

Open

Audit Committee

Agenda

**Training commences at 5.30pm
Meeting commences at 6pm
Monday, 20th March 2017
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster**



Audit Committee

Members of Committee:

Chairman: Councillor A T Hingley
Vice-Chairman: Councillor T L Onslow

Councillor S J Chambers
Councillor C Rogers

Councillor S Miah
Councillor J A Shaw

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 Rhiannon Foxall, Business Improvement Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF.
Telephone: 01562 732786 or email rhiannon.foxall@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Monday, 20th March 2017

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 28 th November 2016.	5
5.	Audit Update To receive an audit update from Grant Thornton	8
6.	Certification Report To receive a report from Grant Thornton on the certification work for the year ended 31 March 2016	26
7.	Informing the Audit Risk Assessment To receive a report from Grant Thornton on Informing the Audit Risk Assessment	29
8.	Grant Thornton – the Audit Plan for Wyre Forest District Council To receive a report from Grant Thornton on the Audit Plan	52

9.	Internal Audit – Annual Plan 2017/18 To receive a report from the S151 Officer and the Audit Manager which informs Members of the Internal Audit – Annual Plan 2017/18	73
10.	Internal Audit Monitoring Report Quarter Ended 31 Dec 2016 To receive a report from the S151 Officer and the Audit Manager which informs Members of the Internal Audit Monitoring Report Quarter Ended 31 December 2016	91
11.	Annual Governance Statement To receive a report from the Chief Financial Officer which asks Committee to approve the progress against the Annual Governance Statement Action Plan 2015/16	105
12.	Risk Management To receive a report from the Chief Financial Officer which informs Members of the current Corporate Risk register and the Budget Risk Matrix	115
13.	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.	
14.	Exclusion of the Press and Public To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

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

AUDIT COMMITTEE

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER**

28TH NOVEMBER 2016 (6.00PM)

Present:

Councillors: A T Hingley (Chairman), S J Chambers, S Miah, T L Onslow, C Rogers and J A Shaw.

AUD.23 Apologies for Absence

There were no apologies for absence.

AUD.24 Appointment of Substitutes

Councillor N J Desmond attended as an observer.

AUD.25 Declarations of Interests by Members

No declarations of interest were made.

AUD.26 Minutes

Agreed: The minutes of the meeting held on 26th September 2016 be confirmed as a correct record of the meeting and signed by the Chairman.

The Chairman announced that she had recently attended a Grant Thornton Members' Governance Training session hosted by Redditch Borough Council, which she found very useful and informative. She suggested that it would be beneficial for the Committee Members if a training session could be incorporated into the work programme as it was important to ensure that Members were fully appraised on their governance role particularly as the Council was moving towards new ways of working.

AUD.27 Audit Update

The Committee received a report from Grant Thornton which provided an update on the progress in delivering their responsibilities as the Council's external auditors for the year ended 31st March 2017.

Zoe Thomas, Manager, Grant Thornton advised that work on the Final Accounts Audit was scheduled to be completed by the end of July 2017 as part of the transition to the earlier closedown and audit cycle from 2018. In relation to the Grant Claims Audit, there were no significant matters to report at the present time.

Agreed: The update be noted.

AUD.28 Annual Audit Letter and Audit Opinion

The Committee received the Annual Audit Letter from Grant Thornton for the year ended 31st March 2016.

Richard Percival, Engagement Lead, Grant Thornton, advised that the authority had produced a good set of accounts which reflected the acknowledgement of the scale of the financial challenge in future years and plans were being put in place to respond effectively.

Agreed: The report be noted.

AUD.29 Audit Charter Update

The Committee received a report from the Chief Financial Officer and the Audit Manager which informed Members of the updates to the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards {UKPSIAS} as revised from April 2016.

The Audit Manager led Members through the report and outlined the proposed revisions. Members were advised that compliance with the UK Public Sector Internal Audit Standards were a requirement of the Accounts and Audit Regulations 2015.

The Chairman complimented Officers on the revised document which was appropriate for the changing times the authority was moving into and asked the Committee to support the recommendation.

Agreed: The updated Internal Audit Charter as attached at Appendix 1 of the report be approved.

AUD.30 Internal Audit Monitoring Report Quarter Ended 30th September 2016

The Committee received a report from the Audit Manager which informed Members of the Internal Audit Monitoring Report for the quarter ended 30th September 2016.

The Audit Manager led Members through the report and a discussion ensued. Members welcomed the consultancy work undertaken by the team, in particular the involvement in the Council's Wyre Forest Forward Systems Thinking reviews, as it was important that key controls were not compromised as part of any proposed system changes.

Agreed: The Internal Audit Monitoring Report for Quarter ended 30th September 2016 as detailed in the appendix of the report be noted.

The Solicitor to the Committee, Richard Percival and Zoe Thomas from Grant Thornton, left the meeting at this point, (6.29pm).

AUD.31 Appointment of External Auditors

The Committee considered a report from the Chief Financial Officer which set out the new arrangements for the appointment of external auditors, following the demise of the Audit Commission.

The Chief Financial Officer led Members through the report and advised that the Local Audit and Accountability Act 2014 required authorities to either opt into the appointing person regime or to establish an auditor panel.

A discussion ensued and a Member stated that being part of a national scheme would maintain the Council's high integrity in this area and asked that the recommendation be supported. Members agreed that it would be more cost effective and produce better outcomes for the Council to opt into the appointing arrangements than undertaking its own procurement.

Agreed: Recommend to Council:

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.

There being no further business, the meeting ended at 6.50pm.

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

March 2017

Richard Percival

Engagement Lead

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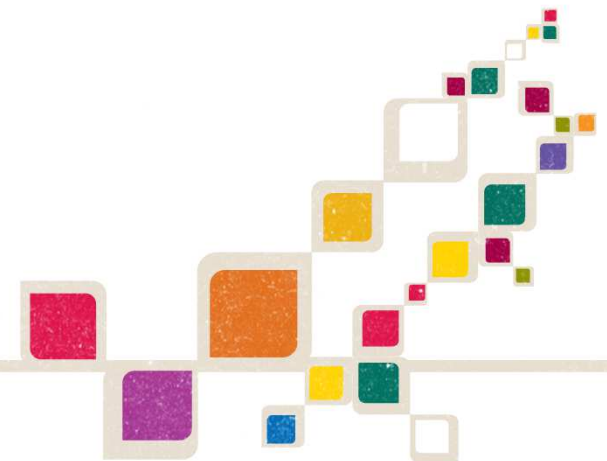
Zoe Thomas

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

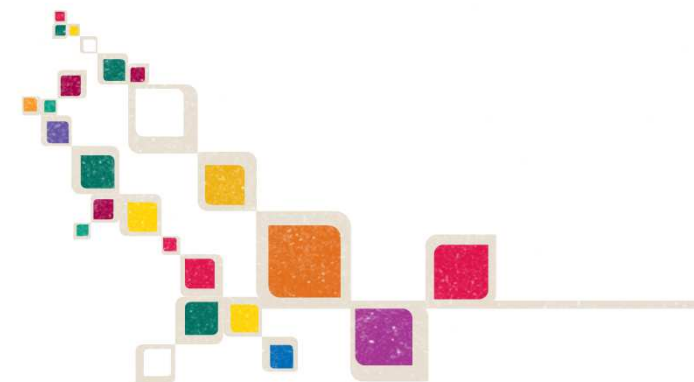
This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

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

- CFO Insights – reviewing council's 2015/16 spend (December 2016); <http://www.grantthornton.co.uk/en/insights/cfo-insights-reviewing-councils-201516-spend/>
- Fraud risk, 'adequate procedures', and local authorities (December 2016); <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- New laws to prevent fraud may affect the public sector (November 2016); <http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/>
- Brexit: local government – transitioning successfully (December 2016) <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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.

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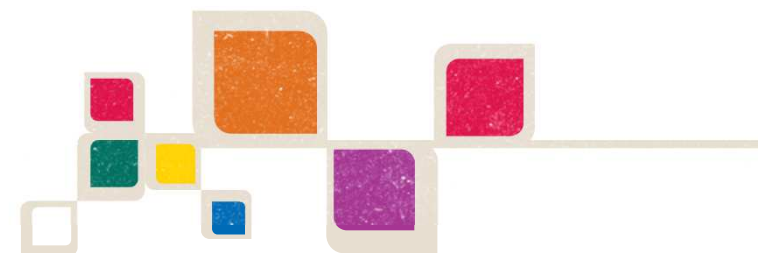


Progress at March 2017



2016/17 work	Planned Date	Complete?	Comments
Fee Letter We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016	April 2016	yes	
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.	March 2017	yes	To be presented to the March Audit Committee
Interim accounts audit Our interim fieldwork visit plan included: <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	February 2017	yes	Most of the work has been completed as planned. Early substantive testing is intended to reduce the amount of work we are required to complete in our final visit, helping us to complete the audit by 31 July 2017.

Progress at March 2017



2016/17 work	Planned Date	Complete?	Comments
Final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. 			
	June 2017	no	
Value for Money (VfM) conclusion The scope of our work is unchanged in 2016/17 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"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 			
	July 2017	no	The initial risk assessment has been completed and is referred to in the audit plan.
Other areas of work Meetings with Members, Officers and others			

Technical Matters



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

CIPFA/LASAAC has issued an update to the Local Authority Accounting Code for 2016/17. The main changes include:

- Confirmation of the postponement of the measurement requirements for the Highways Network Asset and that all references to this in the 2016/17 Code shall not apply.
- Updates regarding the disclosure requirements for notes to the Housing Revenue Account Statements. There are a number of changes to the disclosure requirements as a result of the issue of the Housing Revenue Account (Accounting Practices) Directions 2016.

Delivering Good Governance

In April, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year. The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Local authorities should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures

Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.

Sector issues and developments



Local Government Finance Settlement

The final local government settlement for 2017/18 was published on 20 February. The settlement reflects the Government's aim that all councils will become self funding, with central government grants being phased out. This is year two of the four year offer, which has been accepted by 97% of councils.

There is an expectation that councils will continue to improve efficiencies with measures including further developments in digital technology, new delivery models and innovative partnership arrangements.

100% business rates retention

The announcement has an increased focus on business rates, with the expectation that by the end of the current Parliament, local government will keep 100% of the income raised through business rates. The exact details of the reforms are yet to be determined. This includes confirming which additional responsibilities will be devolved to local government and funded through these retained rates. Pilots of the reforms are taking place across the country from April 2017.

The results of a recent Municipal Journal survey *2017 State of Local Government Finance* have recently been published.

http://downloads2.dodsmonitoring.com/downloads/Misc_Files/LocalGovFinance.pdf

Respondents expressed concern about the lack of detail in the proposals, uncertainty around equalisation measures and the scale of appeals.

Nearly 50% of Councils responding believe they will lose from the transition to 100% retention of business rates. Views were evenly split as to whether the proposals would incentivise local economic growth.

Social Care Funding

Funding allocations reflect increased funding of social care with a stated £3.5 billion of funding for social care by 2019/2020.

