26. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	N/A	County Council Function
27. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?	N/A	County Council Function
Council tax discount		
28. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	Y	From July 2014, have in place a contract with Civica for a fully managed, Single Person Discount review to include the issue of review forms, follow up and referral to a nominated Fraud contact (Compliance Officer) where applicable. Compliance Officer role will manage evidence of fraud in respect of housing benefits entitlement and review entitlement under the Council Tax Reduction Scheme.
Housing benefit		
29. When we tackle housing benefit fraud do we make full use of:		
• The National Fraud Initiative?	Y	Participate in the bi-annual mandatory data matching exercise (2014/15 match currently underway). As well as the annual review of Single Person Discount to the Electoral Register.
• The Department for Work and Pensions Housing Benefit matching service?	Y	Participate in the DWP matching service. Files are received and dealt with by the in house Benefits Teams. Pre November 2014 cases suspected of Fraud were passed across to the in house Fraud Investigators. Post November 2014 these cases will be passed across to the SFIS.
• internal data matching?	Y	Fair Processing Notices are included on documentation capturing personal details to enable internal data matching. "Wyre Forest District Council is under a duty to protect the public funds it administers. It may share information provided by you with other bodies responsible for auditing or administering public funds. It may also share the information internally in order to detect fraud and to protect council funds and revenue". Software application Civica Fraud module purchased to enable the development of an internal matching exercise to incorporate not only the data sets subject to the NFI but those that are not i.e. Corporate Debtors, National Non Domestic Rates.

Agenda Item No. 11

General	Yes/No/ Partial	Comments Actions
Other fraud risks		
30. Do we have appropriate and proportionate defences against the following fraud risks:		
• business rates?	Y	Applications for NNDR Rate Relief are required to be supported by appropriate documentation e.g. evidence of charitable status.
• Right to Buy?	N/A	WFDC do not offer Right To Buy
• council tax reduction?	Y	From April 2015 introducing a scheme of penalties in order to discourage claimants from making fraudulent or inaccurate claims against the Council Tax Reduction Scheme discounts and exemptions.
• schools?	N/A	County Council Function
• grants?	Y	Subject to detailed review by External Audit. All grants are required to be supported by appropriate and relevant documentation and approved by authorised officer.

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

30TH MARCH 2015

Annual Governance Statement

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICERS:	Chief Financial Officer Ext 2100 tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Annual Governance Statement Action Plan 2013/14

1. PURPOSE OF REPORT

- 1.1 This report is to present the current position in relation to the action plan which was developed to address the issues identified within 2013/14.

2. RECOMMENDATION

- 2.1 **The Audit Committee is asked to approve the progress against the Annual Governance Statement Action Plan 2013/14 which is attached at Appendix 1.**

3. BACKGROUND

- 3.1 Regulation 4 of the Accounts and Audit Regulations 2011 states:

4. Responsibility for financial management

- 1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.
 - 2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.
 - 3) The findings of the review referred to in paragraph (2) must be considered
 - (a) in the case of a larger relevant body, by the members of the body meeting as whole or by a committee, and
 - (b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.
- 3.2 Further statutory guidance received by the Council requires the authority to widen the scope of the Statement on Internal Control to include further governance issues. CIPFA/SOLACE prepared guidance for Local Authorities in response to this move

which now results in Councils being required to prepare an Annual Governance Statement which is to be included within the Statement of Accounts.

3.3 Full details on these requirements in relation to the Annual Governance Statement have been reported to the Audit Committee and are regularly refreshed as part of annual Member training. The Annual Governance Statement was presented and approved at the June 2014 meeting of the Audit Committee.

3.4 In determining the Annual Governance Statement the Council is required to take into account all relevant information. In relation to the Statement that was approved in June 2014 the following sources of evidence were used. In establishing the draft documents the following pieces of evidence were considered within the current Assurance Framework:

- Internal Audit reports;
- External Audit reports;
- Assurance Statements completed by senior staff;
- Strategic Risk Register;
- External Inspection findings.

3.5 Following consideration by the Corporate Leadership Team the Annual Governance Statement was approved by the Audit Committee at the meeting in June 2014.

4. KEY ISSUES

4.1 The Annual Governance Statement identified areas of Corporate Governance which needed to be addressed during 2014/15. An action plan has been developed and is attached at Appendix 1, which identifies these areas and the progress that has been made in addressing these points.

4.2 Members are requested to review and approve the action plan and to note the current progress in relation to the delivery of the necessary improvements.

5. FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications arising from this report.

6. LEGAL AND POLICY IMPLICATIONS

6.1 It is a requirement under the Accounts and Audit Regulations 2011 that the Council prepares an Annual Governance Statement.

7. EQUALITY IMPACT NEEDS ASSESSMENT

7.1 There are no discernible equality and impact assessments relating to this report.

8. RISK MANAGEMENT

- 8.1 The Governance Framework pulls together all of the Council's information in relation to governance. In doing so the Council has regard for the Corporate Risk Register and approach to Risk Management. It is essential that the Council acts upon the significant governance issues that have been identified within the Annual Governance Statement.

9. CONCLUSION

- 9.1 From 2007/8 the Authority has been required to complete an Annual Governance Statement which is required to:

- Consider the arrangements required for gathering assurances for the Preparation of the annual governance statement;
- Consider the robustness of the Authority's governance arrangements;
- Monitor any actions arising from the review of arrangements.

- 9.2 This report identifies the progress that has been made to date in relation to the Annual Governance Statement approved on 30th June 2014.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
- 10.2 Cabinet Member for Resources and Transformation.

11. BACKGROUND PAPERS

- 11.1 30th June 2014 – Annual Governance Statement 2013/14.

