

**Open**

# **Audit Committee**

## **Agenda**

**6pm**  
**Monday, 28th November 2016**  
**Council Chamber**  
**Wyre Forest House**  
**Finepoint Way**  
**Kidderminster**



## **Audit Committee**

### **Members of Committee:**

**Chairman: Councillor A T Hingley**

**Vice-Chairman: Vacant**

**Councillor T L Onslow**

**Councillor S Miah**

**Councillor C Rogers**

**Councillor J A Shaw**

**Councillor J D Smith**

### **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.**

### **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 Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)

Wyre Forest District Council

Audit Committee

Monday, 28th November 2016

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

<b>Agenda item</b>	<b>Subject</b>	<b>Page Number</b>
<b>1.</b>	<b>Apologies for Absence</b>	
<b>2.</b>	<b>Appointment of Substitute Members</b>  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.	
<b>3.</b>	<b>Declarations of Interests by Members</b>  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.	
<b>4.</b>	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 26th September 2016.	5
<b>5.</b>	<b>Audit Update</b>  To receive the Audit Update from Grant Thornton.	9
<b>6.</b>	<b>Annual Audit Letter and Audit Opinion</b>  To receive the Annual Audit Letter and Audit Opinion from Grant Thornton.	20
<b>7.</b>	<b>Audit Charter Update</b>  To receive a report from the Chief Financial Officer and the Audit Manager which informs Members of the updates of the Internal Audit Charter.	31

8.	<b>Internal Audit Monitoring Report Quarter Ended 30<sup>th</sup> September 2016</b>  To receive a report from the Audit Manager that informs Members of the Internal Audit Monitoring Report for the quarter ended 30 <sup>th</sup> September 2016.	42
9.	<b>Appointment of External Auditors</b>  To receive a report from the Chief Financial Officer which sets out the new arrangements for appointment of external auditors.	59
10.	<b>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.</b>	
11.	<b>Exclusion of the Press and Public</b>  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

12.	<b>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.</b>	
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**WYRE FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**  
**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,**  
**KIDDERMINSTER**  
**26TH SEPTEMBER 2016 (6PM)**

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**Present:**

Councillors: A T Hingley (Chairman), R J Vale (Vice-Chairman), S Miah, C Rogers, J A Shaw and J D Smith.

**Observers:**

Councillor N J Desmond.

**AUD.12     Apologies for Absence**

There were no apologies for absence.

**AUD.13     Appointment of Substitutes**

There were no substitutes appointed.

**AUD.14     Declarations of Interests by Members**

No declarations of interest were made.

**AUD.15     Minutes**

**Agreed: The minutes of the meeting held on 27th June 2016 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.16     Audit Finding Report for Wyre Forest District Council – 2015/16 Accounts**

The Committee received a report from Grant Thornton which detailed the findings of the audit of accounts for 2015/16.

Richard Percival, Engagement Lead, Grant Thornton, led Members through the report and was pleased to advise that the accounts were well presented and completed in advance of the statutory deadline. He thanked the Chief Financial Officer and her team for dealing promptly with the queries raised during the audit, and added that the work undertaken against the significant risks that were identified showed that the Council had proper arrangements in place to ensure it delivered value for money in its use of resources.

He acknowledged that going forward the Council faced significant financial challenges, however was confident that the challenges were being addressed effectively.

**Agreed: The report be noted.**

**AUD.17     Audit General Update**

The Committee received a report from Grant Thornton which provided Members with a progress update on the delivery of their responsibilities as the Council's external auditors for the year ended 31<sup>st</sup> March 2016.

Richard Percival reminded Members of the invitation to attend the 'Getting Things Right' Governance Training session, which was being held on 11<sup>th</sup> October 2016 at Redditch Borough Council.

**Agreed: The report be noted.**

**AUD.18     Statement of Accounts 2015/16**

The Committee received a report from the Chief Financial Officer and Principal Accountant which presented the changes that had been made to the Statement of Accounts for 2015/16 following the audit undertaken by Grant Thornton.

The Chief Financial Officer led Members through an overview of the Statement of Accounts which provided a summary of the key aspects of the Statement, and advised that the final version would be published by 30<sup>th</sup> September 2016 and made available on the Council's website.

The Chief Financial Officer thanked the Principal Accountant and the rest of the team for all their professionalism and hard work in producing the accounts.

**Agreed:**

- 1. The Revised Statement of Accounts for 2015/16 be approved.**
- 2. The Letter of Representation for 2015/16 attached at Appendix 1 of the report be approved.**

**AUD.19     Internal Audit Monitoring Report Quarter Ended 30th June 2016**

The Committee received a report from the Audit Manager / Section 151 Officer which informed Members of the Internal Monitoring Report for the quarter ended 30<sup>th</sup> June 2016.

The Audit Manager led Members through the report and appendices and advised that of the 5 reviews undertaken during the period; all but 2 achieved 'Full' assurance level. Members discussed the 2 reviews that had achieved 'Some' assurance level and were reassured by the Audit Manager that they fell short of the 'Full' level on very minor issues.

**Agreed: The Internal Audit Monitoring Report for the Quarter ended 30th June 2016 as detailed in the Appendix to the report be noted.**

**AUD.20 Internal Audit Public Sector Internal Audit Standards**

The Committee received a report which informed Members of the changes to the United Kingdom Public Sector Internal Audit Standards (UK PSIAS) which came into effect on 1<sup>st</sup> April 2016.

The Chief Financial Officer introduced the report which was a requirement of the Accounts and Audit Regulations 2015.

The Audit Manager advised that Local Authority Internal Audit functions should comply with the Public Sector Internal Audit Standards and were mandatory for all internal auditors working in the public sector and the work of the Council's Internal Audit Team was governed by the UK PSIAS.

**Agreed: The changes to the UK Public Sector Internal Audit Standards as attached at Appendix 1 of the report be noted.**

**AUD.21 Update on Progress of Implementation of Counter Fraud Arrangements**

The Committee received a briefing paper from the Audit Manager which provided Members with a progress update on the implementation of the Counter Fraud arrangements for 2016-17.

The Audit Manager led Members through the key issues of the paper and advised that the largest area of growth in fraud investigation was in procurement, however it was noted that no procurement fraud had been reported within the Council. Members were assured there were robust procedures in place for the tendering and awarding of contracts, which was supported by the Contract Procedure Rules which form part of the Council's constitution.

Members were also advised that progress continued on raising awareness of tackling fraud and protecting the public purse amongst employees, by a variety of awareness campaigns, which were supported by poster campaigns and detailed alerts in the Council's employee newsletter, Wyred Weekly.

**Agreed: The update on the counter fraud arrangements within the Council be noted.**

**AUD.22 Risk Management – Corporate Risk Register**

The Committee received a report from the Chief Financial Officer which informed Members of the current Corporate Risk Register and Budget Risk Matrix which were set out in the appendices to the report.

The Chief Financial Officer presented the report and advised that the Risk Register was reviewed and updated by the Risk Owners monthly and subject to an annual refresh by the Corporate Leadership Team. It is brought to the Audit Committee for consideration twice a year.

Members considered and discussed each page of the Risk Register and Budget Risk Matrix in turn. The Chairman emphasised the importance of

#### **Agenda Item No. 4**

having the opportunity to fully scrutinise the documents as Members of the Audit Committee were charged with governance by the Council.

**Agreed: The Corporate Risk Register and the associated mitigating actions as at 31st July 2016 and the 2016/19 Budget Risk Matrix be noted.**

There being no further business, the meeting ended at 7.05pm.



# Audit Committee Wyre Forest District Council Progress Report and Update Year ended 31 March 2017

November 2016

**Richard Percival**

Associate Director

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**Zoe Thomas**

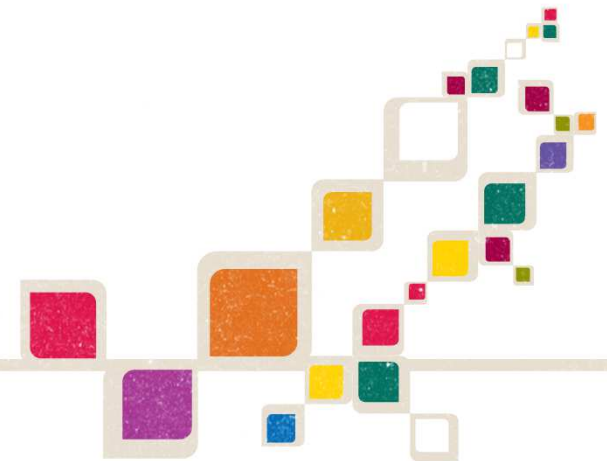
Manager

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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.