In this year's settlement £240 million of new homes bonus has been redirected into the adult social care grant. In addition councils are once again be able to raise the precept by up to 3% for funding of social care.

Recognising that funding is not the only answer, further reforms are to be brought forward to support the provision of a sustainable market for social care. There is an expectation that all areas of the country move towards the integration of health and social care services by 2020.

Paul Dossett Head of Local Government in Grant Thornton LLP has commented on the Government proposals for social care funding (see link for full article).

"The government's changes to council tax and the social care precept, announced by the Secretary of State for DCLG as part of the latest local government finance settlement, will seem to many as nothing more than a temporary fix. There is real concern about the postcode lottery nature of these tax-raising powers that are intended to fund our ailing social care system."

"Our analysis on social care shows that the most deprived areas in the UK derive the lowest proportion of their income from council tax."

"Conversely, more affluent areas collecting more council tax will potentially receive a bigger financial benefit from these measures."

"Our analysis shows that the impact and effectiveness of the existing social care precept is not equal across authorities. So any further changes to tax raising powers for local government will

National developments

"Social care precept changes will not help those living in more deprived areas"

"The UK has a long tradition of providing care to those who need it most. If that is to continue, the government must invest in a robust social care system that can cater for all based on needs and not on geography. From a taxpayer's perspective this is a zero sum game. For every £1 not invested in social care, the cost to the NHS is considerably more"

not tackle the crisis of social care in our most disadvantaged communities and arguably make only make a small dent in the cost demands in our more affluent communities."

Links:

<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2017-to-2018>

<http://www.grantthornton.co.uk/en/news-centre/local-government-financial-settlement-comment-social-care-precept-changes-will-not-help-those-living-in-more-deprived-areas/>

<http://www.grantthornton.co.uk/en/insights/council-tax-alone-wont-solve-the-social-care-crisis/>

Pooling of LGPS

From 1 April 2018 £200bn of assets from 90 LGPS funds across England and Wales will be merged into six 'British Wealth Funds'. By pooling investment, costs can be reduced through economies of scale and through sharing of expertise, while the schemes can maintain overall investment performance. Pension funds will continue to be managed and maintained by the separate administering authorities. The selection of fund managers will be made by the investment pool operator on behalf of a pool of co-operating administrative authorities, while individual investment strategies, including asset allocation, will remain the responsibility of the individual administrative authority.

Potentially eight pools are to be established across the country with total assets ranging from £13bn in both the LPP and Wales pool, to £36bn in the Border to Coast pool. It is expected that assets will be transferred to the pools as soon as practicable after 1 April 2018.

Tasks to be completed by April 2018 include:

- creating legal structures for pools
- transferring staff
- creating supervisory boards/ committees
- obtaining FCA authorisations
- appointing providers
- assessing MiFID II implications
- determining pool structures for each asset type

The funds themselves will retain responsibility for:

- investment strategy
- asset allocation

- having a responsible investment strategy
- reporting to employers and members

Governance arrangements

There is no mandatory membership of oversight structures. It is for each pool to develop the proposals they consider appropriate. The majority of decision making remains at the local level and therefore the involvement of local pension boards in those areas would not change. Scheme managers should consider how best to involve their pension boards in ensuring the effective implementation of investment and responsible investment strategies by pools, which could include representation on oversight structures.

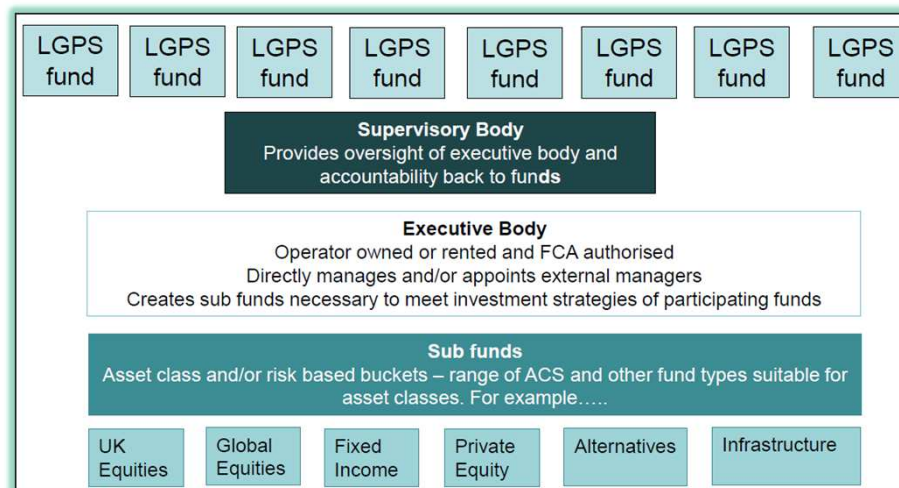
CIPFA in the recent article [Clear pools: the future of the LGPS](http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps) highlights the need for good governance particularly in view of the complex web of stakeholders involved in investment pooling. Robust governance will be vital to ensuring a smooth transition and continuing operation of the funds

National developments

Challenge question:

- Is your CFO keeping up to date on developing arrangements in your area and the impact on the Council's finances.

Link:
[http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps?](http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps)



typical structure of LGPS Pool

Fixing our broken housing market

DCLG published its housing White Paper on 7 February 2017. It opens with the statement:

“The housing market in this country is broken, and the cause is very simple: for too long, we haven’t built enough homes.”

It goes on to summarise three key challenges in the housing market.

1. Over 40 per cent of local planning authorities do not have a plan that meets the projected growth in households in their area.
2. The pace of development is too slow. There is a large gap between permissions granted and new homes built. More than a third of new homes that were granted planning permission between 2010/11 and 2015/16 have yet to be built.
3. The structure of the housing market makes it harder to increase supply. Housing associations have been doing well – they’re behind around a third of all new housing completed over the past five years – but the commercial developers still dominate the market.

The proposals in the White Paper set out how the Government intends to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity.

It states that the challenge of increasing housing supply cannot be met by the government acting alone and summarises how the government will work with local authorities, private developers, local communities, housing associations and not for profit developers, lenders, and utility companies and infrastructure providers.

For local authorities, the government is:

- offering higher fees and new capacity funding to develop planning departments, simplified plan-making, and more funding for infrastructure;
- will make it easier for local authorities to take action against those who do not build out once permissions have been granted; and
- is interested in the scope for bespoke housing deals to make the most of local innovation.

The government is looking to local authorities to be as ambitious and innovative as possible to get homes built in their area. It is asking all local authorities to:

- develop an up-to-date plan with their communities that meets their housing requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met);
- decide applications for development promptly; and
- ensure the homes they have planned for are built out on time.

The White Paper states that it is crucial that local authorities hold up their end of the bargain. It goes on to say that where local authorities are not making sufficient progress on producing or reviewing their plans, the Government will intervene. It also notes that where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken.

The White Paper goes on to consider in more detail:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market
- Helping people now

National developments

Challenge questions:

- Have you been briefed on the White Paper and the implications for your statutory housing function?
- Is the Council planning to respond to the consultation?

Consultation on the White Paper will begin on 7 February 2017. The consultation will run for 12 weeks and will close on 2 May 2017.

The White Paper is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

Integrated Thinking and Reporting

Focusing on value creation in the public sector

Grant Thornton has seconded staff to the International Integrated Reporting Council on a pro bono basis for a number of years.

They have been working on making the principles of Integrated Reporting <IR> relevant to the public sector and co-authored a recent report by CIPFA and the World Bank: *Integrated thinking and reporting: focusing on value creation in the public sector - an introduction for leaders*.

Around one third of global gross domestic product (GDP) is made up by the public sector and this is being invested in ensuring there is effective infrastructure, good educational opportunities and reliable health care. In many ways, it is this investment by the public sector that is helping to create the conditions for wealth creation and preparing the way for the success of this and future generations.

Traditional reporting frameworks, focussed only on historic financial information, are not fit-for-purpose for modern, multi-dimensional public sector organisations.

Integrated Reporting supports sustainable development and financial stability and enables public sector organisations to broaden the conversation about the services they provide and the value they create.

The public sector faces multiple challenges, including:

- Serving and being accountable to a wide stakeholder base;
- Providing integrated services with sustainable outcomes;
- Maintaining a longer-term perspective, whilst delivering in the short term; and
- Demonstrating the sustainable value of services provided beyond the financial.

The <IR> Framework is principle based and enables organisations to tailor their reporting to reflect their own thinking and strategies and to demonstrate they are delivering the outcomes they were aiming for.

Integrated Reporting can help public sector organisations deal with the above challenges by:

- Addressing diverse and often conflicting public accountability requirements;
- Focussing on the internal and external consequences of an organisation's activities;
- Looking beyond the 'now' to the 'near' and then the 'far';
- Considering the resources used other than just the financial.

The report includes examples of how organisations have benefitted from Integrated Reporting.

CIPFA Publications

Challenge question:

- Has your CFO and Corporate Leadership team reviewed the CIPFA guide to Integrated Reporting in the public sector?



Grant Thornton



Apprentice Levy-Are you prepared?

Grant Thornton update

What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors. Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill: $250 \times £20,000 = £5,000,000$

Levy sum: $0.5\% \times = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$ annual levy

How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

What do I need to start thinking about now?

- How much is the levy going to cost and have we budgeted for it?
- How do we ensure compliance with the new system?
- Which parts of my current spend on training are applicable to apprenticeships?
- Are there opportunities to mitigate additional cost presented by the levy?
- How is training in my organisation structured?
- How do we develop and align to our workforce development strategy

Off-payroll working and salary sacrifice in the public sector

Off-payroll working

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the Chancellor announced that the measures that were proposed in Budget 2016 that could affect services supplied through personal service companies (PSCs) to the public sector will be implemented.

At present, the so-called IR35 rules require the worker to decide whether PAYE and NIC are due on the payments made by a PSC following an engagement with a public sector body. The onus will be moved to the payer from April 2017. This might be the public sector body itself, but is more likely to be an intermediary, or, if there is a supply chain, to the party closest to the PSC.

The public sector body (or the party closest to the PSC) will need to account for the tax and NIC and include details in their RTI submission.

The existing IR35 rules will continue outside of public sector engagements.

HMRC Digital Tool – will aid with determining whether or not the intermediary rules apply to ensure of “consistency, certainty and simplicity”.

When the proposals were originally made, the public sector was defined as “those bodies that are subject to the Freedom of Information rules”. It is not known at present whether this will be the final definition. Establishing what bodies are caught is likely to be difficult however the public sector is defined.

A further change will be that the 5% tax free allowance that is given to PSCs will be removed for those providing services to the public sector.

This will increase costs, move responsibility to the engager and increase risks for the engager

Salary sacrifice

The Chancellor's Autumn Statement 2016 speech also introduced changes to salary sacrifice arrangements. In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them.