Corporate Governance Action Plan Progress 2013/14

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Progression of the Leisure Future project to ensure that the Council meets the future needs of the District and achieves the most affordable and sustainable option on the new Silverwoods site.	2013/14 No. 1	<p>Site purchase</p> <p>Sport England Funding</p> <p>ITT complete and contract award</p> <p>Full Planning Permission</p>	<p>June 2014</p> <p>January 2015</p> <p>January 2015</p> <p>March 2015</p>	<p>Director of Community Well-Being and Environment/ Project team</p>	<p>Complete</p> <p>Award successful</p> <p>Complete</p> <p>Approved 10th March 2015</p> <p>This project is progressing well with funding in place and additional savings over the business case target achieved. Regular updates are made to Group Leaders and the recent Member Forum event was informative.</p>
Priority to be given to the on-going recovery of the Council's two remaining "Icelandic" investments.	2013/14 No. 2	Continue to monitor remaining £985k outstanding as at end of 2013/14 and keep Members briefed on the recovery of Icelandic investments	On-going updates as part of Treasury Management reporting process to the Treasury Management Panel, Overview and Scrutiny and Council	Chief Financial Officer	Just over 85% of original deposits on two remaining investments has been recovered with £935k outstanding currently. Repayments continue to be received to decrease the sums outstanding. One final payment awaited on the Heritable investment in full and final settlement (Just £60k principal outstanding) whilst the Kaupthing Singer and Friedlander recovery may take a further 12 – 18 months.

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Continued progression of the challenging Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans;	2013/14 No. 3	<p>Systems Thinking being used to achieve savings, alongside other efficiency measures Framework in place for future reviews, dates being agreed where reviews not already under way</p> <p>Higher targets for 2014/15 onwards agreed as part of medium term financial strategy</p>	Monthly progress reports to Cabinet/CLT and Group Leaders	Chief Executive and Chief Financial Officer	<p>Ongoing</p> <p>For 2014/15 we have achieved £1,255,160 of a £1,516,340 target (Wyre Forest Forward and Cabinet Proposal savings) so a shortfall of £261k currently. 82.8% of savings overall achieved.</p>

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the ongoing challenges of the impact of the 2013 Local Government Resource Review, including Business Rate Retention, Welfare Reform and further work around income generation and expenditure reductions;	2013/14 No. 4	Establish Cabinet Financial Strategy Advisory Panel	June 2014	Chief Executive	Achieved. Proposals produced by October 2014
		Review of Budget Timetable – consideration of budget proposals at December Cabinet then onto February Council	June 2014	Chief Financial Officer	Achieved. Council adopted medium term financial strategy Feb 2015
			Feb 2015	Cabinet and CLT	Achieved
		Continuation of approved savings transformation programme.	June 2014	Chief Financial Officer	Good progress made with the savings programme in 2014/15 and unachieved savings for this year have been reflected (ie not assumed) in approved budget. The position going forward however remains challenging and is being carefully monitored by CLT.
		Continued enhancement of Monthly Budgetary Control reports to CLT/Cabinet	June 2013 – onwards	Chief Financial Officer	Significant improvements continue to be made to scope and quality of monthly reporting both to CLT/Cabinet and more generally as part of the Finance Intervention.

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Maintaining financial resilience with reduced resources across teams, particularly in view of the "Help me Make Good Financial Decisions" Intervention work stream;	2013/14 No.5	The Finance Intervention commenced with membership from across the Council including Internal Audit. Focus on retention of key controls	Jan 2014	Chief Financial Officer and Intervention team	Progressing well with careful focus on retention of key controls in redesigned systems/processes. Proposals for restructure due by end of April 2015.
		Pilots for redesigned processes and systems held to ensure financial resilience is maintained and make any necessary adjustments	Ongoing as required	Intervention team	In progress, pilots are carefully evaluated and processes adjusted to ensure key controls to protect good governance are maintained.
		Additional resources from reserves/transformation fund approved to ensure resource is sufficient to support the implementation of changes	2014	CLT	Back office staff within the scope of the intervention and also customers of the relevant services are working well together to achieve positive change. Extra resource is being funded to ensure staff can cope with their workloads whilst the change embeds. Resource is being released by the redesign work to ensure there can be continued focus on financial resilience going forward.

Agenda Item No. 12 Appendix 1

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Maintaining resilience in the governance process following the further management review planned to be implemented in Spring 2015;	2013/14 No.6	<p>Review concluded and recommendation for an “enhanced status quo” with a more focused strategic approach adopted by CLT</p> <p>Approval by Appointments and Appeals Committee</p>	<p>August 2015</p> <p>October 2015</p>	<p>CLT and Cabinet</p> <p>Chief Executive</p>	<p>The independent review confirmed the new management structure has settled down and is working adequately. CLT/Cabinet are now adopting a more focused strategic approach as recommended.</p> <p>Strategic issues identified were:</p> <ul style="list-style-type: none"> - Developing and delivering the “enhanced status quo” model; - Overseeing implementation of actions under the organisational development strategy, including further efforts on staff engagement; - Options for future savings including driving service redesign and on-line services; - Wyre Forest House; - Community governance review; - Preparing for elections in May, including review of polling districts and places; - Horizon-scanning, including work on Wyre Forest’s position in respect of future devolution within England e.g. joining a combined authority.

Issue:	Action No:	Action:	By when?	Person(s) Responsible	Update:
Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;	2013/14 No.7	Quarterly review of network security	March 2015	ICT Manager	External and Internal penetration test took place at the end of January, health check report received mid February. This report will be included as part of our PSN submission. Anything highlighted in the report as Critical or High have either been acted on already or work is in progress to rectify the issues.
		Cessation of unmanaged end user devices	March 2015	ICT Manager	PSN submission now due. Following work earlier in the year of Good Technology application setup WFDC will as part of our submission seek clarification as to whether we can use BYOD on the network for the GooD application.
		Review of Insurance policies for “cyber threats”.	June 2014	Chief Financial Officer	Advice taken from Zurich Municipal after tender exercise that resulted in their retention as our insurers. A further policy taken out as part of renewal to protect against financial loss as the result of any such “cyber threat” to the Council on high value treasury transactions processed electronically.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****30TH MARCH 2015****Risk Management**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register as at 31 st January 2015 Appendix 2 - Budget Risk Matrix

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee of the current Corporate Risk Register and the Budget Risk Matrix attached as Appendices 1 and 2.