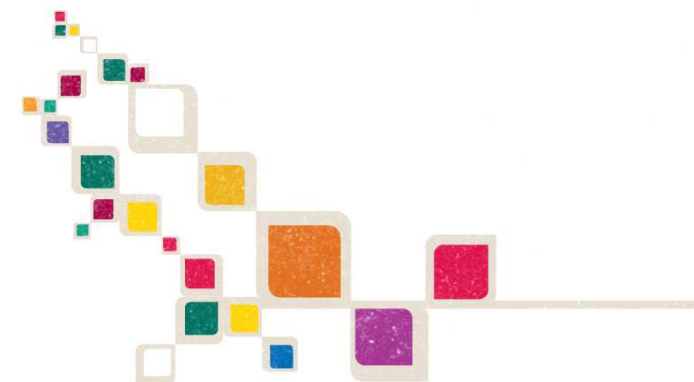
# Introduction

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

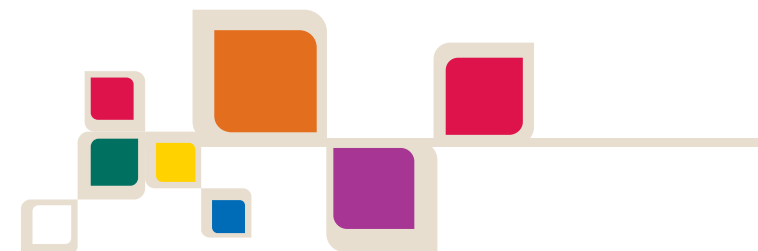
Members of the Audit and Governance Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Advancing closure: the benefits to local authorities (July 2016) [www.grantthornton.co.uk/insights/advancing-closure-the-benefits-to-local-authorities/](http://www.grantthornton.co.uk/insights/advancing-closure-the-benefits-to-local-authorities/)
- Building a successful joint venture company (April 2016) [www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/](http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/)
- Innovation in public financial management (December 2015); [www.grantthornton.global/en/insights/articles/innovation-in-public-financial-management/](http://www.grantthornton.global/en/insights/articles/innovation-in-public-financial-management/)
- Knowing the Ropes – Audit Committee; Effectiveness Review (October 2015); [www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/](http://www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/)
- Making devolution work: A practical guide for local leaders (October 2015) [www.grantthornton.co.uk/en/insights/making-devolution-work/](http://www.grantthornton.co.uk/en/insights/making-devolution-work/)

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 Engagement Manager.

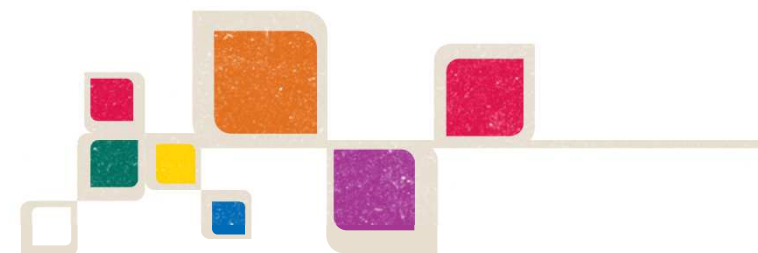


# Progress at November 2016



2015/16 work	Planned Date	Complete?	Comments
<b>Annual Audit Letter</b> We are required to issue the Annual Audit Letter by the 30 November	30/11/16	Yes	The Annual Audit Letter is presented to the November Audit Committee. We have summarised our findings from the work completed in 2015/16. We have not requested a variation to the agreed fee.
<b>Grant Claims Audit</b> We are required to certify your Housing Benefits Grant Claim by 30 November. We are not auditing any other grant claims. We will issue a certification letter, confirming the outcome of our work and the fees charged. This will be presented to the January Audit Committee.	30/11/16 and 23/01/17	In progress	We have no significant matters to report at this stage of the audit.
2016/17 work	Planned Date	Complete?	Comments
<b>Fee Letter</b> We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016		Yes	The 2016/17 fee letter was issued in April 2016. The fee is in line with the PSAA scale fee and also the fee set in the previous financial year at £48,936.
<b>Accounts Audit Plan</b> 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 2016-17 financial statements.	20/03/17	n/a	We will be undertaking our planning and interim work in the Autumn and early new-year. We will agree the dates of the visits and the key risks as part of this process. The Audit Plan will report the key risks and our proposed approach to addressing these risks. .
<b>Interim accounts audit</b> Our interim fieldwork visit plan included: <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• updated understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Value for Money conclusion risk assessment.</li> </ul>	January - February and April	No	We will agree with you a timetable for our interim audit. We will bring forward some of our substantive (final accounts) testing as part of our interim work to reduce the pressure at the final visit. We will have routine meetings with the Finance Team to discuss emerging accounting issues and to discuss progress.

# Progress at November 2016



2016/17 work	Planned Date	Complete?	Comments
<b>Final accounts audit</b> Including: <ul style="list-style-type: none"> <li>• audit of the 2016/17 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion</li> <li>• review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</li> </ul>	June – July 2017  Opinion to be issued by 30 September	Not started	We are planning to complete our audit fieldwork by the end of July 2016 as part of the transition to the earlier closedown and audit cycle from 2018. We are working with the Finance Team to support improvements in accounts production efficiency and the project management of the audit visit.
<b>Value for Money (VfM) conclusion</b> The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are: <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	Jan- March 2017	Not started	We will undertake an initial risk assessment and then focus our audit work on the risks identified.
<b>Other areas of work</b> Meetings with Members, Officers and others	On-going		We are continuing to hold regular meetings with key officers of the Council. Finance staff will be invited to attend a training session on current issues, early in the new year. .



# Technical Matters

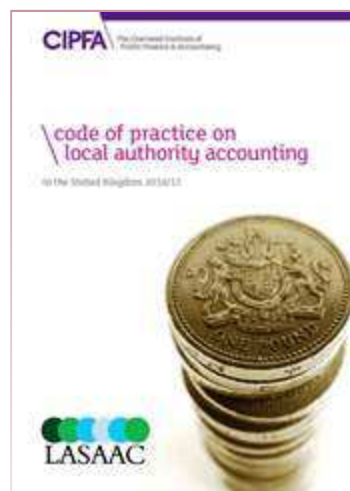




# Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

This is the seventh edition of the Code to be prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK. The 2016/17 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2016.

Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).



The Code includes changes resulting from the 'Telling the Story' review on improving the presentation of local authority financial statements. These include new formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

Amendments arising from the narrow scope amendments to International Financial Reporting Standards including changes from the following amended standards:

IAS 1 Presentation of Financial Statements under the International Accounting Standards Board Disclosure Initiative

IAS 24 Related Party Disclosures in relation to key management personnel as a result of the Annual Improvements to IFRSs 2010 – 2012

IFRS 11 Joint Arrangements Accounting for Acquisitions of interest in Joint Operations

IFRS 8 Operating Segments as a result of the Annual Improvements to IFRSs 2010 – 2012.

An update to the Statements Reporting Reviews of Internal Controls Section of the Code for the changes to the Delivering Good Governance in Local Government: Framework (2016) published by CIPFA and SOLACE.



# National Audit Office Publications





**National Audit Office:** Below is a selection of reports issued during 2016 which may be of interest to Audit Committee members. Please see the website for all reports issued by the NAO.



#### Local welfare provision

Overall spending on discretionary local welfare support by central and local government has reduced since April 2013. The consequences of this gap in provision are not understood.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/local-welfare-provision/>

Published:

12 Jan 2016



#### English devolution deals

Devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended

Sector(s): [Central Finance and Treasury](#), [Community and society](#)

Performance Improvement area(s): [Economic growth](#), [Local service delivery](#)

<https://www.nao.org.uk/report/english-devolution-deals/>

Published:

20 Apr 2016



#### Financial sustainability of local authorities: capital expenditure and resourcing

Local authorities have kept up levels of capital spending but face pressure to meet debt costs and maintain investment in existing assets.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

Published:

15 Jun 2016

# National Audit Office reports (continued)



## Overview: Local government

This Overview looks at the local government landscape during the last financial year and summarises both matters of likely interest to Parliament as well as our work with local authorities. The NAO prepares statutory guidance on how local auditors should meet their responsibilities.

Sector(s): [Local services](#)

Performance Improvement area(s): [Departmental Overviews](#), [Local service delivery](#)

Published:  
9 Nov 2016

<https://www.nao.org.uk/report/overview-local-government/>



## The Troubled Families programme: update

This report is a factual update to support the Committee of Public Accounts' evidence session on the government's Troubled Families programme on 19 October 2016. It is based primarily on published sources, information supplied by the Department for Communities and Local Government and previous reports published by the National Audit Office.

Sector(s): [Community and society](#), [Local services](#)

Published:  
18 Oct 2016

<https://www.nao.org.uk/report/the-troubled-families-programme-update/>



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# The Annual Audit Letter for Wyre Forest District Council

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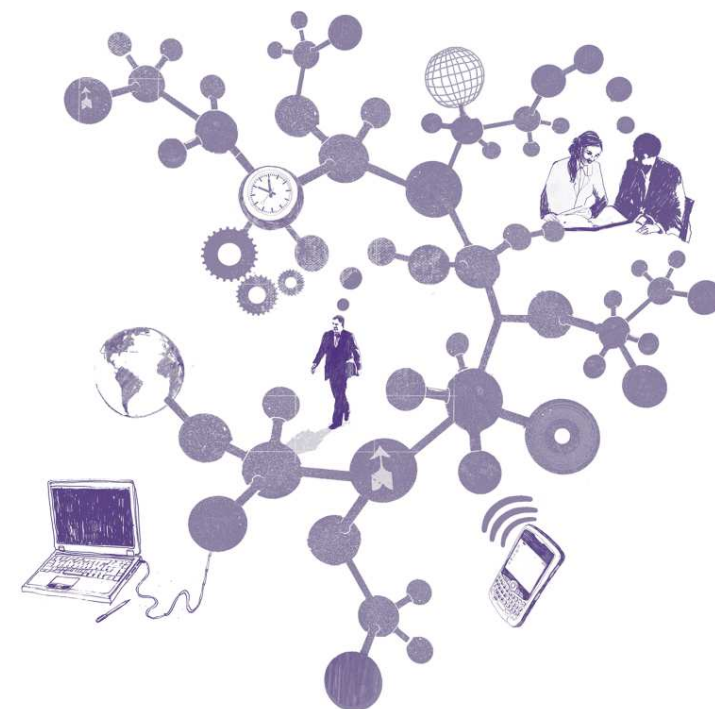
**Year ended 31 March 2016**

October 2016

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## Appendices

A Reports issued and fees

# Executive summary

## Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Wyre Forest District Council (the Council) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 26 September 2016.

## Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## Our work

### Financial statements opinion

The financial statements provide for audit were good quality and well supported with working papers. We gave an unqualified opinion on the Council's financial statements on 27 September 2016.

### Value for money conclusion

Our value for money conclusion work focused on two key areas; engagement with partners and financial sustainability. We concluded that:

- the Council has well established and good arrangements for working with partners; and
- the Council is financial sustainable but is facing significant financial pressure.

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 27 September 2016:

### Certificate

We certified that we had completed the audit of the accounts of Wyre Forest District Council in accordance with the requirements of the Code on 27 September 2016.

### Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2016. We will report the results of this work to the Audit Committee in our Annual Certification Letter.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**October 2016**

# Audit of the accounts

## Our audit approach

### Materiality

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £1,000,500, which is 1.8 per cent of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for certain areas such as cash, senior officer remuneration and audit fees. We set a lower threshold of £50,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.



# Audit of the accounts - Wyre Forest District Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of surplus assets and investment property</b></p> <p>The Council changed the basis on which it valued surplus assets and investment property in 2015/16 because of the introduction of a new international financial reporting standard (IFRS 13). These assets represent 1.8 per cent of the Council's total long term assets and their value is estimated by property valuation experts.</p> <p>The Council also needed to make changes to the disclosures for items valued at fair value under the new financial reporting standard.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>• Reviewed whether the experts used by the Council were sufficiently knowledgeable and independent for us to rely on their work</li> <li>• Reviewed the Council's instructions to its valuer and the information on the assets it gave to them</li> <li>• Reviewed the valuer's report to understand the valuation method used and any key assumptions..</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• Reviewed the disclosures made by the Council in its accounts to ensure they met the requirements of IFRS13 and of the CIPFA Code of Practice.</li> </ul> <p><b>Some changes were made as a result of our audit testing and discussions although we did not report any significant matters or concerns</b></p>
<p><b>Valuation of pension fund net liability</b></p> <p>The Council's pension fund asset and liability, as reflected in its balance sheet, represents a significant estimate in the accounts and comprises 78 per cent of its total liabilities.</p> <p>The values of the pension fund net liability is estimated by specialist actuaries.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Documented and walked through the key controls put in place by the Council/Authority to ensure they were designed as expected.</li> <li>• Reviewed whether the experts used by the Council were sufficiently knowledgeable and independent for us to rely on their work</li> <li>• Reviewed the Council/Authority's instructions to its actuary and tested the information on staff and pensioners it gave them to calculate the pension fund liability.</li> <li>• Reviewed the key assumptions made by the actuary using the work of an actuarial expert and tested whether any assumptions specific to the Council were appropriate.</li> <li>• Checked that the Council/Authority had correctly made entries in its accounts following the report from the actuary.</li> </ul> <p><b>In our report we highlighted that the Council retains responsibility for the pensions of staff transferred to Worcestershire Regulatory Services. We noted that a prior period adjustment was made and the current year accounts now accurately reflect this liability and the associated transactions.</b></p>



# Audit of the accounts

## Audit opinion

We gave an unqualified opinion on the Council's accounts on 27 September 2016, in advance of the 30 September 2016 national deadline.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## Issues arising from the audit of the accounts

We have no concerns to report from the financial statements audit. Your team produce the accounts and deal with the audit in a very professional manner. Your team are proactive in raising matters with us well in advance of us coming on site in the summer and this helps to support an efficient audit as most contentious or technical matters are dealt with early.

The main matter discussed with officers related to the valuation of the decommissioned leisure centres. These are large value items on the balance sheet and are likely to be areas we will be considering again as part of the 2016/17 audit.

We have previously reported that the deadline for sign off of the accounts is being brought forward. We will be working with your officers to bring as much of the audit as possible forward to the interim visit, and we suggest that you should consider bringing forward the Audit Committee dates in preparation for the changes.

## Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

## Other statutory duties

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council accounts and to raise objections received in relation to the accounts.

# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

Overall we found that the Council has good arrangements in place against the risks that we identified. We have made no recommendations for improvement.

The Council continues to demonstrate that it is delivering its strategic objectives despite the operational challenges it is managing. The commissioning of the new leisure centre in July 2016 is of particular note. There is also a clear recognition of the scale of the financial challenge in future years and plans are being put in place to respond effectively.

## Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

# Value for Money conclusion

Risk identified	Work carried out	Findings and conclusions
<p><b>Engagement with Partners</b> The Council's two priorities 'Support you to contribute to a successful local economy' and 'Support you to live in clean, green and safe communities' include strategic actions of 'Working with Partners'</p>	<p>We discussed with you how you are working with partners now and how you plan to in the future to achieve your strategic priorities. we focussed our work on the work you are doing around economic regeneration.</p>	<p><b>Based on the areas of our review, we consider that the Council has well established and good arrangements for working with partners.</b></p> <p>You have recently updated some of your key strategic documents in this area, in particular the asset managements strategy and your Enterprise and Business Growth Strategy. We have seen that in developing these documents you have consulted widely and ensured that there are links to other documents and strategies including the medium term financial plan.</p> <p>We have seen that you have a number of well established partnership frameworks with other councils, the business community and other sectors such as education with your links to Wolverhampton University.</p> <p>You have clearly articulated your vision for the district and are implementing plans such as the recent improvements to Kidderminster town centre, the new leisure centre which opened this summer and the link road. Whilst there is some considerable way to go in your plans for regeneration of the district you are clearly taking positive and innovative steps towards improving the economic prosperity of the area.</p> <p>Whilst many of the projects are still at the planning stage, it is clear that the Council has a well articulated vision for the area, and good engagement with its partners.</p>
<p><b>Financial Sustainability</b> The Council has seen a reduction in government financing over the past year and this will continue.</p>	<p>We reviewed the reporting of delivery of savings and progress with the Wyre Forest Forward plan.</p>	<p><b>The Council's General Fund reserves and medium term financial plan demonstrates that the it is financially sustainable, but is facing significant financial pressures.</b></p> <p>The level of savings yet to be achieved in the next two years is around £300k and appears achievable. From 2018/19 onwards the financial gap rises to around £1 million, before planned use of reserves, and will be very challenging. The Government's austerity policy and uncertainty around income streams such as business rates and new homes bonus, provide additional risks to the financial forecasts. It is therefore essential that the Council continues to deliver on its savings plans and identify new savings to ensure long term stability of the Council.</p> <p>Financial reports are good, providing detail on savings schemes and achievement so that Members are kept appropriately informed of progress. Reports demonstrate that there is not significant slippage in the delivery of savings.</p> <p>The Council underspent against both original and revised budget in 2015/16. Some of this related to unexpected events in the last quarter such as lower interest rates secured on capital borrowing and in other areas such as business rates, which are challenging to accurately forecast. It is very important that the Council continues to refine its in year forecasting to ensure all forecasts remain reliable to ensure confidence in longer term financial forecasts is maintained. We recognise however that there is continuing uncertainty about the impact of fundamental reform of local government funding.</p>

# Working with the Council

## Our work with you in 2015/16

We are really pleased to have worked with you over the past year. We have a positive and constructive relationship with you. Together we have delivered some great outcomes.

**An efficient audit** – Our audit team are knowledgeable and experienced in your financial accounts and systems. We dealt with some of the significant areas in the accounts, including classification and revaluation of Investment assets, IFRS13 changes and the disclosures in relation to the WRS pension in advance of the accounts being drafted. This reduced the risk and need for adjustments to the certified accounts.

**Sharing our insight** – we provided regular audit committee updates covering best practice. Areas we covered included Innovation in public financial management, Knowing the Ropes – Audit Committee; Effectiveness Review, Making devolution work, Reforging local government. We have also shared with you our insights on advanced closure of local authority accounts, in our publication "Transforming the financial reporting of local authority accounts" and will continue to provide you with our insights as you bring forward your production of your year-end accounts.

We meet regularly with the Corporate Leadership Team and provide briefings on the sector issues we are engaged with. We also provide adhoc briefings to members such as the session we delivered on Alternative Delivery Models.

We have shared with you our publication on Building a Successful Joint Venture Company and will continue to support you as you consider greater use of alternative delivery models for your services. You attended our joint venture seminar in July 2016 and our advisory team also met with you to discuss your options and what we are seeing happening in other organisations.