Grant Thornton update

Issues to consider

- Interim and temporary staff engaged through an intermediary or PSC
- Where using agencies ensure they're UK based and operating PAYE
- Update on-boarding / procurement systems, processes and controls
- Additional take on checks and staff training / communications
- Review of existing PSC contractor population before April 2017
- Consider moving long term engagements onto payroll
- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications

Brexit

Planning can help organisations reduce the impact of Brexit

The High Court ruling that Parliament should have a say before the UK invokes Article 50 of the Lisbon Treaty – which triggers up to two years of formal EU withdrawal talks – will not, in our view, impact on the final outcome. There appears to be a general political consensus that Brexit does mean Brexit, but we feel there could be slippage beyond the original timetable which expected to see the UK leave the EU by March 2019.

2017 elections in The Netherlands (March), France (April/May), and Germany (October/November) will complicate the Brexit negotiation process and timeline at a time when Brexit is more important for the UK than it is for the remaining 27 Member States.

The question still remains, what does Brexit look like?

While there may be acceptance among politicians that the UK is leaving the EU, there is far from any agreement on what our future relationship with the continent should be.

So, what do we expect based on what has happened so far?

Existing EU legislation will remain in force

We expect that the Government will introduce a “Repeal Act” (repealing the European Communities Act of 1972 that brought us into the EU) in early 2017.

As well as undoing our EU membership, this will transpose existing EU regulations and legislation into UK law. We welcome this recognition of the fact that so much of UK law is based on EU rules and that trying to unpick these would not only take many years but also create additional uncertainty.

Taking back control is a priority

It appears that the top priority for government is 'taking back control', specifically of the UK's borders. Ministers have set out proposals ranging from reducing our dependence on foreign doctors or cutting overseas student numbers. The theme is clear: net migration must fall.

Leaving the Single Market appears likely

The tone and substance of Government speeches on Brexit, coupled with the wish for tighter controls on immigration and regulation, suggest a future where the UK enjoys a much more detached relationship with the EU.

The UK wants a 'bespoke deal'. Given the rhetoric coming from Europe, our view is that this would signal an end to the UK's membership of the Single Market. With seemingly no appetite to amend the four key freedoms required for membership, the UK appears headed for a so-called 'Hard Brexit'. It is possible that the UK will seek a transitional arrangement, to give time to negotiate the details of our future trading relationship.

This is of course, all subject to change, and, politics, especially at the moment, moves quickly.

Where does this leave the public sector?

The Chancellor has acknowledged the effect this may have on investment and signalled his intention to support the economy, delaying plans to get the public finances into surplus by 2019/20.

We expect that there will be some additional government investment in 2017, with housing and infrastructure being the most likely candidates.

Clarity is a long way off. However, public sector organisations should be planning now for making a success of a hard Brexit, with a focus on:

Grant Thornton update

For regular updates on Brexit, please see our website:

<http://www.grantthornton.co.uk/insights/brexit-planning-the-future-shaping-the-debate>

Staffing – organisations should begin preparing for possible restrictions on their ability to recruit migrant workers and also recognise that the UK may be a less attractive place for them to live and work. Non-UK employees might benefit from a degree of reassurance as our expectation is that those already here will be allowed to stay. Employees on short term or rolling contracts might find it more difficult to stay over time.

Financial viability – public sector bodies should plan how they will overcome any potential shortfalls in funding (e.g. grants, research funding or reduced student numbers).

Market volatility – for example pension fund and charitable funds investments and future treasury management considerations.

International collaboration – perhaps a joint venture or PPP scheme with an overseas organisation or linked research projects.

Income generation

Local government is under immense financial pressure to do more with less. The 2015/16 spending review is forecast to result in a £13 billion funding hole by 2020 that requires. With further funding deficits still looming, income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency of service delivery. This report shares the insights into how and why local authorities are reviewing and developing their approach to income generation.

Our new research on income generation which includes our CFO Insights too suggests that:

- ❖ councils are increasingly using income generation to diversify their funding base, and are commercialising in a variety of ways. This ranges from fees and charges (household garden waste, car parking, private use of public spaces), asset management (utilities, personnel, advertising, wifi concession license) and company spin-offs (housing, energy, local challenger banks), through to treasury investments (real estate development, solar farms, equity investment).
- ❖ the ideal scenario to commercialise is investing to earn with a financial and social return. Councils are now striving to generate income in way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment.

- ❖ stronger commercialisation offers real potential for councils to meet revenue and strategic challenges for 2020 onwards. Whilst there are examples of good practice and innovation, this opportunity is not being fully exploited across the sector due to an absence of a holistic and integrated approach to corporate strategy development (a common vision for success, understanding current performance, selecting appropriate new opportunities, the capacity and culture to deliver change).

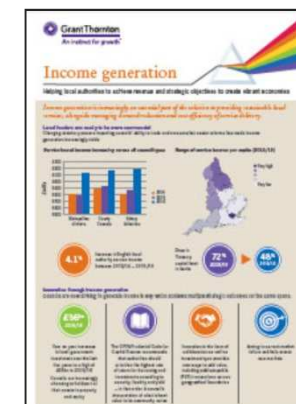
Our report helps local authorities maximise their ability to generate income by providing:

- Case study examples
- Local authority spend analysis
- Examples of innovative financial mechanism
- Critical success factors to consider

Grant Thornton publications

Challenge question:

- Have you read our income generation report?
- Is your council actively exploring options to generate income?



Our Income generation report was published on 2 March 2017

<http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>



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2 March 2017

Dear Tracey

Certification work for Wyre Forest District Council for year ended 31 March 2016

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

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015

We have certified the Housing Benefit subsidy claim for the financial year 2015/16 relating to expenditure of £33.3million. Further details of the claims certified are set out in Appendix A.

There were no significant matters arising from our certification work. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £6,790. The variation of £4,110 from the indicative fee is due to the volume of Housing Benefit testing we were required to complete for the 2015/2016 claim compared to the 2013/2104 Housing Benefit certification audit. This fee variation is subject to ratification by Public Sector Audit Appointments Ltd. This is set out in more detail in Appendix B.

Yours sincerely

Richard Percival

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£33.3m	No	N/A	Yes	<p>We identified a small number of errors in the benefits claim. As a result we issued a qualification letter. The errors were minor and consisted of:</p> <ol style="list-style-type: none"> 1. An error in the calculation of earned income in 6 cases. 2. An error in the calculation of statutory sick pay or 2 cases. 3. An error on manual adjustments in an overpayment cell 4. An error on one modified scheme claim.

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2014/15 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£9,053	£12,220	£6,790	£10,900	£4,110	The 2015/2016 indicative fee for Housing Benefits is based on the 2013/2014 fee. Due to the extra work completed than in 2013/2014 a fee variation has been applied.
Total	£9,053	£12,220	£6,790	£10,900	£4,110	



Informing the audit risk assessment for Wyre Forest District Council

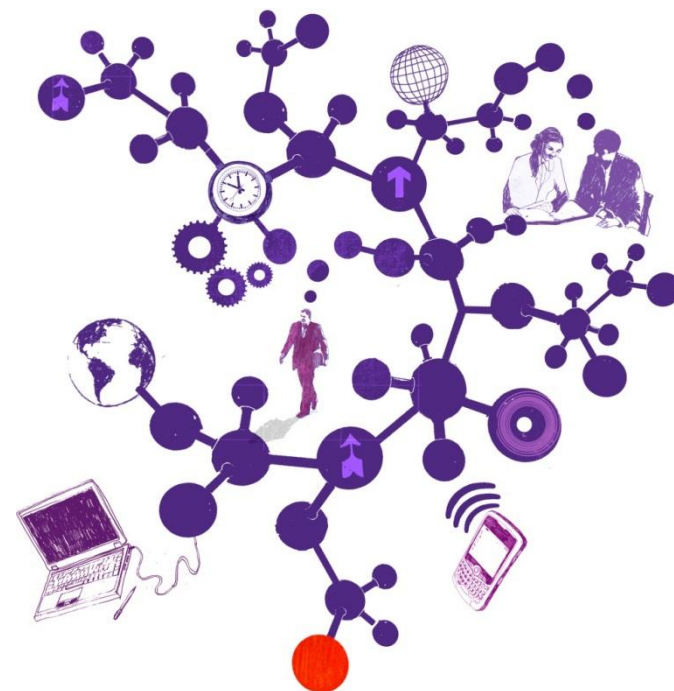
Year ended - 31 March 2017

March 2017

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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.

Contents

Section	Page
Purpose	4
Fraud	5
Fraud Risk Assessment	6 - 8
Laws and Regulations	9
Impact of Laws and Regulations	10
Going Concern	11
Going Concern Considerations	12 - 13
Related Parties	14
Related Parties Considerations	15
Accounting Estimates	16
Appendix A Accounting Estimates	17 - 22

Purpose

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

Background

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

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

Communication

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

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

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

Fraud

Issue

Matters in relation to fraud

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

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

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

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

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

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

Fraud risk assessment

Question	Management response
<p>1. What is officers' assessment of the risk of material misstatement in the financial statements due to fraud? Is this consistent with the feedback from your risk management processes?</p>	<p>Although there is an on-going risk of fraud being committed against the Authority arrangements are in place to both prevent and detect fraud. These include work carried out by Internal Audit on overall fraud risk areas, on Council Tax and Housing Benefit fraud. The risk of material misstatement of the accounts due to undetected fraud is low. The part-time post of fraud officer within the Internal Audit team is working successfully providing additional resource to mitigate risk of fraud.</p>
<p>2. Are you aware of any instances of fraud, either within the Council as a whole or within specific departments since 1 April 2016?</p>	<p>There are no material instances of fraud that have been identified during the year. There are some areas that are inherently at risk from fraud such as:</p> <ul style="list-style-type: none"> ■ Council Tax ■ Benefit fraud ■ Single person discount <p>Following the transfer of the responsibility for Housing Benefit Fraud together with dedicated benefits investigation team to the DWP, Wyre Forest has invested in new resource to work on fraud/compliance in respect of local taxes/Council Tax Reduction Scheme within the Revenues and Benefits section.</p>
<p>3. Do you suspect fraud may be occurring, either within the Council or within specific departments? Have you identified any specific fraud risks? Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>Evidence published by the National Fraud Authority amongst others, suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring in the Authority. The Internal Audit plan incorporates consideration of potential fraud. In addition to this management is expected to identify and record fraud risks where necessary on the corporate risk register. We do not consider that any material fraud is occurring. CLT have recently considered the Home Office report exploring the threat of Serious and Organised Crime. This report identifies procurement as an area of risk and sets out how joined up working with police partners could help to mitigate risk. Whilst CLT have no immediate concerns about issues raised it agreed a schedule of actions to raise awareness and mitigate risk moves forward including that the Fraud Officer post will be the nominated Single Point of Contact for liaison with police partners.</p>

Fraud risk assessment (continued)

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

Fraud risk assessment (continued)