2. RECOMMENDATIONS

- 2.1 The Audit Committee are asked to **CONSIDER AND NOTE** the Corporate Risk Register and the associated mitigating actions as at 31st January 2015 and the 2014/17 Budget Risk Matrix.

3. BACKGROUND

- 3.1 Council approved a Risk Management policy statement and strategy in February 2008. The approved Risk Management strategy requires that the risk register entries for the Council, both strategic and operationally are considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk registers are held within the Covalent computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 The Corporate Risk Register was subject to a fundamental review during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services.
- 3.4 Since this externally facilitated fundamental review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Chief Financial Officer in liaison with the Cabinet Member for Resources and Transformation. The Corporate Risk Register for 2014~15 attached as Appendix 1 has been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.
- 3.5 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium Term Financial Strategy.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Members includes a Risk Management Section and in addition to this, specific registers are maintained and monitored separately for significant individual projects.
- 4.2 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Budget Monitoring Reports to Cabinet.
- 4.3 The external auditors Grant Thornton have recognised the work the Council has achieved in this area. This was documented within the Audit Findings Report 2013/14, considered by the Audit Committee on 29th September 2014. This report stated:

“The Council had adequate risk management arrangements in place with regular reporting of strategic risks to Members. Regular financial and non-financial performance information is both provided to officers and Members.”

A “green” assessment was made as part of the Assurance Framework/Risk Assessment.

- 4.4 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of January 2015 and agreed by CLT, together with the Budget Risk Matrix at Appendix 2. It is suggested that the Corporate Risk Register and Budget Risk Matrix continue to be reported on a 6 monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 4 of the Accounts and Audit Regulations 2011, state that:
“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”.
- 6.2 In addition Regulation 5 of the Accounts and Audit Regulations 2011 also state that:
“The accounting control systems determined must include measures to ensure that risk is appropriately managed”.
- 6.3 The Council’s corporate Governance Framework considered by the Audit Committee on 17th March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

- 7.1 The consideration and management of risk is good practice. Risk Management processes are required to effectively manage and evidence the management of key risks as an aid to achieving the Council's corporate objectives and demonstrating good Corporate Governance allowing Managers to manage their risks and bring to a corporately acceptable level.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 There are no discernible equality and impact assessment needs relating to this report.

9. CONCLUSION

- 9.1 The corporate risk management process ensures that risks are monitored and action taken to minimise the impact on the Council. The Corporate Risk Register and Budget Risk Matrix as attached at Appendices 1 and 2 provide a realistic overview of the major risks affecting the Council and will be monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
10.2 Cabinet Member for Resources and Transformation.

11. BACKGROUND PAPERS

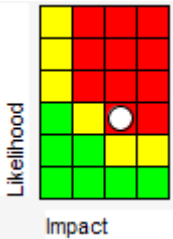
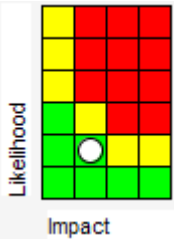
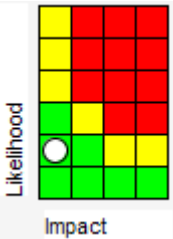

- 11.1 Audit Committee ~ 29th September 2014 - Corporate Risk Register.
11.2 Cabinet 16th December 2014 – Financial Strategy 2015/18 Report.





Corporate Risk Register 2014/15



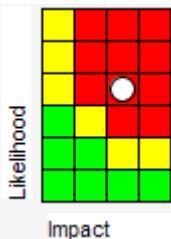
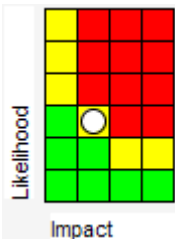
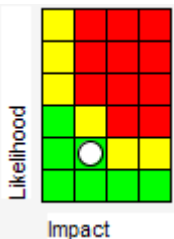

CORPRISK01	Regular change in the political balance /direction of the Council. The Council has a history of being hung and the current political situation is finely balanced. Having elections by thirds does not help to provide political stability. Whilst a vote on this issue in July 2013 failed to secure the required 2/3 majority, a formal Strategic Alliance is now in place. The LGA will provide a package of support if there is a change in the political control following the “All-Out” elections in May 2015, to help mitigate risk in the transitional period.						
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div><div></div></div>


MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward.	Alison Braithwaite	31-Mar-2015	AB: Systems Thinking Awareness Sessions were held for Members on the 19th and 20th November. The sessions supported Members to better understand how Systems Thinking contributes towards the delivery of the Wyre Forest Forward Programme. A presentation on the Financial Services Intervention was provided at the Members Forum in January.	<div>100%</div>	
Delivery of the Wyre Forest Forward Programme likely to be even more challenging given the growth in the target savings assumed in the approved budget requiring £2m further savings in the next 2 years	Tracey Southall	31-Mar-2016	Total savings now achieved for 14/15 is 82.8%.	<div>82%</div>	
LGA Assistance	Ian Miller	31-Mar-2016	The need for LGA Assistance will be reviewed following the May 2015 election.	<div>0%</div>	










CORPRISK02	Unable to implement and embed new ways of working. The Council is undergoing major transformational change that embraces review of processes cultural and behavioural change, increased standards of delivery etc.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		


MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Delivery of the Wyre Forest Forward Programme likely to be even more challenging given the growth in the target savings assumed in the approved budget requiring £2m further savings in the next 2 years	Tracey Southall	31-Mar-2016	Total savings now achieved for 14/15 is 82.8%.	<div><div>82%</div></div>	
Successful implementation of Individual Electronic Registration as per the comprehensive project plan detailing the preparation, delivery and roll out.	ESO Executive Support Team; Alison Braithwaite	30-Jun-2015	An excellent response received to the mini canvass which support greater registration in advance of the Parliamentary and Local Elections.	<div><div>100%</div></div>	
Apply systems thinking methodology to the purposeful system of 'Help me make good financial and budgeting decisions'	Tracey Southall	31-Aug-2015	A positive presentation at the Members Forum on 22nd January. Proposal for restructure due before end of April. Implementation will allow for full consultation to take place. In the meantime, redesign and pilot work continues.	<div><div>55%</div></div>	
Apply systems thinking methodology to the purposeful system of "Our greatest resource is our people, and we will	Vickie Lee; Ian Miller	31-Mar-2016	Due date and action title amended following initial meetings of the intervention team. In-depth briefing note	<div><div>8%</div></div>	

support and enable them to 'work well' for WFDC"			provided to Group Leaders on the 10th February 2015. Sub actions added although detail and due dates to be finalised as the intervention progresses.		
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CORPRISK03	Unable to improve the economic prosperity of the district. Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its third year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council as part of the North Worcestershire Economic Development and Regeneration Service it is part of two local enterprise partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council of we are unable to sustain the baseline level of the business rates reflected in government projections. Membership of the Worcestershire Business Rates Pool can only mitigate this risk to a certain extent and economic growth is key to the future financial sustainability of the Council.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Bewdley Medical Centre	ESO Executive Support Team; Mike Parker	30-Apr-2016	Legal agreements between Matrix, NHS and WFDC in final stages of preparation. Work expected to commence in April/May and last for approximately 55 weeks. Provision of additional spaces at Gardners' Meadow still awaiting the outcome of an application to designate part of the landscaped area of the car park as village green.	<div>62%</div>	

Crown House	ESO Executive Support Team; Mike Parker	31-Jan-2016	Draft Development Agreement prepared by Freeths. Next meeting with Hendersons 2nd April to continue to discuss progress.	<div><div>80%</div></div>	
Kidderminster Town Centre Public Realm Framework	ESO Executive Support Team; Mike Parker	01-Oct-2015	Mobilisation works commenced at beginning of February including liaison with local businesses and market operator and works to site location of compound. Delay in ordering of materials means work anticipated to start week beginning 16th March, still anticipated that all work will be complete by mid November.	<div><div>75%</div></div>	
Delivery of Hoobrook Link Road	ESO Executive Support Team; Mike Parker	31-Dec-2015	CPO inquiry avoided as agreement reached with outstanding landowner. Works to commence spring 2015.	<div><div>75%</div></div>	
Redevelopment of former Lloyds Garage site and adjoining land (STC.4)	Mike Parker	31-Dec-2016	Still with H2O to determine outline viability.	<div><div>50%</div></div>	
Eastern Gateway - Regeneration of Bromsgrove Street/Worcester Street area of Kidderminster to support town centre viability	Mike Parker	31-Dec-2016	Council on 25th February agreed additional regeneration funding to include Worcester Street/Eastern gateway as a priority for 2015. MADE facilitated a stakeholder workshop on 4th March which will lead to brief for masterplanning.	<div><div>20%</div></div>	
50K to be spent on level 3 apprenticeships	Mike Parker; Dean Piper	31-Mar-2015	Year three programme successfully implemented.	<div><div>100%</div></div>	
10 candidates to have attended the Self Employment Training Module	Mike Parker; Dean Piper	31-Mar-2015	11 participants undertaking training, 4 of whom are now trading, 2 have taken up employment and 3 are awaiting funding outcomes.	<div><div>75%</div></div>	
130 learners to complete Level 1 Employment Qualification	Mike Parker; Dean Piper	31-Mar-2016	187 people receiving support from Vestia Employability Services up to Q4.	<div><div>75%</div></div>	
Incubator units in the Wyre Forest area at SPACE	Mike Parker; Dean Piper	31-Mar-2015	All units now let.	<div><div>100%</div></div>	



Business Rates Retention Scheme	Mike Parker; Tracey Southall	31-Mar-2015	Latest performance monitoring shows we are slightly above our baseline for this year so this is an improvement on 2013/14. However, this may change in the final month if late appeals are processed by the Valuation Office.	92%	
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CORPRISK04 Unable to deliver good quality, affordable homes. The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand is decreasing.						
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Continue to implement actions from the Housing Strategy	Kate Bailey; Paul Curry	31-Mar-2015	Completed actions; Goal 2.4.b. completed a Gypsy and Traveller needs assessment Goal 3.1.c Recommissioning the HIA now completed – new service commences April 2015 Goal 4 1a and 3a Recommissioning Future Lives funded now completed with new service provision commencing by March 2015. Actions underway; Many of the actions are no longer relevant due to changing policies at a national level and the Housing Strategy now requires a review and refresh (to be completed in	90%	