**Providing training** – we provided your teams with training on financial accounts as part of the CIPFA /Fan workshop we hosted, attended by members of your finance team.

**Providing information** – We provided you with access to Place Analytics, our online analysis tool providing you with access to insight on the financial performance, socio-economy context and service outcomes of councils across the country.

We will continue to liaise closely with the senior finance team during 2016/17 on:

- important accounting developments,
- timely feedback on any emerging issues
- audit risks associated with new developments

The work we plan to carry out to address them will be reflected in our 2016/17 audit plan.

# Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit, and non audit services.

## Fees

	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Council	48,936	*48,662	65,248
Housing Benefit Grant Certification	6,790	TBC**	12,220
<b>Total fees (excluding VAT)</b>	<b>55,726</b>	<b>TBC**</b>	<b>77,468</b>

## Fees for other services

Service	Fees £
<b>Audit related services:</b>	
• Place analytics annual subscription	<b>5,000</b>
<b>Non-audit services</b>	<b>5,000</b>

\*reflects PSAA published scale fee

\*\* we anticipate that as the volume of testing on the grant claim is similar to the previous year we will be requesting a fee variation to the grant claim fee. Fee variations are subject to approval by Public Sector Audit Appointments Ltd.

## Reports issued

Report	Date issued
Audit Plan	March 2016
Audit Findings Report	September 2016
Annual Audit Letter	October 2016



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**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**28<sup>th</sup> November 2016****Public Sector Internal Audit Standards**  
**Internal Audit Charter**

<b>OPEN</b>	
<b>CABINET MEMBER</b>	Cllr. Nathan Desmond
<b>RESPONSIBLE OFFICER</b>	Tracey Southall, Extension No. 2100 <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a>
<b>CONTACT OFFICER</b>	Cheryl Ellerton, Extension 2116 <a href="mailto:cheryl.ellerton@wyreforestdc.gov.uk">cheryl.ellerton@wyreforestdc.gov.uk</a>
<b>APPENDIX</b>	Internal Audit Charter ~ Updated

**1. PURPOSE OF REPORT**

The purpose of this report is to inform Member of the updates to the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards {UKPSIAS} as revised from April 2016.

**2. RECOMMENDATIONS**

**The Audit Committee is asked to APPROVE the updated Internal Audit Charter as attached at Appendix 1.**

**3. BACKGROUND**

3.1 The Internal Audit Charter was approved by the Audit Committee in March 2014 following the adoption of the 2013 UK Public Sector Internal Audit Standards. The standards were revised with effect from April 2016, and these changes were noted by the Audit Committee at its meeting of 26<sup>th</sup> September 2016.

3.2 The Standards are mandatory for all internal auditors working in the public sector and the work of the WFDC Internal Audit Team is governed by the UK Public Sector Internal Audit Standards. The main changes from April 2016 are  
 ➔ the Mission of Internal Audit ***“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”***  
 ➔ the Core Principles for the Professional Practice of Internal Auditing which are required for an internal audit function to be considered effective:-

Demonstrates integrity;
Demonstrates competence and due professional care;
Is objective and free from undue influence {independent};
Aligns with the strategies, objectives and risks of the organisation;
Is appropriately positioned and adequately resourced;
Demonstrates quality and continuous improvement;
Communicates effectively;
Provides risk based assurance;
Is insightful, proactive and future focused;
Promotes organisational improvement.

- 3.3 Adherence to the Mission and the Core Principles is met through the Internal Audit Charter, Audit Plan and arrangements for the delivery of the Internal Audit Service.
- 3.4 Compliance with the UK Public Sector Internal Audit Standards are a requirement of the Accounts and Audit Regulations 2015.

**4. KEY ISSUES**

- 4.1 The standards require the Council to have an Internal Audit Charter which must be approved by the Corporate Leadership Team and the Audit Committee and formally define the purpose, authority and responsibility of the internal audit activity.
- 4.2 The proposed Internal Audit Charter is contained in the Appendix, updated, to take into account revisions to the standards in 2016 as summarised in Section 3, Background. This update also takes account of the change in title of the former Principal Auditor post to that of Audit Manager and other relevant localised changes. Track changes are shown so members can readily see proposed revisions.

**5. FINANCIAL IMPLICATIONS**

- 5.1 The costs of the Internal Audit section are provided for in the Council's approved budget.

**6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The requirement for an internal audit function is contained within Section 151 of the Local Government Act 1972 that requires local authorities to "make arrangements for the proper administration of their financial affairs". The Council has delegated these powers to the Chief Financial Officer as provided in the Council's Constitution.
- 6.2 More specifically the Accounts and Audit Regulations 2015 {2[5]} states that :

*"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".*

**7. RISK MANAGEMENT**

- 7.1 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 and ensure the governance, risk and control frameworks are working effectively. The Internal Audit Charter ensures that the Council comply with best practice as a requirement of the UK Public Sector Internal Audit Standards.

**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 This Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit Service. The Internal Audit Charter {Appenidx} has been updated for the amendments to the 2016 UK Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015 thus complying with updated legislative requirements and best practice.

**10. CONSULTEES**

- 10.1 Corporate Leadership Team.  
10.2 Cabinet Member for Resources

**11. BACKGROUND PAPERS**

Accounts and Audit Regulations 2015 (SI 817)

<http://www.legislation.gov.uk/ukxi/2015/234/contents/made>

UK Public Sector Internal Audit Standards ~ April 2016

<http://www.cipfa.org/Policy-and-Guidance/Standards/Public-Sector-Internal-Audit-Standards>



# INTERNAL AUDIT CHARTER

November 2016

The UK Public Sector Internal Audit Standards refer to the terms, Chief Audit Executive, the Board and Senior Management. For the purposes of this Charter, the Chief Audit Executive is defined as the Principal Auditor (Head of Audit), the “board” as the Audit Committee and “Senior Management” as the Corporate Leadership Team.

The Internal Audit Service has been established by the Council as a key component of its governance framework. [A professional, independent and objective Internal Audit Service is one of the key elements of good governance as recognised by the UK Public Sector.](#) This Charter provides a framework for the conduct of Internal Audit in Wyre Forest District Council and recognises the mission of Internal Audit “to enhance and protect organisation value by providing risk based and objective assurance, advice and insight<sup>1</sup>”.-

The key provisions of this Charter are:-

### **Internal Audit Service**

The Council’s internal audit service is an independent, objective assurance and consulting activity designed to add value and improve the Council’s operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. This is delivered through formal approval by the Corporate Leadership Team [\(Senior Management\)](#) and Audit Committee [\(The Board\)](#) of the Annual Internal Audit Plan.

### **Independence & Objectivity {Standard 1100}**

In order to provide impartial and unbiased assessment of Council’s operations, the internal audit service must be seen to be independent. Internal Audit must have no operational responsibilities in the areas they audit. It shall be free to review the arrangements of any aspect of service delivery, finance or governance.

The objectivity, impartiality, integrity and conduct of the Internal Audit Team must be above reproach at all times with Internal Audit maintaining the highest level of professional objectivity when undertaking their role.

### **Authority {Standard 1000}**

The Internal Audit Team report to the Corporate Leadership Team through the Section 151 Officer. Internal auditors are authorised to have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Audit Manager considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities.

### **Confidentiality**

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for the conduct of internal audit activities. The [Audit Manager](#) as Head of Internal Audit and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

### **Reporting**

Written reports will be issued by the [Audit Manager](#) as Head of Internal Audit following the conclusion of each internal audit assignment.

Quarterly monitoring reports will be presented to the Corporate Leadership Team and the Audit Committee summarising work completed.

An annual report will be presented to the Corporate Leadership Team and the Audit Committee no later than the date at which the Council’s annual governance statement is approved, to include a formal audit opinion on the Council’s internal control environment.

<sup>1</sup> [UK Public Sector Internal Audit Standards 2016](#)

## **Purpose of Internal Audit and Statutory Requirements**

The Accounts and Audit ~~(England)~~ Regulations 2015<sup>54</sup> Regulation 65 state:

**“A relevant authority body must undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.~~of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.~~”**

The internal audit service forms part of the assurance framework for the Council and has been established to:

- ⇒ Provide independent, objective assurance to the Council arrangements for managing and controlling its operations, both financial and operational.
- ⇒ Assist the Council through Managers to add value, to improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Internal audit will review the systems of internal control operating throughout the authority and provide an independent and objective opinion to the Council on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.

It is the responsibility of Managers to ensure adequate controls are in place in their areas of responsibility. Internal controls are to ensure systems meet their objectives in a secure, efficient and well ordered manner. Internal audit is not a substitute for this but it's role is complementary in providing managers with information, professional advice and independent assurance as to the adequacy of their internal control processes.

## **Professionalism**

The Internal Audit Team will govern itself by adherence to the UK Public Sector Internal Audit Standards (UKPSIAS).as required by the Accounts and Audit Regulations 2015 and all codes and policies operated by Wyre Forest District Council and the seven principles of public life.

The Internal Audit Service must conform to the Code of Ethics and Core Principles<sup>1</sup> for the Professional Practice of Internal Auditing. Non conformance with the UK PSIAS shall be report to the Corporate Leadership Team and the Audit Committee and included within the annual report.