Question	
<p>7. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>2015/16 financial statement disclosure of related party transactions did not identify potential fraud risk. Members and officers are required to make full disclosure of any relationships that impact on their roles. Members are required to declare any relevant interests at Council and Committee meetings.</p>
<p>8. What arrangements are in place to report fraud issues to Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>Internal Audit provide the Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken. These are considered and debated at the committee where the external auditors also attend and may be asked to comment. Training covers this key area and the S151 and the Audit Manager provide reports on compliance with auditing standards and internal controls. Risk is high on the Audit Committee agenda and the committee are briefed on key risks such as fraud prevention and detection in relation to the audit plan. Separate reports would be made on any specific cases of fraud with specific briefings to the Chairman and/or Vice-Chairman as appropriate. A report on a Review of Counter Fraud Arrangement for 2015-16 was taken to the June 2016 Audit Committee and an Update on Progress of Implementation of Counter Fraud Arrangements for 2016-17 was considered at the September 2016 meeting.</p>
<p>9. Are you aware of any whistleblowing reports under the Bribery Act since 1 April 2016? If so how does the Ethics and Standards Committee respond to these?</p>	<p>No whistle blowing reports under the Bribery Act since 1 April 2016</p>

Laws and regulations

Issue

Matters in relation to laws and regulations

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

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

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

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

Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>The Monitoring Officer is responsible for ensuring the Council is compliant with laws and regulations. The Constitution notes that these responsibilities cover:</p> <ul style="list-style-type: none"> ▪ complying with the law of the land (including any relevant Codes of Conduct); ▪ complying with any General Guidance issued, from time to time, by the Monitoring Officer; ▪ making lawful and proportionate decisions; and ▪ generally, not taking action that would bring the Council, their offices or professions into disrepute. This officer has access to all Council committee reports. Monitoring officer raises awareness on legal requirements at meeting where needed. In addition in terms of any specific legal issues the monitoring officer would get involved at an early stage. Further information on how the Monitoring Officer carries out these responsibilities are detailed in the Constitution.
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	The S151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements. The Monitoring Officer (or representative) attends Audit Committee meetings and advises members on any areas of concern.
3. Have there been any instances of noncompliance with law and regulation since 1 April 2016 with an on-going impact on the 2016/17 financial statements?	None
4. Is there any actual or potential litigation or claims that would affect the financial statements?	Potential for claim against the construction contractors of Wyre Forest House still exists.
5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	The Council for all litigation or claims takes external advice from Counsel on the strength of the Council's claim
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	<p>Employee Payment Survey (EPS) returns not submitted electronically by Redditch and Bromsgrove (RBC) – September, October, November and December 2016 – HMRC contacted WFDC by telephone and RBC requested to submit as per the SLA for the Shared Service.</p> <p>HMRC visit in 2016 regarding Elections submission for 2013-14 – information had been submitted, however due to this being pre Real Time Information, HMRC were still reviewing our submission (and still are) – the confusion is on their part.</p>

Going Concern

Issue

Matters in relation to going concern

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

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

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

Going concern considerations

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

Going concern considerations (continued)

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

Related Parties

Issue

Matters in relation to Related Parties

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

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

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

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

Related Parties considerations

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

Accounting estimates

Issue

Matters in relation to accounting estimates

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

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

- the estimate is reasonable; and
 - estimates have been calculated consistently with other accounting estimates within the financial statements.
- We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

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

Appendix A Accounting Estimates

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

Appendix A Accounting Estimates (Continued)

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

Appendix A Accounting Estimates (Continued)

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

Appendix A Accounting Estimates (Continued)

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

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Estimation of appeals in relation to Business Rates	The S151 officers of the Worcestershire Business Rates Pool agree a methodology using but not solely relying on data from Analyse Local.	The Principal Revenues Officer extracts the appeals database from the VOA. Appeals provision is calculated, in liaison with the Principal Accountant. Comparisons are then made with the estimated provision as calculated by Analyse Local. Calculations and methodology are subject to Pool Member review.	No, calculations are carried out by Council Officers (Analyse Local calculations are only used for comparative purposes & Pool Member discussions)	Subject to regular Pool Member reviews.	No

Appendix A Accounting Estimates (Continued)

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



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The Audit Plan for Wyre Forest District Council

Year ended 31 March 2017

March 2017

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20 March 2017

Dear Members of the Audit Committee

Audit Plan for Wyre Forest District Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Wyre Forest District Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

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 planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Richard Percival

Engagement Lead

Chartered Accountants

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Contents

Section

Understanding your business and key developments

Materiality

Significant risks identified

Other risks identified

Value for Money

Other audit responsibilities

Results of interim audit work

The audit cycle

Audit fees

Independence and non-audit services

Communication of audit matters with those charged with governance

Understanding your business and key developments

Key Challenges and Developments

Medium Term Financial Plan

The Council's financial forecast shows that doing nothing will result in a recurring deficit each year beyond 2016/17. Good progress is being made with the 'Wyre Forest Forward' programme and the Council is looking to make further savings across services. By 2019/20 the Council has a target of delivering almost £1m efficiency savings.

There is an increasing emphasis on growing income, driven by the continuing reduction in central government funding. The Council is naturally focussing on growing business rates and council tax but also other areas, including letting out its property assets. Housing development and economic regeneration are key priority areas to both meet the council strategic ambitions and as drivers of increasing revenue.

The forecast capital programme increases sharply in 2017/18 from around £7m to £42m reflecting the £25m capital portfolio fund and £10m loans to third parties, to be funded from prudential borrowing. A challenge for the Council will be putting in place a framework that is sufficiently flexible to respond to opportunities in the market and local needs whilst being underpinned by sound governance arrangements.

Working with partners

The Council is seeking new ways of working to support the delivery of its corporate objectives. This includes focussing on both challenging existing arrangements and seeking new ways of working with partners, including through shared services with other local councils. Opportunities around establishing more formal partnership arrangements with private sector partners, including setting up a limited company structure, are options actively being considered.

Wyre forest is not a constituent member of the West Midlands combined authority and the devolved Worcestershire plan was not agreed. The Council currently sits in two LEPs and has developed numerous relationships with public sector partners and businesses. Managing effective relationships with many partners and seeking the right opportunities is a continuing challenge for the council.

Autumn Statement

The Chancellor detailed plans in the Autumn Statement to increase funding for Housing and Infrastructure, and further extend devolved powers to Local Authorities. The reduction in new homes bonus income (to be redirected into social care) and the move towards 100% retention of business rates are recognised as on-going risks to the Council.

Working with the health sector

Wider transfers of responsibility for public health to local government, and more specifically Better Care Fund (BCF) plans and the associated pooled budgets have been operational since 2015. Wyre Forest District Council has responsibility for disabled facilities grants and is working with the County Council in delivering the BCF objectives locally.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year. We are aiming to complete the final accounts audit by the end of July this year. This will require both us and your finance team to challenge how we work.

Other local accounting considerations

The 2016/17 accounts will reflect new valuations for several of key assets, including current and former leisure centres. Business rates appeals provisions will again be a key area of judgement in the accounts.

Our response

- We aim to complete all our substantive audit work of your financial statements by 21 July 2017
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £947,000 (being 1.8% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £47,000.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£20,000
Related Parties Disclosure	Due to public interest in these disclosures. Individual miss-statements will also be evaluated with reference to how material the transactions are to the other party.	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at Wyre Forest District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Wyre Forest District Council, mean that all forms of fraud are seen as unacceptable Therefore do not consider this to be a significant risk for Wyre Forest District Council.
Management over-ride of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	Work completed to date: <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process Further work planned: <ul style="list-style-type: none"> • Further review of accounting estimates, judgments and decisions made by management • Testing of unusual journal entries back to supporting documentation • Review of unusual significant transactions

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

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks. (ISA 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
Changes to the presentation of local authority financial statements	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • We will document and evaluate the process for the recording of the required financial reporting changes to the 2016/17 financial statements. • We will review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. • We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). • We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. • We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. • We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. • We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

Significant risks identified (continued)

Significant risk	Description	Audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.	Work planned: <ul style="list-style-type: none"> We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.
Valuation of Wyre Forest Leisure centre and The Glades leisure centre site	The Council opened Wyre Forest Leisure Centre in July 2016, in the prior year the leisure centre was classed as an asset under construction. The Glades Leisure centre is currently being demolished and the Stourport Leisure Centre site has been sold.	Work planned: <ul style="list-style-type: none"> Review of management's processes and assumptions for the calculation of the estimate. Review of the competence, expertise and objectivity of any management experts used. Review of the instructions issued to valuation experts and the scope of their work Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have updated our understanding and discussed the cycle with relevant personnel from the finance team. We have conducted a walkthrough of the key controls for this system. <p>Further work planned:</p> <ul style="list-style-type: none"> We will search for unrecorded liabilities by reviewing payments after the year end. We will review the Council's accruals process and test accordingly (including goods receipted).
Employee remuneration	Employee remuneration accruals are understated	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have updated our understanding and discussed the cycle with relevant personnel from the payroll and finance team. We have conducted a walkthrough of the key controls for this system. We have completed the trend analysis for 9 months of the year and also tested 9 months of amounts paid to individuals. <p>Further work planned:</p> <ul style="list-style-type: none"> We will review the reconciliation of the payroll system to the general ledger, including proof in total of the monthly payroll to the general ledger. We will complete the trend analysis of the monthly payroll data for the remaining months of the year. We will complete testing amounts paid to individual employees on a sample basis.

In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them. (ISA 315)

Other risks identified (continued)

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Heritage assets
- Assets held for sale
- Investments
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- New note disclosures
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

Value for Money

Background

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

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single 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.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> • Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> • Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> • Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. These are set out overleaf.

Reporting

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

We will include our conclusion in our auditor's report on your financial statements which we will give by 30 September 2017.

Value for money (continued)

We set out below the significant risk we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Medium term financial plan</p> <p>The Council's financial forecast shows that doing nothing will result in a recurring deficit each year beyond 2016/2017. Good progress is being made with the 'Wyre Forest Forward' programme and the Council is looking to make further savings across services. By 2019/20 the Council has a target of delivering almost £1m efficiency savings.</p> <p>There is an increasing emphasis on growing income, driven by the continuing reduction in central government funding. The Council is naturally focussing on growing business rates and council tax but also other areas, including letting out its property assets. Housing development and economic regeneration are key priority areas to both meet the council strategic ambitions and as drivers of increasing revenue.</p> <p>This is highlighted as a significant risk due to uncertainties around future income streams and delivery of the savings plans. Unrealistic assumptions around income and savings would create a significant risk around the council's financial sustainability.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the assumptions in the medium-term financial plan. In particular:</p> <ul style="list-style-type: none"> • The level of savings planned within the MTFP and the reporting of delivery • The assumptions made around income, and income growth • The progress made with implementing key savings and income generation plans.

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
 - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State
- We certify completion of our audit.