			2015) Goal 4.1.b LSSF to support Universal Credit – delayed by central government – more info likely to be available Sept 2015. Goal 4.3.d Developing use of social media to provide advice and information		
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CORPRISK05	Unable to deliver a sustainable budget for the long term. Although the 2014/17 Medium Term Financial Strategy projects a much lower level of reserves being used over the next 3 years, the success of this strategy is reliant on the delivery of significant savings of over £2m between now and 2017. This ambitious programme of savings must be carefully managed by the Leadership team (officers and members) and achieved regardless of any change in the local political balance. Continuing risks around the Business Rates Retention Scheme and the potential for the imposition of further reductions/cessation in Government funding streams given the 2015 General Election, including New Homes Bonus, represent significant corporate financial risk. Business Rates growth and the risk of Appeals resulting in lower Business Rates yield is also an important funding element of the budget and represents a key risk to future sustainability. This is closely allied to Corporate Risk 03.				
	<div>Original Matrix</div> <div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div>	<div>Current Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Target Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Delivery of the Wyre Forest Forward Programme likely to be even more challenging given the growth in the target savings assumed in the approved budget requiring £2m further savings in the next 2 years	Tracey Southall	31-Mar-2016	Total savings now achieved for 14/15 is 82.8%.	<div>82%</div>	
To participate in the Wyre Forest Forward drive for efficiency savings and to monitor and report these to Cabinet	Tracey Southall	31-Mar-2015	We are progressing well with Wyre Forest Forward savings and have rescheduled the unachieved elements for the revised	<div>75%</div>	

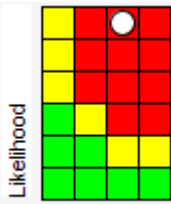

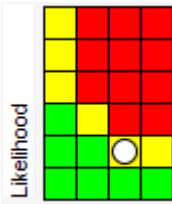

on a quarterly basis, CLT/Cabinet on a monthly basis, continuing to develop the now more complete and informative templates.			budget. However, future savings targets remain very challenging in the face of further reduced funding streams and continuing reliance on reserves.		
To conduct a review of the major contracts currently in place with external organisations and partners to secure savings of £25k in 2013/14, rising to 50k thereafter. These savings are in addition to the £50k savings pa embedded in the base budget.	Tracey Southall	31-Mar-2015	Review of major contracts has not generated savings, however, general procurement activities can meet this target.	<div><div>92%</div></div>	
Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy, taking into account the significant changes in the funding regime, increased risk and diminishing reserves available and reduced capacity following management restructure.	Tracey Southall	31-Mar-2015	Budget now approved.	<div><div>100%</div></div>	
Local Council Tax Discount now requires approximately 5000 Customers to pay at least 10% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme now requires Local Authorities to focus on Business Rate collection as there is now a threshold for each LA to meet to avoid further financial pressure. This will also be the mechanism to fund the Council Tax Discount.	Ian Miller	31-Mar-2015	Business Rates collection slightly down compared to 2014 because of large businesses switching to 12 instalments but expected to catch up at year end. Council Tax collection rate down slightly on 2014 because of difficulty of collecting higher amounts under the Council Tax Reduction Scheme.	<div><div>80%</div></div>	
Municipal Mutual Insurance Clawback - Budget Pressure	ESO Executive Support Team; Tracey Southall	31-Mar-2015	Further claim submitted and £50,000 provision allocated in the revised budget.	<div><div>70%</div></div>	
Rationalisation of current provision to provide sustainable future leisure centre	ESO Executive Support Team; Linda	31-Jul-2016	Site levelling works will start in March 2015 and the new leisure centre will be	<div><div>81%</div></div>	


	Collis		open in summer 2016. Planning application is approved. A marketing plan is being developed. A Members Forum was held on March 12th.		
Successful implementation of Individual Electronic Registration as per the comprehensive project plan detailing the preparation, delivery and roll out.	ESO Executive Support Team; Alison Braithwaite	30-Jun-2015	An excellent response received to the mini canvass which support greater registration in advance of the Parliamentary and Local Elections.	100%	✓
Business Rates Retention Scheme	Mike Parker; Tracey Southall	31-Mar-2015	Latest performance monitoring shows we are slightly above our baseline for this year so this is an improvement on 2013/14. However, this may change in the final month if late appeals are processed by the Valuation Office.	92%	▶

CORPRISK06	Council 'misses' important issues and/ or is in breach of a requirement. The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements etc.						
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div>Impact</div></div>	Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div>Impact</div></div>	Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div>Impact</div></div>	<div><div></div></div>

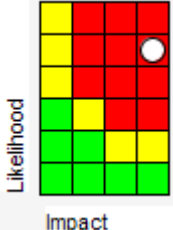
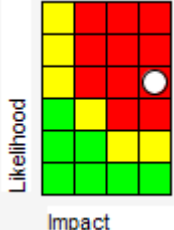
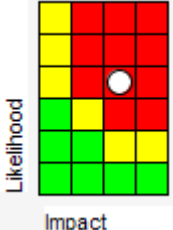

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Support and advise on major strategic projects to ensure sound and robust arrangements.	Jane Alexander	31-Mar-2015	This is a 12 month target. Progress reflects the number of months that have elapsed for the year 14/15	91%	▶
Successful implementation of Individual Electronic Registration as per the comprehensive project plan detailing the	ESO Executive Support Team; Alison Braithwaite	30-Jun-2015	An excellent response received to the mini canvass which support greater registration in advance of the Parliamentary and Local	100%	✓



preparation, delivery and roll out.			Elections.		
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CORPRISK07	Implementation of New ICT Strategy. There continues to be significant investment in the development of technology at the Council. A new ICT Strategy was agreed in 2013/14 and this is in the process of being implemented across the authority. The new website has been implemented and the focus continues to be on, supporting the move to greater self-service by customers, ensuring continued PSN compliance, update systems to ensure best value / efficiencies and refresh Server / Storage platform to deliver ICT services / and systems over the Medium Term Financial Strategy.						
	Original Matrix		Current Risk Matrix		Target Risk Matrix		

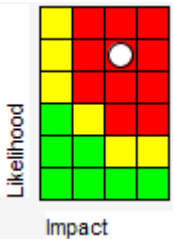
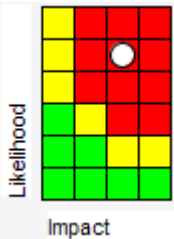
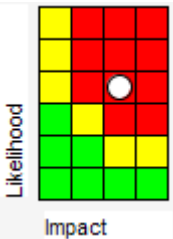