## **Relationship with Members & Senior Management Audit Committee**

The Accounts & Audit ~~(England)~~ Regulations 2015<sup>54</sup> require the Council to “undertake an ~~adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices~~ to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Council has established an Audit Committee and specifically delegated to it responsibility for “ensuring there are effective arrangements for the system of internal audit of the Council.”

The Audit Manager must report to the Audit Committee and establish effective communication with free and unrestricted access to the Chair of the Audit Committee to discuss any matters or concerns that have arisen from the work of the Internal Audit Team.

### **Corporate Leadership Team**

The Chief Financial Officer as Section 151 Officer and a member of the Corporate Leadership Team has management responsibility for the delivery of the Internal Audit Service.

The Audit Manager in their role as Head of Internal Audit will ensure that the Section 151 Officer is briefed without delay on any matter coming to the attention of Internal Audit that could have a material impact on the finances of the Council, and/or matters involving fraud or malpractice.

Internal Audit shall maintain effective relationships with all managers of the Council, and timings of internal audit reviews will be in consultation with the appropriate manager.

### **Independence & Objectivity {Standards 1100/1110}**

In order to provide impartial and unbiased assessment of Council's operations, the internal audit service must be seen to be independent of those operations. Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They must have a impartial, unbiased attitude when making~~make~~ a balanced assessment of all the relevant circumstances and avoiding a conflict of interest by. not be~~ing~~ unduly influenced by their own interests or by others in forming judgments.

If auditors are extensively consulted during system, policy or procedural development their independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and or the following financial year after their involvement.

The Audit Manager as Head of Internal Audit is responsible for the delivery of the Internal Audit Service and will confirm to the Audit Committee annually, the organisational independence of the internal audit service.

### **Authority & Confidentiality {Standards 1000}**

Internal auditors shall have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Audit Manager as Head of Internal Audit considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities which allow for Internal Audit to:-

- enter, at all reasonable times, any land, building, vehicle or plant owned or used by the Council
- have access at all times to all records, documents or correspondences, including any stored by mechanical, electric or electronic means relating to the affairs of the Council
- possess or to take copies of any record, document or correspondence
- require any information and explanation from any member or employee of the Council concerning any matter under examination
- require any employee or member of the Council to produce records, cash, stores or any other property under his/her control.

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. The [Audit Manager](#) as Head of Internal Audit and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

### **Internal Audit Management {Standard 2000}**

For management matters, the [Audit Manager](#) –will report to the Chief Financial Officer as Section 151 Officer

The [Audit Manager](#) as Head of Internal Audit will

- ➔ effectively manage and deliver the internal audit service in accordance with this Charter.
- ➔ ~~p~~Prepare a strategic ~~and~~ annual audit plan based on risk to provide assurance ~~and an internal audit opinion~~ on the Council's services and activities.
- ➔ ~~a~~Accepting proposed consulting engagements based on the engagements potential to improve management of risk, add value and improve the Councils operations with time included within the annual audit plan
- ➔ in consultation with the Section 151 Officer, review and adjust the plans as necessary, in response to changes in the Council's risks, operations, programs, systems and controls.
- ➔ present an annual report to the Corporate Leadership Team and the Audit Committee on the Council's internal control environment.
- ➔

### **Internal Audit's resources.**

The [Audit Manager](#) in consultation with the Chief Financial Officer will

- ➔ ensure that there is sufficient resource requirements to enable an effective internal audit service to be provided and meet the annual audit plans.
- ➔ Bring to the attention of the S151 Officer ~~the audit committee~~ any resource issues which may adversely impact on the provision of the annual internal audit opinion.
- ➔ ~~ensure that all audit work is completed to high standards and in accordance with the definition of internal auditing, code of ethics and the standards including thes,~~ practices and procedures as set out in the internal audit manual.
- ➔ undertake an annual review of the development and training needs of internal audit staff and arrange for appropriate training to be provided.
- ➔ put in place arrangements that ensure internal audit is notified of all suspected or detected instances of non welfare fraud, corruption or impropriety; and in conjunction with the Corporate Fraud Officer, promote a counter fraud culture within the Council.-
- ➔ establish effective relationships with managers at all levels.

### **Role and responsibilities {Standards 2100/2200/2300}**

Internal audit reviews shall examine and evaluate the adequacy and effectiveness of the Council's governance, risk management, and internal control processes. This shall be achieved via:

- **System/Risk Based Audits** – examination of the system's integrity and control, compliance with legislative requirements, as well as with the Council's Constitution. For example corporate financial systems including payroll, creditors. These reviews will influence the opinion on the adequacy and effectiveness of the control environment.
- **Regularity/Annual Assurance Audits** – examination of transactions for accuracy, validity and compliance with financial regulations and standing orders. These reviews will influence the opinion on the adequacy and effectiveness of the control environment.
- **Advice and Consultancy** – which will contribute to the opinion on the adequacy and effectiveness of the control environment, providing advice on:
  - ◆ Financial and non-financial procedures of the Council
  - ◆ New systems developments
  - ◆ Training on best financial practices
  - ◆ Commissioned Requests from Management that add value and improve governance, risk management and control processes all to support management in their work.
- **Computer Audit** ~ Internal audit of all ICT policies, procedures and systems to include ICT Governance. Input into the development of I.C.T. systems and associated procedures.
- **Contract Audit** ~ Review of contract procedures (capital and revenue) ensuring compliance with the law, specifications and internal regulations.
- **Fraud and Irregularity Investigations** – Investigation of instances of suspected financial malpractice, fraud or irregularity to include the National Fraud initiative.

## **Reporting and Monitoring {Standards 2400}**

### **Internal Audit Reports**

The reporting structure is intended to assist Management to fulfill their objectives of delivering services and contributing to the overall aims and objectives. Outputs can range from formal written reports to informal advice.

At the conclusion of a review, a -report will be issued to the appropriate Manager and/or lead officer regarding:-

- Audit findings and draft recommendations which will be discussed prior to issuing the draft audit report.
- The draft audit report which will contain a summary of the quality of the control system and detailed observations and recommendations; include an overall assurance opinion on the adequacy of the governance, risk and control processes.
- The final audit report incorporating the manager's comments on the recommendations made; identify issues of good practice and an indicative timescale for corrective action.
- Three months after the issue of the final audit report internal audit will assess the implementation of the recommendations previously made and report as necessary and issue a 3 month follow up report.



Internal Audit recommendations will be categorised/ranked in terms of significance. Audit recommendations will be classified in accordance with the definitions as detailed below. The level of assurance that internal audit can give on the operation of internal controls within a system being reviewed will be classified in accordance with the following definitions as detailed in the table below.

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

#### ***Reporting to the Audit Committee {Standard 2500}***

During the course of and at the close of each financial year, The Audit Manager shall present to the Audit Committee:-

- Quarterly monitoring reports to the Committee on actual progress compared to the approved audit plan, to include internal audit observations and recommendations and management comments on the implementation of recommendations.
- An annual outturn report summarising the overall results for the year and to support the Council's Annual Governance Statement and includes an opinion of the overall adequacy and effectiveness of the Council's control environment.

#### ***Quality and assurance programme***

The UKPSIAS require both internal and external assessments of the Internal Audit Service. Internal assessments should be on going and periodical, whilst external assessments must be undertaken at least once every 5 years.

The quarterly monitoring reports will be supported by the annual report on the effectiveness of internal audit to meet the requirements of the Account & Audit (England) Regulations 2015<sup>4</sup>. The outcome will be reported to the Corporate Leadership Team and the Audit Committee.

The Audit Manager in consultation with the Section 151 Officer will arrange for an independent review of the efficiency and effectiveness of the internal audit service to be undertaken at least every 5 years. The outcome of the review will be reported to the Corporate Leadership Team and Audit Committee.

#### **Relationships with external audit and other assurance activities**

Internal Audit will establish and maintain an open relationship with the External Auditor and any other assurance provider. Copies of all audit reports are made available to the Council's External Auditors. Where services are provided under contract or partnership



arrangements, then these should allow appropriate access for Internal Audit to those matters relating to the Council's business. This includes areas where the Council acts as the Accountable body.

### **Review of the Charter**

The [Audit Manager](#) in consultation with the Section 151 Officer will review the Internal Audit Charter every 3 years and report the outcome to the Corporate Leadership Team, prior to formal approval by the Audit Committee.

**Audit Committee [28.11.16](#) ~~4.03.14~~**

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**28<sup>th</sup> NOVEMBER 2016**

**INTERNAL AUDIT MONITORING REPORT**  
**QUARTER ENDED 30TH SEPTEMBER 2016**

<b>OPEN</b>	
<b>CABINET MEMBER</b>	Councillor Nathan Desmond
<b>RESPONSIBLE OFFICER</b>	Tracey Southall, Extension 2100 <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a>
<b>CONTACT OFFICER:</b>	Cheryl Ellerton, Extension 2116 <a href="mailto:cheryl.ellerton@wyreforestdc.gov.uk">cheryl.ellerton@wyreforestdc.gov.uk</a>
<b>APPENDIX</b>	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 30 <sup>th</sup> September 2016

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th September 2016, attached as Appendix 1.