Results of interim audit work

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

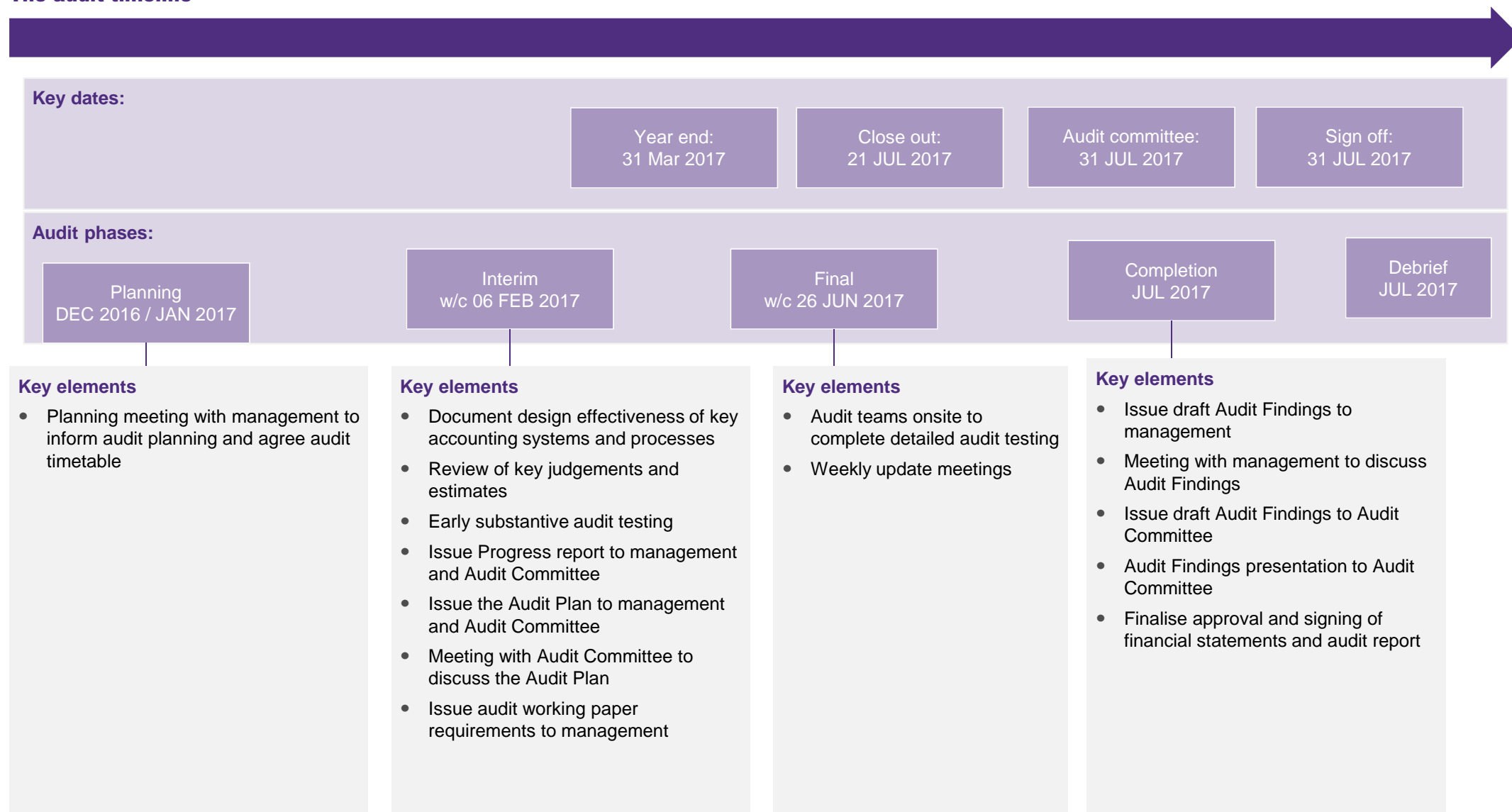
	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>We have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p> <p>We have discussed with internal audit the need to bring forward the audit programme (of key financial areas in particular), to reflect the advanced closedown. Their work supports the production of the Annual Governance Statement.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has not identified any material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
Review of information technology controls	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p>	<p>Our work has not identified any material weaknesses which are likely to adversely impact on the Council's financial statements</p>

Results of interim audit work (continued)

	Work performed	Conclusion
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	Our work has not identified any weaknesses which impact on our audit approach.
Early substantive testing	<ul style="list-style-type: none"> • Operating Expenditure Testing: Transaction testing up to month 10 has been sample tested. • Fees and Charges Testing: Transactions testing up to month 10 has been sample tested. • For a sample of assets in the fixed asset register we have confirmed that the assets are still owned by the Council by review of deeds. • Asset Disposals: A review of the assets disposal to date has been undertaken. 	<p>There are no matters to bring to your attention from our early substantive testing. We plan to carry out the following to complete our audit testing in these areas.</p> <ul style="list-style-type: none"> • We will complete our testing on operating expenditure testing during our post statement testing in July 2017. • We will complete our testing on fees and charges testing during our post statement testing in July 2017. • We will complete a review of the revaluation of key PPE assets, and how the impact on the assets not re-valued has been assessed. • We will review the assets as part of our work after year-end to confirm the assets exist and are still owned by the Council at the balance sheet date. • We will review the accounting entries of the asset disposals reviewed as part of the work undertaken in July 2017.

The audit cycle

The audit timeline



Audit Fees

Fees

	£
Council audit (as per PSAA indicative fee)	48,936
Grant Certification – Housing Benefit Subsidy (indicative)	9,165
Total planed audit fees (excluding VAT)	58,101

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

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

Fees for other services

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

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA 260 require us to give you timely disclosure of matters relating to our independence

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

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

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Wyre Forest District Council. The following audit related and non-audit services were identified for the Council for 2016/17:

Fees for other services

	Fees £	Planned outputs
Non-audit related		
Place Analytics	5,000	Web-based platform which helps the Local Authority drive decision-making through insight and analytics

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

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

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

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

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/>)

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

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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

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



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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
20th MARCH 2017

Internal Audit - Annual Audit Plan 2017-2018

OPEN	
CABINET MEMBER	Councillor Nathan Desmond
RESPONSIBLE OFFICER	S151 Officer
CONTACT OFFICERS:	Tracey Southall Extension No 2100 tracey.southall@wyreforestdc.gov.uk Cheryl Ellerton Extension No. 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit ~ Annual Audit Plan 2017~18

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2017–2018. The Plan has been prepared in accordance with the UK Public Sector Internal Audit Standards as endorsed by the Audit Committee on 2nd December 2013, as revised in 2016 and reported to the Audit Committee 29th September 2016

2. RECOMMENDATIONS

The Audit Committee is asked to:

- 2.1 Consider and approve the Internal Audit – Annual Audit Plan 2017~18, attached as Appendix 1.
- 2.2 Approve that the Chief Financial Officer as Section 151 may amend the plan in consultation with the Audit Manager in light of developments arising during the year as described in paragraph 3.6 of this report.

3. BACKGROUND

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

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its

¹ The UK Public Sector Internal Audit Standards (UKPSIAS) April 2013 {updated 2016}..

objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”

And adds:

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

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

4. KEY ISSUES

- 4.1 The Internal Audit Charter requires:

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

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

- 4.2 As part of the preparations for this annual plan the Section 151 Officer has discussed with the Corporate Leadership Team their requirements for the forthcoming year for consideration for inclusion within the plan.

- 4.3 In order to ensure that the audit service cost is minimised to the authority the internal audit section work with external audit to ensure full liaison of planned internal audit work.
- 4.4 The Internal Audit – Annual Audit Plan 2017~18 has been prepared in accordance with recognised Internal Audit standards and considers many factors to provide assurance to the Council in terms of the adequacy and effectiveness of financial and management controls in the areas under review.
- 4.5 The Annual Audit Plan should focus on areas where it can add most value and provide assurance that the Council's risks are being properly managed. In doing so, Internal Audit has a role in ensuring the Council achieves its strategic aims. In addition to this, the audit plan should be realistic and achievable.
- 4.6 The areas in the audit plan have been identified by an objective risk assessment. This has produced an overall needs assessment for the internal audit service of 449 days. In accordance with the Internal Audit Public Sector Standards, the Internal Audit Section must be appropriately staffed and qualified and undertake Continuing Professional Development to fulfil its role. The current Internal Audit Structure (with reduced staffing levels) in place since April 2014 continues to operate effectively and meet business need.
- 4.7 The core structure of the Internal Audit Team remains unchanged for 2017~18 ensuring that it meets the staff resources required to audit the risks of the Council and provide management with an opinion of the control environment within the annual internal audit opinion. From November 2015, the Corporate Apprenticeship fund is providing resource for an Internal Audit Apprentice as part of the Internal Audit succession planning, to ensure continuity in view of potential changes within the Internal Audit Team from November 2017. This new training post is working well. It has allowed for more detailed testing within the core financial systems, as part of the mentoring of the apprenticeship training during 2016~17.
- 4.8 During 2016~17 additional audit days have been worked to provide necessary assurance as part of Payroll and HR21 system changes during 2016~17. The majority of this work has been funded by Redditch Borough Council. It is anticipated that this will continue into 2017~18 using the flexible resource of the Internal Audit team

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit 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".

7. RISK MANAGEMENT

- 7.1 The Internal Audit - Annual Audit Plan 2017~18 has been prepared in accordance with the recognised Internal Audit Standards. This requires the plan to be informed by the Council's risk management, performance management and other assurance processes. Where the

risk management process is not fully developed or reliable an independent risk assessment is undertaken by the Audit Manager in consultation with the Section 151 Officer.

- 7.2 The restructure of the Internal Audit Team effective from April 2014 has been managed carefully against the service need to ensure sufficient Internal Audit resource is retained. The reduced Internal Audit Team continues to work with the S151 Officer on a flexible basis and work additional hours if required to cover specific projects. The arrangement has worked well throughout 2015/16 and 2016/17 and will continue for 2017~18 with the assistance of an Internal Audit Apprentice as part of a succession plan for the Internal Audit Team ensuring continuity.

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

9. CONCLUSION

- 9.1 The Annual Audit Plan 2017~18 summarises the work to be undertaken by the Internal Audit section and provides its overall direction. It is presented to members in accordance with the Internal Audit Charter.