MITIGATING ACTIONS				
Description	Assigned To	Due Date	Latest Note	
Continue to deliver the ICT Strategy and achieve agreed efficiency savings of £108,650 by March 2015	Dave Johnson	31-Mar-2015	Significant progress and associated saving have been made on a number of project this year including SAN / Virtualisation refresh, Websites, Self Service and Income management system. In addition to this the preparation and setup required for new tenants WRS / DHJH / Registrars.	<div> <div>68%</div> <div></div> </div> 




CORPRISK08	Not able to maintain a skilled and motivated workforce. Against the background of a move away from the National Pay Agreement, locally agreed low pay increases and other changes to conditions the Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer. The restructure following the move to the Wyre Forest House has provided slimmer management structures and more devolution of responsibility which should assist in motivation and retention of the workforce, alongside rolling out a management development programme.			
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Original Matrix		Current Risk Matrix		Target Risk Matrix		
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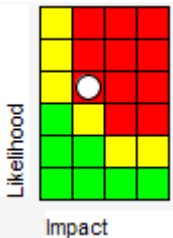
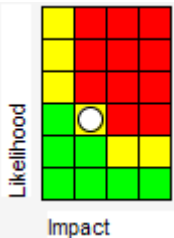
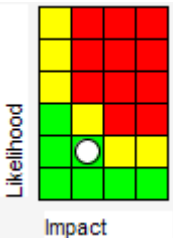

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Develop a Wyre Forest Management Development Programme and re establish training and development budget.	Rachael Simpson	31-Mar-2015	Feb 2015 – Further Insights session held with WF20, Health and Safety Training. Wyre Forest Features Programme agreed for accelerated development opportunities for talented staff.	<div><div>85%</div></div>	
Develop initiatives to support any workforce through organisational change including involvement of staff through suggestion scheme and System Thinking.	Rachael Simpson	31-Mar-2015	Feb 2015 opportunities continue to be provided for staff across the Council to be involved in reviews. Senior HR Advisors (SHRA) continue to meet on a bi monthly basis with WF20 Managers, SHRA involvement with Finance Intervention. Resilience Session developed and delivered as a pilot at the Depot.	<div><div>85%</div></div>	





CORPRISK09	Capacity to do everything is insufficient. A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships. The pace of change and need to continue to deliver key projects, represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings and the ability to provide effective leadership for the management of the Council. The review of the CLT structure has been completed and resulted in agreement on "enhanced status quo".
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Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure resources are monitored and managed to protect capacity issues when the Accountancy/Planning Systems Interventions take Place.	Ian Miller	31-Mar-2015	New financial processes being trialled, restructuring proposals being developed for implementation in July/August 2015	<div><div>55%</div></div>	
Ensure involvement of appropriate staff from both within and outside WF20 onto projects to spread resourcing and maximise the opportunities for success.	Ian Miller	31-Mar-2015	This is being achieved.	<div><div>70%</div></div>	
Successful implementation of Individual Electronic Registration as per the comprehensive project plan detailing the preparation, delivery and roll out.	ESO Executive Support Team; Alison Braithwaite	30-Jun-2015	An excellent response received to the mini canvass which support greater registration in advance of the Parliamentary and Local Elections.	<div><div>100%</div></div>	





CORPRISK10	Unable to effectively improve the Council's reputation. The Council's reputation is extremely important, progressive improvement is important and can be subject to political influence that is difficult to predict and control. Effective consultation and communication with increased focus on customer engagement (both internal and external) are key to this gradual progression - along with purposeful service delivery.
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Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
To continue to proactively implement the Council's Reputation Management Plan. To review on a monthly basis.	Jane Doyle; Suzanne Johnston-Hubbold	31-Mar-2015	Ongoing. New communication plan agreed in February 2015 and being implemented. Work programme regularly reviewed and updated as part of Communications Plan. Reputation sessions are programmed in for staff and Members in June 2015.	<div><div>100%</div></div>	
Employee and Member Engagement	Jane Doyle; Suzanne Johnston-Hubbold	31-Mar-2015	Staff and Member Meet Up held on 15th October 2014. Systems Thinking Member Champions are now in place to support system leads in their intervention work programmes. An ongoing work programme of employee and Member engagement is currently being developed as part of the new Communications Plan.	<div><div>100%</div></div>	
Apply systems thinking methodology to the purposeful system of 'Help me make good financial and budgeting decisions'	Tracey Southall	31-Aug-2015	A positive presentation at the Members Forum on 22nd January. Proposal for restructure due before end of April. Implementation will allow for full consultation to take place. In the meantime, redesign and pilot work continues.	<div><div>55%</div></div>	
Apply systems thinking methodology to the purposeful system of "Our greatest	Vickie Lee; Ian Miller	31-Mar-2016	Due date and action title amended following initial meetings of the	<div><div>8%</div></div>	

resource is our people, and we will support and enable them to 'work well' for WFDC"			intervention team. In-depth briefing note provided to Group Leaders on the 10th February 2015. Sub actions added although detail and due dates to be finalised as the intervention progresses.		
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CORPRISK11	Member skills and/or competencies could be inadequate. All political groups sometimes struggle to find suitable candidates to stand. This may be alleviated to a degree by the reduction in size of the Council in 2015. Member training takes place but is not universally attended. Increased pressure on members to develop specialist roles and devote more time.						
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward.	Alison Braithwaite	31-Mar-2015	AB: Systems Thinking Awareness Sessions were held for Members on the 19th and 20th November. The sessions supported Members to better understand how Systems Thinking contributes towards the delivery of the Wyre Forest Forward Programme. A presentation on the Financial Services Intervention was provided at the Members Forum in January.		
Member Training	Alison Braithwaite	31-Mar-2015	A Member training programme for May 2015 has been discussed at the Group Leaders meeting in March and will now be implemented. Drop in sessions for		

			potential candidates have been held in December and March.		
CORPRISK12 Unable to ensure a secure network which would make ICT vulnerable to attacks and threats. The Council has successfully achieved PSN compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.					
	<div>Original Matrix</div> <div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>		<div>Current Risk Matrix</div> <div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Target Risk Matrix</div> <div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>