**2. RECOMMENDATION**

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

- 2.1 The Internal Audit Monitoring Report for the Quarter ended 30th September 2016 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 2016~17 in March 2016. This plan takes into account changes in priorities and risk and 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.
- 3.3 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.

3.4 The Report attached as an Appendix contains 5 sections which are:

Section 1	<b>Follow up reviews</b> undertaken in the quarter; incorporating recommendations in progress
Section 2	<b>Final</b> Internal Audit Reports issued
Section 3	<b>Draft</b> Internal Audit Reports issued
Section 4	<b>Work In Progress</b> to include draft reports issued following completion of 2015~16 Annual Audit Plan
Section 5	Performance Statistics & Additional Assurance work undertaken

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.

- 3.5 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. The final audit report will recognise those areas of improvement and recommendations promptly actioned during the course of the audit, in order to raise the overall level of assurance given by Internal Audit at the completion of the full review.
- 3.6 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 the respective Corporate Leadership Team member and their nominated service manager(s) for agreement to recommendations and timescales for implementation prior to the preparation of **Final** internal audit reports.
- 3.7 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.
- 3.8 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.
- 3.9 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.

- 3.10 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 Internal Audit is reviewing the area 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.
- 3.11 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 Standards<sup>1</sup>. 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 Regulations 2015 section 5(1) require that:

"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

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<sup>1</sup> 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 risk, 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 30th September 2016 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

**11. BACKGROUND PAPERS**

- 11.1 21<sup>st</sup> March 2016 ~ Audit Committee ~ Internal Audit Annual Audit Plan 2016~17  
[http://www.wyreforest.gov.uk/council/docs/doc50802\\_20160321\\_audit\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc50802_20160321_audit_agenda.pdf)  
(Agenda Item 10)
- 24<sup>th</sup> March 2014 ~ Audit Committee ~ Internal Audit Charter  
[http://www.wyreforest.gov.uk/council/docs/doc48931\\_20140324\\_audit\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc48931_20140324_audit_agenda.pdf)  
(Agenda Item 12)
- Accounts and Audit Regulations 2015 (SI 234)  
<http://www.legislation.gov.uk/ukSI/2015/234/contents/made>



APPENDIX 1

# **INTERNAL AUDIT**

## **INTERNAL AUDIT MONITORING REPORT**

**QUARTER ENDED  
30th September 2016**

**INTERNAL AUDIT**  
**QUARTERLY AUDIT REPORT**  
**QUARTER ENDED 30th September 2016**

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 <b><i>Cheryl Ellerton</i></b> <b>AUDIT MANAGER</b>	
 <b><i>Tracey Southall</i></b> <b>SECTION 151 OFFICER</b>	

7<sup>th</sup> November 2016

## SECTION 1

Quarter Report to the 30th September 2016**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.

**THERE ARE NO REVIEWS TO REPORT FOR THIS QUARTER. THIS SECTION HAS BEEN LEFT FOR CONTINUITY.**



SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th September 2016		
	ASSURANCE	PAGE
<b>CORE FINANCIAL SYSTEM REVIEWS</b>		
<b><u>Key Systems (Annual Assurance Reviews)</u></b>		
2015~16 Accounts Payable {Corporate Creditors} Compliance & Reconciliations	<b>S</b>	<b>50</b>
2015~16 Accounts Receivable {Corporate Debtors} Compliance	<b>S</b>	<b>51</b>
<b><u>Cyclical System Reviews</u></b>		
2015~16 Payroll Compliance {Members Allowances Scheme}	<b>S</b>	<b>52</b>
<b><u>Subsidiary System Reviews</u></b>		
2016~17 Cash Float Verification ~ Wyre Forest House	<b>F</b>	<b>-</b>

KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
<b>F = Full</b>	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.
<b>S = Some</b>	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.
<b>L = Limited</b>	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.
<b>U = Unsound</b>	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.

## Agenda Item No. 8

<b>AUDIT REPORT TITLE: Accounts Payable 2015~16</b> <b>{Corporate Creditors Compliance &amp; Reconciliations}</b>  <b>BUDGET: Various</b> <b>REF:</b>	<b>ACTION PLANS: 2<sup>nd</sup> July 2015/7<sup>th</sup> July 2015</b>  <b>DRAFT REPORT DATE ISSUED: 19<sup>th</sup> July 2016</b>  <b>FINAL REPORT DATE ISSUED: 8<sup>th</sup> September 2016</b>	<b>SERVICE: Finance ~ Accountancy</b> <b>{Chief Executive}</b>  <b>RESPONSE RECEIVED DATE:</b> <b>7<sup>th</sup> September 2016</b>
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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	<b>Sufficient framework of controls but some weakness identified – provides adequate assurance.</b>	Other	<b>Medium risk - action required but not urgent</b>
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	<b>High risk – urgent action needed</b>
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 2015-16 annual audit plan. The review concentrated on ensuring that the controls in place within the system for the payment of the Council's creditors via Accounts Payable within the Agresso Financial Management System are operating as intended. In addition, a review of requisition processing and the management information based on predetermined parameters (i.e of the creation of supplier accounts, regular review of open purchase orders) was also undertaken..

### **RECONCILIATIONS**

The reconciliation for weeks commencing 1<sup>st</sup> July 2015 and 5<sup>th</sup> January 2016 were examined. The review found that processes within both the Accountancy and Support Services Teams' are working effectively however special payments "ad-hoc" are still being made outside of the twice weekly payment runs. As part of the process the two independent reconciliations procedures were mapped, have been reduced to one reconciliation completed by the Assistant Accountant and independently reviewed by the Senior Financial Services Officer..

The Finance Intervention remains on going in terms of continuous improvement. The Financial Services Manager and Accountancy Team are working with Internal Audit to ensure that efficiencies are being achieved and business improvements made to enhance the service delivery and identified risks will be carefully managed. As a consequence of the Finance Intervention, the processing of purchase requisitions has moved from the Corporate Support Team to the Individual Budget Holders however this process is not as yet embedded across the whole Council. A review of the new process relating to the creation of supplier accounts established it was working effectively. Open orders are currently under review with as part of the year-end procedure.

### **COMPLIANCE**

Compliance testing was undertaken on 40 creditor invoices. During the course of the review an Action Plan was issued to the Financial Services Manager to advise of any matters arising following the initial period of testing in order that they may be addressed promptly and remedial action taken where appropriate prior to further testing. Where similar issues arose during the second phase of testing these observations have been reported as part of the final formal report to enable implementation of the recommendations.. Issues identified included illegible scanned documentation and/or poor narrative to support the transaction held within Agresso, the financial management system; lack of supporting documentation for pro-forma payments; orders being raised after the supply of goods/services; suppliers not quoting official WFDC order numbers on invoices or quoting incorrect/old order numbers, dates missing from documentation, and discount/surcharges not identified on invoices.

### **CONCLUSION**

On the basis of the work undertaken, the review has concluded that within the Creditors (Accounts Payable) System there are areas that are well managed and controlled. Whilst **FULL** assurance can be given on the completion of the weekly reconciliations, improvements could be made to enhance efficiencies and the information held within Agresso, the Councils financial management system. The overall conclusion therefore, is that **SOME** assurance can currently be given that the internal controls in place within the key system for Corporate Creditors (Accounts Payable) are operating as intended.

## Agenda Item No. 8

<b>AUDIT REPORT TITLE: Accounts Receivable {Corporate Debtors~ Compliance} 2015-16</b>  <b>BUDGET: Various</b>	<b>DRAFT REPORT ISSUED:15<sup>th</sup> July 2016</b>  <b>FINAL REPORT ISSUED :8<sup>th</sup> September 2016</b>	<b>SERVICE: Chief Executive (Accountancy)</b>  <b>RESPONSE RECEIVED:7<sup>th</sup> September 2016</b>
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
<b>Some</b>	<b>Sufficient framework of controls but some weakness identified – provides adequate assurance.</b>	<b>Other</b>	<b>Medium risk - action required but not urgent</b>
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 2015-16 annual audit plan.. The system for creating new Accounts Receivable was processed mapped for completeness recording the steps from request to create a new account to the sales order being raised on the financial management system, and subsequent payment, receipt/recovery.

A sample of 20 debtor invoices was selected for detailed compliance testing to ensure that invoices had been raised correctly, accurately and promptly. The review also ensured that the invoices had been coded correctly within Agresso, the Financial Management System, with a detailed service description, that VAT if applicable had been accounted for, and that payment had been received or recovery action implemented as necessary. All accounts examined had been paid in full. With the exception of two accounts, all were found to be issued in a timely manner

There were matters arising following the detailed compliance testing, as detailed below for consideration and action. Within the sample, it was found that, on one occasion the income had been coded albeit to the correct cost centre, but using the incorrect product code; a second account had been raised with a charge that could not be reconciled to the fees and charges schedule. Two accounts had been raised for external works where the charges were not supported by detail of the works completed. Within the sample, one account had been raised as part of a contract for which there was no written formal agreement. Checks were also made to ensure that sales orders raised in April did not relate to the previous year's income. It was found that three invoices had been raised in 2015-16 for garage services provided in 2014-15. The accounts had been inadvertently overlooked due to year-end processing and once raised the invoices were promptly paid, there was no loss of income to the Council.