10. CONSULTEES

- 10.1 Corporate Leadership Team
Cabinet Member for Resources

11. Background Papers

Accounts & Audit Regulations 2015 (SI 314)

UK Public Sector Internal Audit Standards ~ April 2016

Internal Audit Charter {Updated} ~ Audit Committee ~ 28th November 2016

INTERNAL AUDIT

INTERNAL AUDIT ANNUAL PLAN

2017 ~ 2018

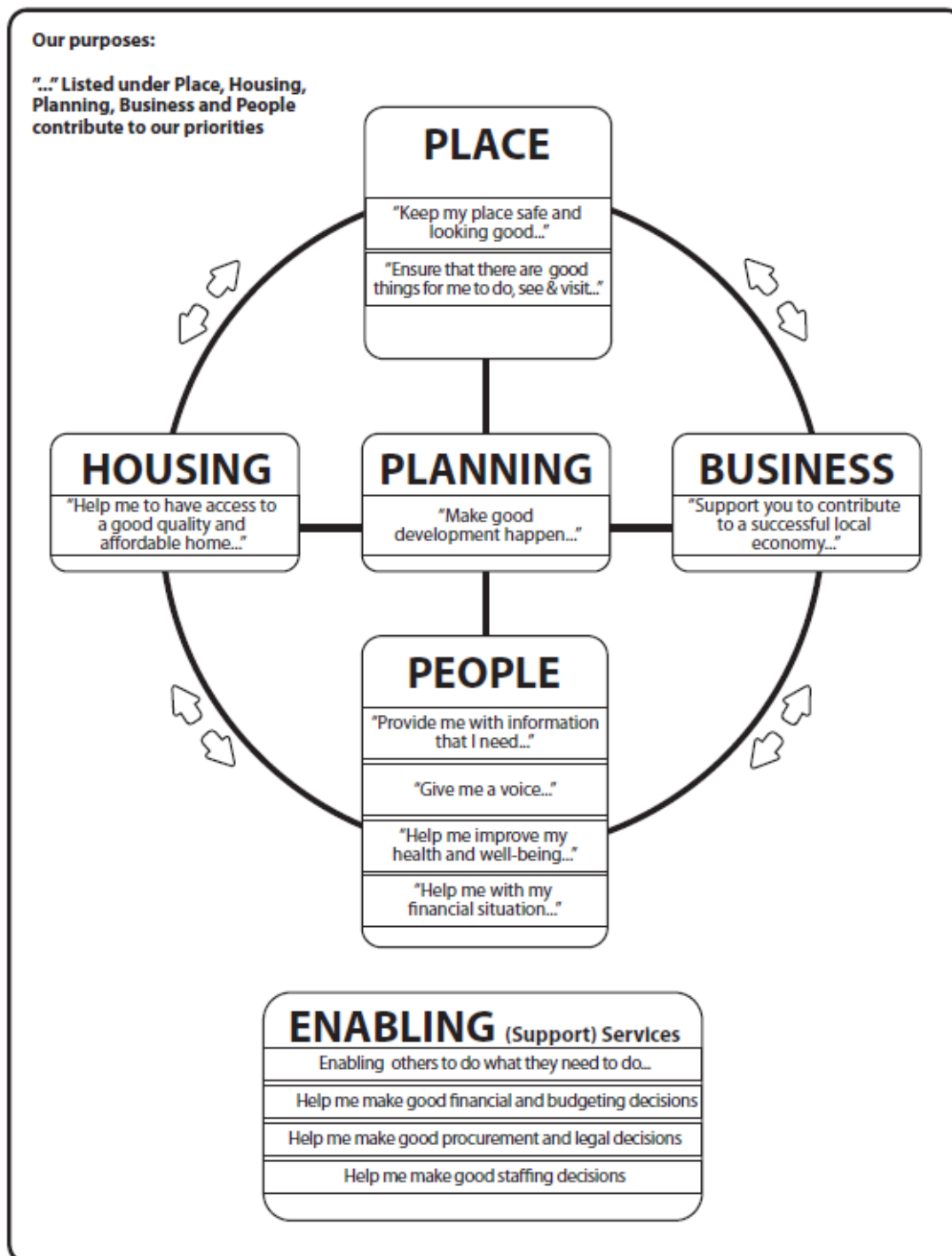
Wyre Forest District Council affects the whole community and therefore aims to deliver public services to meet the needs of the Community and provide value for money. This includes identifying smarter ways of working to ensure delivery of services the community want as underpinned by the principles of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

VISION: Wyre Forest ~ where people have the opportunity to enjoy a good quality of life and want to live, work, visit and invest.

WYRE FOREST FORWARD

Our Corporate Plan priorities 2014 - 2019:

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



WYRE FOREST DISTRICT COUNCIL
INTERNAL AUDIT ANNUAL PLAN 2017 ~ 2018

		<u>2017/18</u> <u>Days</u>
Systems and Probity	NOTE 1	289
Computer Audit	NOTE 2	40
Contract Audit	NOTE 3	25
Sub-total Planned Work		354
Consultancy and Advice {Audit Resource Set Aside}		
→ Provide professional advice on emerging risks and issues		30
→ Management Requests for ad-hoc commissioned work		20
Irregularity Contingency {Audit Resource Set Aside}		
→ Provide advice and assistance on required investigations		20
Specific Service Duties	NOTE 4	25
WORKLOAD/AVAILABLE DAYS		449

NOTES

- 1** The days per service area are shown on Pages 80-83
- 2** An analysis of the areas covered is shown on Page 84-85
- 3** An analysis of the areas covered is shown on Page 86
- 4** A breakdown of the specific service duties follows on Page 87
- 5** An analysis of the available days is shown on Page 88

OVERALL COMMENTS

The areas in this plan have been identified by an objective risk assessment as denoted by “RA” in the attached pages.

The Audit Risk Assessment uses a number of factors to calculate a risk score and to provide a weighted assessment as detailed in Schedule A. The resulting scores are branded into three risk categories and ranked to identify determine the audit universe for Wyre Forest District Council.

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

Agenda Item No. 9
Appendix 1

AUDIT COVERAGE	RA	2017/18 Days	AUDIT SCOPE
Annual Assurance Reviews			
Treasury Management (Risk: Failure to Maintain adequate controls over Key Financial Systems)	103	10	Assurance Review to capture changes to the systems and procedures in place to manage the Council's Cash Flow and investments to maximise interest earned within the approved Treasury Management Strategy and consequent risk appetite. To review and ensure borrowing is managed to meet the Medium Term Financial Strategy. Incorporating the new Council Policies on Loans to Third Parties to help delivery regeneration and economic development, and the capital portfolio funding.
Budgetary Control & Monitoring (Risk: Failure to Maintain adequate controls over Key Financial Systems)	94	12	Assurance Review to capture changes to the systems and procedures around the Council's Budget Cycle to record and monitor budgets to feed into the financial records and the final accounts.
Corporate Debtors: Accounts Receivable (Risk: Failure to Maintain adequate controls over Key Financial Systems) To include Property Debtors.	89	10	Assurance Review to capture changes to the systems and procedures in place for the raising of accounts for services provided by the Council in respect of Miscellaneous Debts to include the monthly reconciliations and aged debt reports. Including follow up on change processes as part of the transformation programme. Including work in relation to the ICON cash receipting system and channel shift/digitalisation to generate increased external income.
Benefits (Risk: Failure to Maintain adequate controls over Key Financial Systems; This Service continues to be subject to significant change imposed by DWP and is under continuous review to align processes/systems. Team changes/ staffing restructures continue to meet the changing business need.)	88	25	Assurance Review to capture changes to the systems and procedures to ensure entitlement to and payments in relation to Housing Benefit. To include Payments, Overpayments, Rent Referrals, Statistical and Subsidy Returns. Review changes to the Benefits System under the Welfare Reform Act, Universal Credit, Single Fraud Investigation Service and the WFDC Local Council Tax Reduction Scheme as amended.
Payroll (Including Mileage & Subsistence claims) (Risk: Failure to Maintain adequate controls over Key Financial Systems; Significant proportion of expenditure, provided as part of a Shared Service with Redditch BC. HMRC IR35 changed from April 2017 in the public sector)	85	20	Assurance Review to capture changes to the systems and procedures in place at Wyre Forest District Council and Redditch BC to ensure accurate payments to bonafide employees, Validation of all payments, to include those to HMRC including the changes in respect of IR35, Pensions and other deductions and allowances are correct and authorised and that all payroll transactions are accurately recorded in the financial accounts, to incorporate detailed testing of both staff and member mileage & subsistence claims.
NNDR {Business Rates} (Risk: Failure to Maintain adequate controls over Key Financial Systems)	84	12	Assurance Review to capture changes to the systems and procedures in place to calculate liability, raise bills, collect income and monitor arrears; review process for the Business Rate retention including contributions to/from the Worcestershire pool. NNDR 3 return. Have regard to the 2017 revaluation by the Valuation Office from April 2017 and any changes to reliefs.
Council Tax (Risk: Failure to Maintain adequate controls over Key Financial Systems)	82	12	Assurance Review to capture changes to the systems and procedures in place to calculate liability, raise bills, collect payment and monitor arrears. Review the local Council Tax Reduction scheme. Review changes to the system for the detection/prevention of fraud on Single Person Discounts following the transfer of the Fraud Team to DWP under SFIS.
Creditors: Accounts Payable (Risk: Failure to Maintain adequate controls over Key Financial Systems/Roll out of procurement cards and change to processes for payment and budgetary management).	80	15	Assurance review to capture changes to the system and procedures in place for the payment of invoices for services and supplies across the Council to cover all aspects including the weekly reconciliations of BACS; Purchase Order Processing (requisition to invoice payment); Periodical Payments and Payment by Procurement Card arrangements; journal transactions Including follow up on change processes as part of the on-going transformation

Agenda Item No. 9
Appendix 1

			programme including channel shift and digitalisation.
Debt Recovery Procedures (Risk: Failure to Maintain adequate controls over Key Financial Systems) To include Corporate & Property Debtors; 2015 Corporate Debt Recovery Officer in post, changes to procedures)	79	8	Assurance review to capture changes to the systems and procedures for the recovery of outstanding debts having regard to the Legal requirements for Court Action (exc. Council Tax and NNDR).
Accounting (Income~Bank) (Risk :Failure to Maintain adequate controls over Key Financial Systems)	74	15	Assurance Review to capture changes of systems and procedures around the Council's General Ledger to record financial transactions and produce the final accounts. To include Bank Reconciliation review the change of collection of payments Housing Act Advances, Miscellaneous Income Reconciliations & ICON Income receipting system; journal transactions.. Including follow up on change processes as part of the on-going transformation programme
Establishment (Risk: Failure to Maintain adequate controls over Key Financial Systems)	71	15	Assurance review to capture changes to the systems and procedures in place for the maintenance of the WFDC Establishment data base; and the process for updating staff details.
Cyclical Reviews			
Fees & Charges (Risk: Reputational Damage; Failure to maintain a balanced budget)	69	15	Cyclical reviews of Fees & Charges not covered elsewhere within the Plan but on a rolling basis. Includes setting of the charges, assurance that sections are complying with the approved charges
Human Resources (Risk: Failure to meet commitments with the return of the service in house; review of the first 12 months of the in house service following the transfer back in April 2016)	63	10	Cyclical review of the systems and procedures in place to include in house procedures for a detailed establishment reconciliation, processing of Staff Record Forms and the maintenance of any Training Budget; maintaining and implementation of Corporate HR Policies; systems administration of the HR21 software.
Development Control (Risk: Reputational Damage; Failure to meet statutory requirements; customer expectation; income threshold)	54	8	Cyclical review of the systems and procedures in place for processing and approval of planning applications to include the collection and banking arrangements for fee income
Electoral Registration & Elections (Risk: Reputational Damage; New team in place for 2017)	50	10	Cyclical review of the systems and procedures for the maintaining of the Electoral Register and administration of the Elections (Local, General & European) and the introduction of Individual Electoral Registration.
Information Governance {Risk: Breach of the Data Protection Act leading to penalties up to £500k – Note report commissioned as part of long term agreement from our insurers Zurich Municipal on Information governance risk}	~	10	Review to support the work of the Information Governance Group following the Zurich Municipal Review; work with the Data and Project Management Officer in reviewing procedures, processes including the training and awareness of relevant policies and guidelines. To provide assurance on controls implemented to manage information {including disposal} within the Council; to include not just ICT but manual records and information. Confirm compliance with data protection legislation with regard to the General Data Protection Regulation {GDPR} due in 2018 to include mapping data protection processes