MITIGATING ACTIONS				
Description	Assigned To	Due Date	Latest Note	
Cessation of unmanaged end user devices	ESO Executive Support Team; Dave Johnson	31-Mar-2015	PSN submission now due. Following work earlier in the year of Good Technology application setup WFDC will as part of our submission seek clarification as to whether we can use BYOD on the network for the GooD application.	<div>60%</div> 
Monitor OS support and upgrade accordingly for example XP to Windows	ESO Executive Support Team; Dave Johnson	31-Jul-2014	Approx 10 PC's need to be upgraded, 21 members have ipads the majority being swapped out for laptops. A few members laptops have also been swapped out.	<div>80%</div> 
Quarterly review of network security	Dave Johnson	31-Mar-2015	External and Internal penetration test took place at the end of January, health check report received mid February. This report will be included as part of our PSN submission. Anything highlighted in the report as Critical or High have either been acted on already or work is in progress to rectify the issues.	<div>60%</div> 

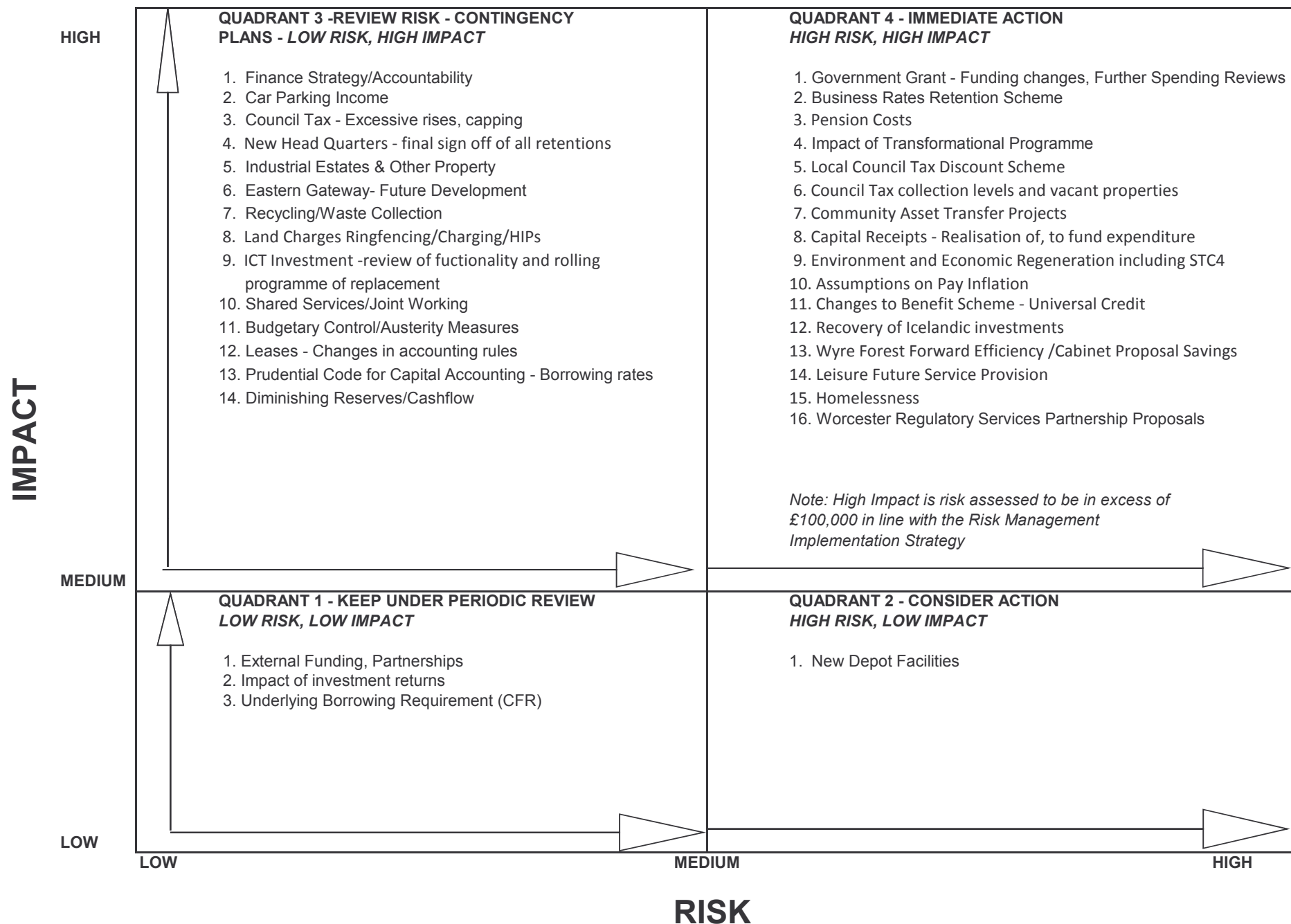
CORPRISK13	Unable to deliver satisfactory services through Shared Service arrangements. The Council is partner in a number of Shared Services - Worcestershire Regulatory Services, Emergency Planning, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service.							
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy, taking into account the significant changes in the funding regime, increased risk and diminishing reserves available and reduced capacity following management restructure.	Tracey Southall	31-Mar-2015	Budget now approved.	<div data-bbox="1646 751 1843 791">100%</div>	
To ensure that appropriate membership and attendance on the Shared Services governance arrangements is in place.	Mike Parker	31-Mar-2015	Membership of the WRS Joint Committee is in place, supported by attendance at the WRS Management Board by the Director of EPP. Client Management Group (CMG) meetings are arranged on a quarterly basis for all North Worcestershire Shared Services.	<div data-bbox="1646 1011 1843 1051">100%</div>	