### CONCLUSION:

The review concluded there are areas within the Debtors {Accounts Receivable} System that are well managed and controlled, however the system could be further enhanced by considering the recommendation for changes to address the issues raised within this internal audit review. 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.

<b>AUDIT REPORT TITLE: Members Allowances 2015/16</b> <b>{Scheme &amp; Payroll Compliance}</b>	<b>ACTION PLAN ~ Meeting 16<sup>th</sup> December 2015</b>	<b>SERVICE: Chief Executive {Member Services}</b>
<b>BUDGET: £228,460 Revised Expenditure 2015~16</b>	<b>DRAFT REPORT DATE ISSUED:</b> <b>8<sup>th</sup> August 2016</b>	<b>RESPONSE DATE: 8<sup>th</sup> August 2016</b>
<b>REF: P115 Member Activities/R405 Other Member Allowances</b>	<b>FINAL REPORT DATE ISSUED: 8<sup>th</sup> August 2016</b>	

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	<b>Sufficient framework of controls but some weakness identified – provides adequate assurance.</b>	Other	<b>Medium risk - action required but not urgent</b>
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	<b>High risk – urgent action needed</b>
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 2015~16 Internal Audit Plan. The review sought to ensure that the system in place in respect of the allocation of Members' allowances (Basic and Special Responsibility including travel and subsistence arrangements) complied with control objectives and is sound and effective. Testing was undertaken to ensure that payments made to Councillors were in accordance with documented procedures and appropriate regulations and at approved rates for approved duties on behalf of the Council. The review required examination of the Council's Constitution and Member Allowance Scheme, both documents being available on the Council's website, along with Councillors expenses claim forms published under the transparency code. In addition, for completeness, detailed compliance testing was undertaken on payments made to all 33 Councillors, gross to net, which included verification of all deductions, National Insurance and Income Tax calculations.

#### MEMBERS ALLOWANCE SCHEME 2015/16

The **Members Allowance Scheme** allows for payments to be made to Councillors as elected officials of Wyre Forest District Council, as well as covering travel, car parking and subsistence for approved duties as a representative of the Council. In addition, Special Responsibility Allowances are paid to the Leader, Deputy Leader, Cabinet Members, Chair and Vice Chair of Overview & Scrutiny and, Planning Committees, Chair only of Licensing & Environmental Health and Audit Committee, as well as to each political Group Leader (minimum of 4).

Councillors are no longer entitled to claim for a telephone allowance, (withdrawn in 2011) but are entitled to a broadband allowance. Councillors can opt for this to be paid directly by the ICT Team or via payroll. During the audit review, three Councillors continued to receive their allowance through payroll, whilst five had opted for an arrangement via ICT.

All 33 Member's allowances were validated to ensure compliance with the current allowances as formally approved by Council in May 2015. Where applicable, travel claims were examined to ensure that only authorised mileage was claimed on official forms and that the claims were submitted in a timely manner to ensure prompt payment through the payroll system. During the testing, eight councillors had claimed travel allowances, details had been published on the web site. The testing did identify that some claims submitted covered several months (3-7) at a time and were not always submitted within two months of the date for which the claim refers to.

#### GROSS TO NET SALARY CALCULATIONS 2015/16

Detailed compliance testing was also undertaken on payments to all 33 Councillors ensuring that payments were made to bona fide Members. Detailed compliance testing was undertaken on payments to Councillors for the months of November/December. There were no matters arising from this review. For completeness and closure of the municipal year 2015/16, payment calculations for the May 2016 payroll were reviewed for accuracy following the change in Councillors following the May 2016 local election.

#### CONCLUSION

The review concentrated on the payments to Councillors in accordance with the Members Allowance Scheme and ensuring that Councillors are paid monthly as part of the Council's payroll function and these payments are accurate correctly recorded in Agresso the general ledger systems. There were no matters arising from the payment to Councillors, for which **FULL** assurance can be given. However, there are opportunities to enhance the controls in respect of processing expenses claims by ensuring claims are submitted more frequently. The overall conclusion therefore, is that **SOME** assurance can be given on the internal controls in place for the administration of Members Allowances for which implementation of the recommendations will ensure that the controls are further strengthened to enable full assurance to be given.

**Quarter Report to the 30th September 2016**

<b>DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th September 2016</b>		
<b>TITLE</b>	<b>DATE OF ISSUE</b>	<b>Status</b>
2016~17 Establishment {Staff Record Forms} Interim Report	17.08.16	23.08.16 Progress Meeting 09.09.16 Update of Actions

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 2016~17 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 30th September 2016		Status	Action Plans/Progress Report			
RISK ASSESSMENT	AUDIT REVIEW	As At 30.06.16	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	DATE OF COMPLETION OF FIELD WORK
RA74	<b><u>Core Financial Systems (Annual Assurance Reviews)~</u></b> <b><u>2016/17 Annual Audit Plan</u></b> <b><u>Accounting Cash To Bank</u></b> Corporate Income To Bank	Stage 1	-	-		
RA88	Bank Reconciliation <b><u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u></b> Council Tax Reduction {Local Scheme} ~ Compliance	Stage 3	19.07.16	-		
	Housing Benefit {Allowances}	Stage 1	-	24.10.16		
RA82	Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations <b><u>Council Tax</u></b> Ctax Reconciliations ~ {To include Gross Debit 2016/17}	Stage 1	-	-		
RA80	Ctax Compliance/Recovery <b><u>Creditors (Accounts Payable)</u></b> Creditors {Accounts Payable} ~ Compliance	Stage 3	19.08.16	-		
RA89	Creditors {Accounts Payable} ~ Reconciliation <b><u>Debtors (Accounts Receivable)</u></b> Debtors {Accounts Receivable} ~ Compliance	Stage 2	-	23.08.16		
RA71	Debtors {Accounts Receivable} ~Reconciliations <b><u>Establishment</u></b> Establishment Reconciliation	Stage 3	-	21.10.16		
RA84	Establishment {Staff Record Forms}	Stage 3	03.08.16	-		
RA85	<b><u>National Non Domestic Rates</u></b> NNDR ~ Reconciliations ~ {To include Gross Debit 2016/17}	Stage 3	17.08.16	-		
	NNDR ~ Compliance	Stage 3	-	24.10.16		
	<b><u>Payroll (Including Mileage &amp; Subsistence Claims)</u></b> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) ^	Stage 3	-	04.11.16		
	^ <b><u>Field Work includes Local Government Pension Scheme &amp; Local Pay Award</u></b> Payroll ~ Reconciliations {WFDC Accountancy Team}	Stage 3	09.08.16	-		
		Stage 1	-	24.10.16		

**KEY**

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

**Performance Against Annual Plan For The Financial Year 2016/17**

**Quarter to 30<sup>th</sup> September 2016**

**Six Months to 30th September 2016**

	<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	63.75	72.25	88.24%		System and Probity	113.50	289	39.27%
ICT Audit (Governance, Advice & Assistance)	2.50	10.00	25.00%		ICT Audit (Governance, Advice & Assistance)	5.50	40	13.75%
Contract Audit/Procurement	9.00	6.25	144.00%		Contract Audit/Procurement	21.50	25	86.00%
Consultancy and Advice	8.50	7.50	113.33%		Consultancy and Advice	15.00	30	50.00%
Commissioned Projects	2.00	5.00	40.00%		Commissioned Projects	15.25	20	76.25%
Contingency for Investigations	5.75	5.00	115.00%		Contingency for Investigations	15.50	20	77.50%
Specific Service Duties	10.50	6.25	168.00%		Specific Service Duties	22.50	25	90.00%
<b>Sub Total</b>	102.00	112.25	90.87%		<b>Sub Total</b>	208.75	449	46.49%