Agenda Item No. 9
Appendix 1

Corporate Governance (Risk: Reputational Damage; Failure to meet Statutory Requirements; Ineffective governance)	~	20	Cyclical review of the Council's Governance Arrangements to include Anti Fraud & Corruption Strategies; Data Protection; Freedom of Information; Contract Procedure Rules; Financial Regulations; Constitution; Code of Conduct; Gifts & Hospitality; Members Allowances; Data Quality/Performance Management. Arrangements with third party sections, partnerships and localism arrangements.
TOTAL DAYS		227	

2016~17 Cyclical Reviews Brought Forward:

AUDIT COVERAGE	RA	2017/18 Days	AUDIT SCOPE
Trading Estates; Asset Management/Fixed Asset Valuations (Risk: Failure to Maintain adequate controls over Key Financial Systems)	88	12	Cyclical review of the system and arrangements in place to record, manage and maintain the Council's physical assets and property portfolio. Review of the systems and procedures in place in respect of the arrangement for leases, licenses and rental agreements; calculation of income due, collection and banking of income and the monitoring and recovery of arrears. Have regard for the Cabinet approval of £25m capital funding to grow the Council's portfolio of capital assets to support economic, regeneration and/or housing priorities.
Depot Services ~ Commercial Waste			
→ Trade Waste/Recycling (Risk: Failure to meet customer expectations; Reputational Damage) → Bulky/Garden Waste	82	15	Cyclical review of the systems and procedures in place for the provision of a Trade Waste Service, to include continuation of working with the Depot on developing the EDOC online procedure {Environment Agency} for Trade Waste contracts including the statutory obligations and requirements of the Environmental Protection Act and Waste {England and Wales} Regulations 2011; the collection and banking of income (subscriptions), promotion of the Service as part of the current Depot commercialism drive and generating income agenda. To include domestic bulky waste collections and Garden Waste as part of the current Depot review.
TOTAL DAYS		27	

2017~18 Wyre Forest Forward Programme {Corporate Interventions}:

AUDIT COVERAGE	RA	2017/18 Days	AUDIT SCOPE
Housing Grants including Disabled Facilities Grants (Risk: Fraudulent claims; insufficient fund; misappropriation of funds – note additional funding allocation of circa £1m for 2016/17)	69	10	Review as part of Strategic Housing the system changes to the process of awarding Disabled Facilities Grant arising from the Housing Needs Intervention as part of the Wyre Forest Forward Programme.
Garage Intervention			

Agenda Item No. 9
Appendix 1

AUDIT COVERAGE	RA	2017/18 Days	AUDIT SCOPE
Garage ~ Vehicle Maintenance/Stores & Stock Control (Risk:Failure to Maintain adequate controls over Key Financial Systems)	54	10	Continued support to the Depot as part of the Garage Intervention to include ongoing review of the arrangements in place for the maintaining and servicing of Council Vehicles, to cover Driver responsibilities, stock control and issue of fuel.
Income Generation {Commercial Work} →Grounds Maintenance (Risk~Reputational Damage; Customer expectations; Failure to Generate External Income) →Driver Training (Risk~Reputational Damage, Customer expectations; Failure to Generate External Income) →Business Support Team (Risk: Reputational Damage; Failure to meet Statutory Requirements; Ineffective governance and Financial Management)		15	Review of the systems and procedures in place for the provision of a commercial grounds maintenance service. Review of the systems and procedures in place for the provision of a professional driver training . Continue to review, develop and refine systems to support the commercialisation of services being delivered by the Depot.
TOTAL DAYS		35	
TOTAL AVAILABLE AUDIT DAYS		289	

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2017~18

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

Areas	Reason
IT Governance~ Physical Security	To ensure that physical security is in place and that protocols are adhered to. Ensure that there is effective management of assets throughout to manage changes and restructuring.
IT Governance ~ Public Services Network	To ensure actions from penetration testing are implemented to allow for continued connectivity to government systems.
IT Governance ~ Access Control Applications as detailed in the WFDC ICT User Security Policy ~ December 2016	To ensure that system access is recorded and appropriately granted. To ensure that System administrators are appropriately trained. To ensure Roles and Permission are monitored To ensure employee starter, leaver and transfers access right set up and amendments are controlled and recorded.
IT Governance ~ Upgrade/Patch Management	To ensure there is a system in place for upgrading software and applying security and other supplier patches.
IT Governance ~ Back up	To ensure system back ups are controlled and secure. To ensure back ups are tested and the tests are recorded. To ensure back up equipment is working appropriately.
IT Governance ~ Audit Trails	To ensure Audit trails are switched on, show an accountable trail, are retained for an appropriate length of time and the time stamps are accurate. To ensure significant events have been recorded.
IT Governance ~ Contingency Plans (Monitoring of Cyber Risks)	To ensure contingency plans are in place and include security arrangements (including physical). To ensure off site arrangements have been tested. To ensure that the cyber environment is reviewed to maintain pace with current threats; addressing the risk of financial loss, disruption or damage to the reputation of the Council.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2017~18

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

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

WYRE FOREST DISTRICT COUNCIL
INTERNAL AUDIT ANNUAL PLAN 2017~2018

Contract Audit to include Procurement(25 Days Per Annum)

Contract/Procurement Audit includes:

- Contract Specifications
- Tendering Process including opening & recording
- Award of Contract
- Contract Monitoring
- Contract payments
- Contract register
- Final accounts as appropriate
- Service Level Agreements
- Due regard to Home Office Guidance on fraud and organised crime.

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

➔ On-going review of corporate spend following the cessation of petty cash imprest accounts from 1st April 2016

➔ Ensure compliance with the Local Government Transparency Code.

On contracts selected from the approved Revenue & Capital budgets.

Leisure Centre {Final Account}
Public Realm Expenditure
Disposal of Council Assets {2016 Leisure Centre Sites}
Refurbishment of Vehicles

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2017 ~ 2018

Specific Service Duties – (25 Days Per Annum)

- Continual review of Financial Regulations to ensure updated for new policies on Loans to Third Parties and the Capital Project fund//Contract Procedure Rules/Corporate Fraud Policies
- Cabinet Office National Fraud Initiative Data Matching Exercise
➔ Participation by management and coordination in mandatory data matching exercise across public bodies to identify anomalies which may signify fraudulent transactions.
- Counter Fraud Arrangements ~ Supporting the Corporate Fraud Officer as the Single Point of Contact with regard to the Home Office report in respect of Serious & Organised Crime, the SPOC to engage with multi agency partners.
- Participation in the national surveys for Fraud {Previously Audit Commission Protecting The Public Purse}.
- Grant certifications where the contractual arrangement requires Internal Audit to confirm that expenditure is in line with grant terms and conditions.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2017 ~ 2018

	TOTAL Per Annum
GROSS (FTE*)	678.5
<u>Less: Leave Allocations</u>	
Bank Holidays	26
Annual Leave	74
Sick/Special Leave	12.75
Training	12.75
Sub Total	553
<u>Less: Administration</u>	
Management Meetings (Internal)	24
Corporate Briefings	8
Audit Committee Attendance	5
Audit Plans/Monitoring Reports/Annual Report	12
General Duties	35
Risk Management Support	20
Available audit days (FTE)	449

*FTE = Full Time Equivalent.

SCHEDULE A

INTERNAL AUDIT SYSTEM RISK ASSESSMENT

SYSTEM

Assessed by:

Date:

Reviewed by:

Date:

SUMMARY:

High Priority Risk Assessment (Maximum) 111

Tolerable/Low Priority Risk Assessment 27

Difference 84

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

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

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****20th March 2017****INTERNAL AUDIT MONITORING REPORT**
QUARTER ENDED 31ST DECEMBER 2016

OPEN	
CABINET MEMBER	Councillor Nathan Desmond
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 31 st December 2016

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 31st December 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 31st December 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	Follow up reviews undertaken in the quarter; incorporating recommendations in progress
Section 2	Final Internal Audit Reports issued
Section 3	Draft Internal Audit Reports issued
Section 4	Work In Progress to include draft reports issued following completion of 2016~17 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.

Agenda Item No. 10

- 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 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."

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 continuous improvement reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.

9. CONCLUSION

- 9.1 The work undertaken by the Internal Audit Team in the quarter ended 31st December 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 28th November 2016 ~ Audit Committee ~ Internal Audit Charter {Updated}
21st March 2016 ~ Audit Committee ~ Internal Audit Annual Audit Plan 2016~17
Accounts and Audit Regulations 2015 (SI 234)

INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
31st December 2016**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 31st December 2016

INDEX	PAGE
SECTION 1	
Follow up Reviews undertaken in the Quarter	97
SECTION 2	
Final Audit Reports issued in the Quarter	98
SECTION 3	
Draft Audit Reports issued in the Quarter	99
SECTION 4	
Work In Progress (Including Action Plans Issued) & Draft reports following the completion of the 16~17 Internal Audit Annual Plan	100
SECTION 5	
Performance against Annual Plan for the Financial Year 2016/17	101
Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 31st December 2015 & 31st December 2014	102
Supporting Information for Other Internal Audit work including the Wyre Forest Forward Corporate Interventions .	103
 <i>Cheryl Ellerton</i> AUDIT MANAGER	
 <i>Tracey Southall</i> SECTION 151 OFFICER	

2nd March 2017

SECTION 1

Quarter Report to the 31st December 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.

TITLE	SYSTEM TYPE K=Key S=Subsidiary	ASSURANCE LEVEL OF FINAL REPORT	IMPLEMENTATION STAGE PER CHIEF OFFICER AND/OR RESPONSIBLE MANAGER AT TIME OF FOLLOW UP REVIEW				Page No.
			No of Recommendations	No of Recommendations Implemented	No of Significant Recommendations	No of Recommendations Implemented	
SYSTEM REVIEWS							
2015~16 ICT Governance ~ Cyber Security Controls {secure Configuration, Net Work Security, user Privileges & Incident Management	K	S	4	3	-	-	-

SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st December 2016		
	ASSURANCE	PAGE
CORE FINANCIAL SYSTEM REVIEWS		
<u>Key Systems (Annual Assurance Reviews)*</u>		
	-	-
<u>Subsidiary System Reviews</u>		
2016~17 Cash Float Verification ~ Bewdley TIC & Museum	F	-

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

*** Note to Reader:**

There are no formal Internal Audit Reports to include for this third quarter, please note the detailed work undertaken by the Internal Audit Team at Section 4 Work In Progress as part of the completion of the 2016~17 Internal Audit Plan, for which the reports will be presented to the Audit Committee in June for the Quarter ended 31st March 2017.