BUDGET RISK MATRIX 2014/2017

Agenda Item No. 13

Appendix 2 Part 1



BUDGETARY RESPONSE TO EACH RISK MANAGEMENT ISSUE IN ORDER OF QUADRANT

ISSUE	BUDGETARY RESPONSE
Quadrant 1 - Low Risk, Low Impact 1. External Funding, Partnerships 2. Impact of Investment Returns 3. Underlying Borrowing Requirement (CFR)	Keep under periodic review Continue to evaluate sustainability of each scheme as part of project appraisal. Continue to monitor and report as appropriate. The Governor of the bank of England has indicated that the rate will remain at 0.50%. Balances available for investment are reducing over the MTFP and this together with the lower returns has been taken into account in the base budget. We continue to work with Capita Asset Services in this area. The rising CFR over the term of the Budget Strategy will be carefully monitored in close liaison with Capita Asset Services to gauge both the timing and type of external borrowing.
Quadrant 2 - High Risk, Low Impact 1. New Depot Facilities	Consider Action Under consideration as part of longer term Budget Process
Quadrant 3 - Low Risk, High Impact 1. Finance Strategy/Accountability 2. Car Parking Income 3. Council Tax - Excessive rises, referendum 4. New Headquarters final sign off of all retentions 5. Industrial Estates and Other Property 6. Eastern Gateway - Future Development 7. Recycling/Waste Collection 8. Land Charges Ring fencing /Charging/HIPs 9. ICT Investment - review of functionality and rolling programme of replacement 10. Shared Services Joint working 11. Budgetary Control/Austerity Measures 12. Leases – changes in accounting rules 13. Prudential Code for Capital Accounting – Borrowing rates 14. Diminishing Reserves/Cash flow	Review Risk - Contingency Plans Council are required to adopt a three year Balanced Budget Strategy. Usages/Income level are beginning to recover from the economic down and will continue to be closely monitored Low risk due to political prudence/Key Commitments. Managed closely by CLT/Cabinet Managed through Property Disposal Strategy Development opportunities continue to be explored. Efficiencies due to changes in collection patterns continue to provide savings over prior years. Capacity of the service due to additional housing will be factored into the Budget process Reduced income allowed for within Base Budget reduces the scale of any challenge. ICT Strategy Group oversees/enhances the governance, planning and delivery arrangements of the strategy between ICT and council service areas Shared Services partnerships continue to contribute to collaborative efficiencies but will be monitored to ensure risk is managed and mitigated. Continue to discourage non-essential expenditure, monthly budget monitoring reports provide more management information Planned changes for the future accounting for leases could impact on the revenue budget, this will be monitored during the introduction in 2014 External borrowing is increasing, rates remain low but the economy is still volatile and future rates difficult to predict; Capita Asset Services continue to provide technical advice Cash flow management will be tighter given reduction in capital and revenue reserves and use of the Capita Cash flow model is being trialled to improve management information to help mitigate any risk in this area
Quadrant 4 - High Risk, High Impact 1. Government Grant –Funding Changes, further Spending Reviews, recent Spending round and New Homes Bonus 2. Business Rates Retention Scheme 3. Pension Costs 4. Impact of Transformational Programme 5. Local Council Tax Discount Scheme 6. Council Tax Collection levels and vacant properties 7. Community Asset Transfer Projects (CATS)	Immediate Action Significant issue given the scale of the Spending deficit. The New Finance Cabinet Review Panel and early budget process will assist Wyre Forest Forward coordinating Councils future plans. Funding arrangements introduce uncertainty and risk, the decision to join the Worcestershire Pool should mitigate this, together with our robust regeneration programme Impact of pension changes introduced from 1st April 2014 considered in liaison with the County – the position is closely monitored on an ongoing basis. Wyre Forest Forward is managing the Transformation Process. Further Management Restructure led by consultant Colin Williams from West Midlands Employers completed - enhanced status quo. The impact of the Local Scheme will be kept under review by the Chief Financial Officer/CLT Assumptions in relation to decreased collection rates have been made in the Council Tax Base calculations as a result of the Local Council Tax Discount Scheme and these will be carefully managed and reported on. Wyre Forest Forward is continuing to manage CATS with CLT
Quadrant 4 - High Risk, High Impact 8. Capital Receipts - Realisation of to fund expenditure 9. Environment and Economic Regeneration including STC4 10. Assumptions on Pay inflation 11. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax from 2013 12. Recovery of Icelandic Investments 13. Wyre Forest Forward Efficiency savings 14. Leisure Future Service Provision 15. Homelessness	Immediate Action Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary. The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT 3 year pay agreement with 1.25% in 2013-14, 0.75% in 2015-16 and 0.5% for 2016-17. 1% Assumed thereafter. This will be kept under review The major overhaul of the benefits systems continues to be carefully managed and monitored The Council was proactive in this area with the sale of the Landsbanki Claim in January 2014. This continues to be closely monitored by Cabinet/CLT Progress continues to be monitored and reported regularly to members Up-to-date market data and expert advice from Sport England obtained prior to tender. Affordability evaluation undertaken on return of tenders. Tender award and planning permission approved. The Council Tax Benefit Reform and progressing Welfare Reform and Universal Credit could all increase the number of Homelessness cases within the district. This will be carefully monitored and managed by the Housing Team.