**TARGET**

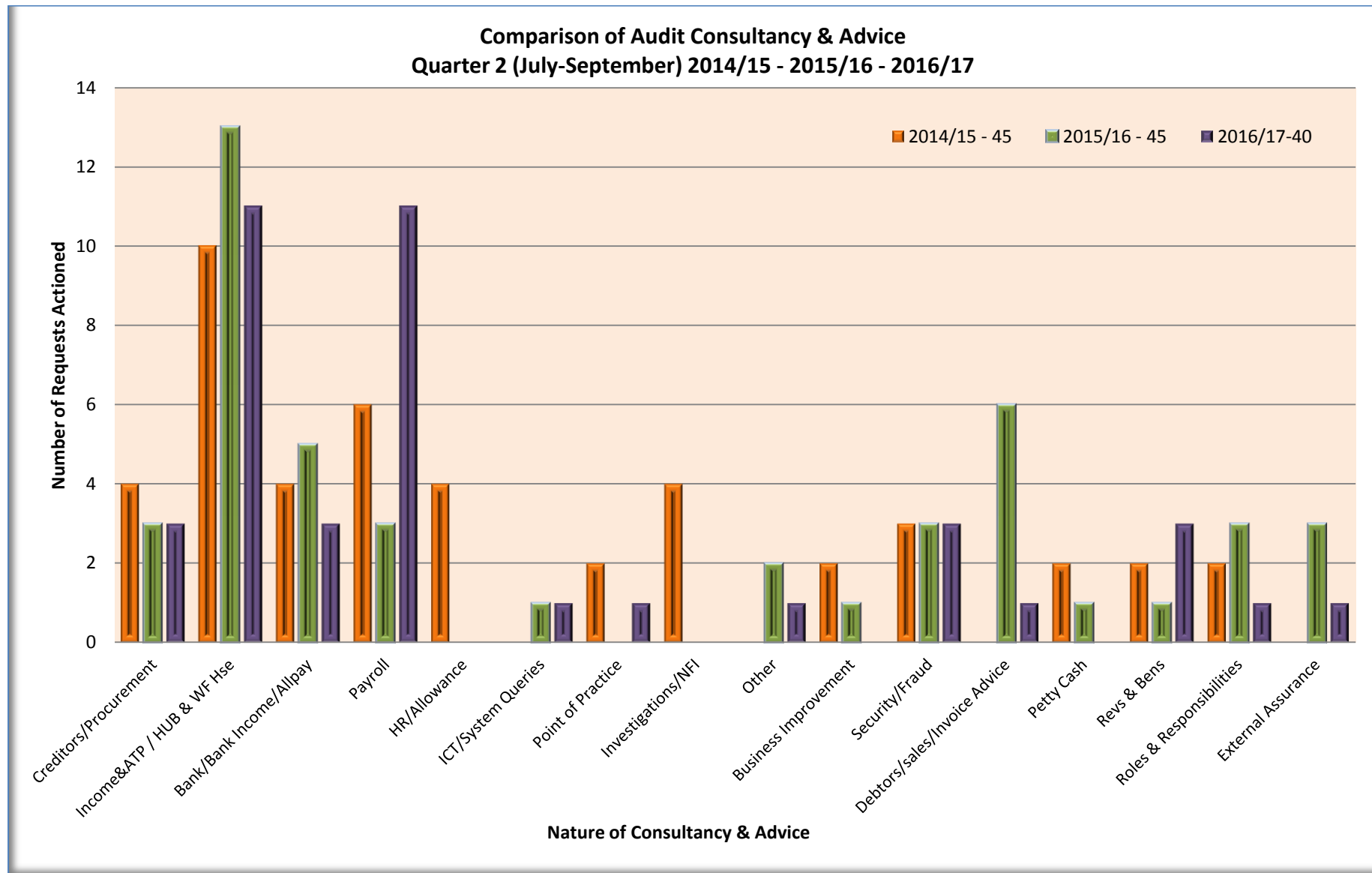
**95.00%**

**47.50%**

**Audit Resource Statistics**

➔ For the quarter to 30<sup>th</sup> September 2016 actual against plan is **90.87%** compared to a target of **95%** {**90.2%** against **95%** for quarter 30<sup>th</sup> September 2015}

➔ Within the time allocated in the above table, during this second quarter of 2016~17 the Internal Audit Team have responded to **40** requests for advice and consultancy as categorised in the graph overleaf, in comparison to the **45** requests received and actioned for the same period for 2015/16 and the **45** requests received and actioned for the same period in 2014/15.





### **Additional Assurance Work Undertaken by Internal Audit**

In addition to the planned work detailed above, the Internal Audit Team have also undertaken work in other areas for which a formal report is not issued, however time has been allocated within the Internal Audit Annual Plan approved by the Audit Committee in March 2016 as summarised below:-.

### **Information Communications Technology (ICT) Governance, Advice & Assistance**

- Attend the ICT Security Group; assist the Data Management and Transformation Officer in his role as Data Protection Officer for the Council.
- Attend the Information Governance Working Group

### **Contracts & Procurement**

- Continued monitoring of the spend against the Public Realm Scheme.{Capital Scheme}
- Review the Procurement Card expenditure following the cessation of petty cash from April 2016.
- Review of the Corporate Dress contractual arrangements across the various Council Services.

### **Wyre Forest Forward ~ Interventions**

As part of the Consultancy and Advisory role of Internal Audit and request for specific projects members of the Internal Audit Team continue to be involved in Wyre Forest Forward Systems Thinking reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised.

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 Audit Team is to ensure that risk is mitigated in the event of proposed changes to current systems and maintain good governance and financial systems resilience.

During this quarter the Senior Auditor and the Internal Audit Apprentice continues to attend and support the current Garage Intervention Group led by the Director for Community Well Being & Environment.

### **Corporate Issues**

During the quarter, Internal Audit have also undertaken work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office in preparation for the forthcoming 2016~17 programme of work.

Other corporate issues have also featured within the work of the audit team whereby specific projects have been commissioned requiring Internal Audit assistance in the review of protocol and procedures.

➔ Redditch Borough Council have funded additional assurance work in respect of Payroll to assist with a change in Payroll Manager and system upgrade.

### **Internal Audit Apprenticeship**

During this quarter, the Internal Audit Apprentice whilst not factored into the Internal Audit Plan as the post is being funded in accordance with the corporate apprenticeship programme, has continued to contribute to providing assurance on corporate governance within the Council. This has been achieved by undertaking enhanced testing of the audit areas identified within the approved plan, in particular with the review of Accounts Payable {Creditors}, Accounts Receivable {Debtors}, Payroll to include Members Allowances; Payments for Housing Benefit, and arrangements under the Council Tax Reduction

## **Agenda Item No. 8**

Scheme for claimants The Internal Audit Apprentice has also assisted the Senior Auditor as part of the current review of the Depot Services, in particular stocks and stores.

Reception cover has also been provided by the Internal Audit Apprentice on a short term basis to assist with the restructure process and enhance service knowledge.

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**28<sup>TH</sup> NOVEMBER 2016****Appointment of External Auditors**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>RESPONSIBLE OFFICER:</b>	Chief Financial Officer
<b>CONTACT OFFICER:</b>	Tracey Southall <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Letter of invitation and additional information from the PSAA

**1. PURPOSE OF REPORT**

- 1.1 Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise.

**2. RECOMMENDATIONS**

- 2.1 **The Audit Committee are asked to RECOMMEND** That Full Council agrees that Wyre Forest District Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors for 5 years commencing from 2018/19.

**3. BACKGROUND AND KEY ISSUES**

- 3.1 As part of closing the Audit Commission the Government novated external audit contracts to PSAA on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
- 3.2 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. Grant Thornton have now been confirmed as our External Auditors for 2017/18. This means that for the audit of the 2018/19 accounts it will be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.
- 3.3 There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association. The LGA has

## **Agenda Item No. 9**

previously received positive responses from over 270 relevant authorities and all the Worcestershire Councils intend to opt into this process.

- 3.4 The date by which authorities will need to opt in to the appointing person arrangements is 9<sup>th</sup> March. It is proposed that this issue is considered by Council at the December meeting.
- 3.5 The main advantages of using PSAA are set out in its prospectus (web link <http://www.psaa.co.uk/wp-content/uploads/2016/07/PSAA-prospectus-July-2016.pdf> ) and are copied below. These can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement.
- Assure timely auditor appointments
  - Manage independence of auditors
  - Secure highly competitive prices
  - Save on procurement costs
  - Save time and effort needed on auditor panels
  - Focus on audit quality
  - Operate on a not for profit basis and distribute any surplus funds to scheme members.
- 3.6 It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement we undertook by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement. The Appendix to this report contains the letter of invitation to opt into these arrangements, including additional information to assist with the decision making process.
- 3.7 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation the Audit Committee is asked to make the recommendation above to Council.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state what additional resource (if any) may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.
- 4.2 The current level of external audit fees for 2015/16 (planned, as the Housing Benefit element not yet finalised) is £55,726.

## **5. LEGAL AND POLICY IMPLICATIONS**

- 5.1 The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

**6. RISK MANAGEMENT**

- 6.1 As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

**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. CONCLUSION**

- 8.1 It is likely that a sector wide procurement conducted by PSSA will produce better outcomes for the Council than any procurement we undertook by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.

**9. CONSULTEES**

- 9.1 Corporate Leadership Team.  
9.2 Cabinet Member for Resources.

**10. BACKGROUND PAPERS**

- 10.1 PSAA Prospectus  
PSAA – Appointing Person – Frequently Asked Questions  
(Both available at [Appointment of External Auditors | CIPFA](#))

27 October 2016

Email: [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk)

Ian Miller  
Wyre Forest District Council  
Wyre Forest House  
Finepoint Way Kidderminster  
Worcestershire DY11 7WF

Copied to: Tracey Southall, Director of Finance, Wyre Forest District Council  
Caroline Newlands, Solicitor to the Council, Wyre Forest District Council

Dear Mr Miller

### Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

Yours sincerely



Jon Hayes, Chief Officer

## Appointing an external auditor

### Information on the national scheme

#### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

#### The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

#### What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

### **High quality audits**

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

### **Procurement strategy**

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.



## **Auditor appointments and independence**

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

## **Fee scales**

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

## Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

## Timetable

In summary, we expect the timetable for the new arrangements to be:

- |   |                         |
|---|-------------------------|
| • Invitation to opt in issued                   | 27 October 2016         |
| • Closing date for receipt of notices to opt in | 9 March 2017            |
| • Contract notice published                     | 20 February 2017        |
| • Award audit contracts                         | By end of June 2017     |
| • Consult on and make auditor appointments      | By end of December 2017 |
| • Consult on and publish scale fees             | By end of March 2018    |

## Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.