Quarter Report to the 31st December 2016

DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st December 2016		
TITLE	DATE OF ISSUE	STATUS
2016~17 Establishment {Staff Record Forms} Revised Interim Report	08.12.16	09.01.17 Progress Meeting/23.01.17 Update of Actions
2016~17 Security {Establishment Staff Record Forms Extract} *	12.12.16	12.12.16 Update of Actions
2016~17 ICT Governance ~ Review of User Access {Open Revenues}* 2016~17 ICT Governance ~ Review of User Access Rights {HR}* 	28.11.16 08.12.16	Responses 07.12.16/21.12.16/03.01.17 Responses 07.12.16/21.12.16/03.01.17

*Reports form part of a Corporate Review of User Access Rights and the outcomes are also being reported to the Information Governance Group as part of the response to the Zurich Municipal Report of April 2016.

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 31st December 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	<u>Core Financial Systems (Annual Assurance Reviews)~</u>					
	<u>2016/17 Annual Audit Plan</u>					
RA88	<u>Accounting Cash To Bank</u>					
	Corporate Income To Bank	Stage 4	-	-	-	09.01.17
RA82	Bank Reconciliation	Stage 6	19.07.16	-	15.11.16	07.02.17
	<u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u>					
RA80	Council Tax Reduction {Local Scheme} ~ Compliance	Stage 6		24.10.16	17.11.16	09.02.17
	Housing Benefit {Allowances}	Stage 2	-	-	22.11.16	-
RA89	Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 4	-	-	-	31.01.17
	<u>Council Tax</u>					
RA71	Ctax Reconciliations ~ {To include Gross Debit 2016/17}	Stage 1	-	-	-	-
	Ctax Compliance/Recovery	Stage 6	19.08.16	-	-	13.02.17
RA80	<u>Creditors (Accounts Payable)</u>					
	Creditors {Accounts Payable} ~ Compliance	Stage 4	-	23.08.16	15.11.16	09.01.17
RA89	Creditors {Accounts Payable} ~ Reconciliation	Stage 4	-	-	-	09.01.17
	<u>Debtors (Accounts Receivable)</u>					
RA71	Debtors {Accounts Receivable} ~ Compliance	Stage 4	-	21.10.16	-	19.01.17
	Debtors {Accounts Receivable} ~Reconciliations	Stage 4	03.08.16	-	-	28.02.17
RA84	<u>Establishment</u>					
	Establishment Reconciliation	Stage 2	-	-	12.12.16	-
RA85	Establishment {Staff Record Forms}	Stage 5	17.08.16	-	-	08.12.16
	<u>National Non Domestic Rates</u>					
RA85	NNDR ~ Reconciliations ~ {To include Gross Debit 2016/17}	Stage 4	-	24.10.16	-	28.02.17
	NNDR ~ Compliance	Stage 3	-	04.11.16	-	-
RA103	<u>Payroll (Including Mileage & Subsistence Claims)</u>					
	Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) ^	Stage 4	09.08.16	-	-	10.02.17
RA103	^ <u>Field Work includes Local Government Pension Scheme & Local Pay Award</u>					
	Payroll ~ Reconciliations {WFDC Accountancy Team}	Stage 1	-	24.10.16	-	-
RA103	<u>Treasury Management</u>					
		Stage 4	-	-	-	10.02.17

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 31st December 2016

1st April to 31st December 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	58.00	72.25	80.28%		System and Probity	171.50	289	59.34%
ICT Audit (Governance, Advice & Assistance)	3:00	10.00	30.00%		ICT Audit (Governance, Advice & Assistance)	8.50	40	21.25%
Contract Audit/Procurement	12.25	6.25	196.00%		Contract Audit/Procurement	33.75	25	135.00%
Consultancy and Advice	6.25	7.50	83.33%		Consultancy and Advice	21.25	30	70.83%
Commissioned Projects	16.25	5.00	325.00%		Commissioned Projects	31.50	20	157.50%
Contingency for Investigations	2:00	5.00	40.00%		Contingency for Investigations	17.50	20	87.50%
Specific Service Duties	7.00	6.25	112.00%		Specific Service Duties	29.50	25	118.00%
Sub Total	104.75	112.25	93.32%		Sub Total	313.50	449	69.82%

TARGET

95.00%

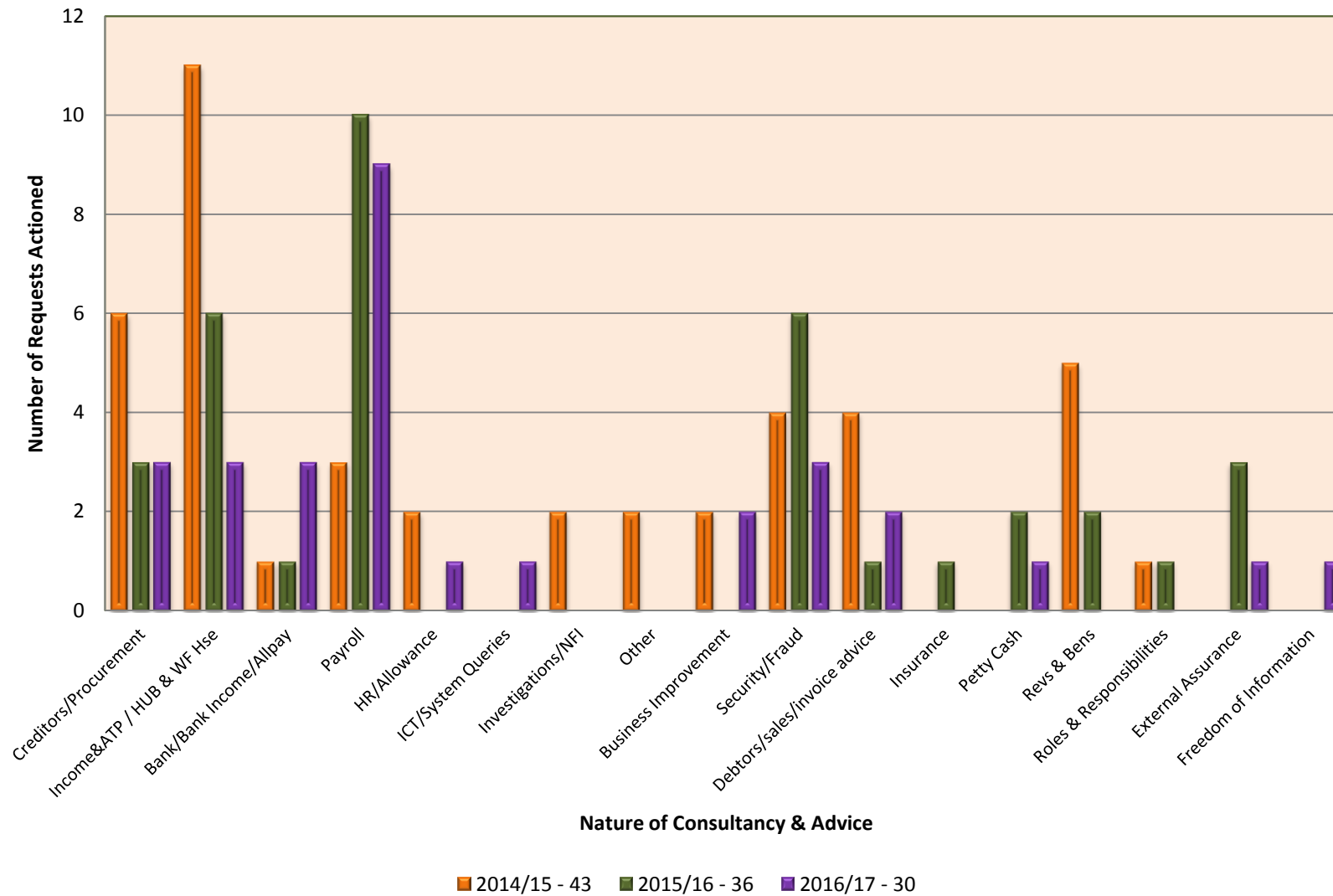
71.25%

Audit Resource Statistics

➔ For the quarter to 31st December 2016 actual against plan is 93.32% compared to a target of **95%** {**93.10%** against **95%** for quarter 31st December 2015}

➔ Within the time allocated in the above table, during this second quarter of 2016~17 the Internal Audit Team have responded to **30** requests for advice and consultancy as categorised in the graph overleaf, in comparison to the **36** requests received and actioned for the same period for 2015/16 and the **43** requests received and actioned for the same period in 2014/15.

**Comparison of Audit Consultancy & Advice
Quarter 3 (October - December) 2014/15 ~ 2015/16 ~ 2016/17**



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}
- Continued review of the Procurement Card expenditure.

Wyre Forest Forward ~ Interventions/Continuous Improvement Work

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 continued 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 2016~17 programme of work which commenced in January 2017 following the release of matched data.

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;
- ➔ Review of working practices within the Civil Enforcement Team;
- ➔ Review of procedures for the distribution of system generated letters;
- ➔ Validation of payments to the Returning Officer;
- ➔ Review of elections fees and recharges.

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

Agenda Item No. 10

Appendix 1

{Creditors}, Accounts Receivable {Debtors}, Payroll to include Members Allowances; Payments for Housing Benefit, and arrangements under the Council Tax Reduction Scheme for claimants.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****20th MARCH 2017****Annual Governance Statement**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICERS:	Chief Financial Officer Ext 2100 tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Annual Governance Statement Action Plan 2015/16

1 PURPOSE OF REPORT

- 1.1 This report is to present the current position in relation to the action plan which was developed to address the issues identified within 2015/16.

2 RECOMMENDATION

- 2.1 The Audit Committee is asked to approve the progress against the Annual Governance Statement Action Plan 2015/16 which is attached at Appendix 1.

3 BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of internal control and publish the findings alongside the authority's financial statements. The regulations require that a relevant committee considers the findings of the review.
- 3.2 The need to produce a Statement of Internal Control has been superseded by the requirement to produce an Annual Governance Statement (AGS) using the framework defined in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: The Framework".
- 3.3 Full details on these requirements in relation to the Annual Governance Statement have been reported to the Audit Committee and are regularly refreshed as part of annual Member training. The Annual Governance Statement was presented and approved at the June 2016 meeting of the Audit Committee.
- 3.4 In determining the Annual Governance Statement the Council is required to take into account all relevant information including the following sources of evidence:

- Internal Audit reports;
- External Audit reports;
- Assurance Statements completed by senior staff;
- Corporate Risk Register;
- External Inspection findings;
- Other relevant information.

3.5 Following consideration by the Corporate Leadership Team the Annual Governance Statement was approved by the Audit Committee at the meeting in June 2016.

4 KEY ISSUES

- 4.1 The Annual Governance Statement identified areas of Corporate Governance which needed to be addressed during 2016/17. An action plan has been developed and is attached at Appendix 1, which identifies these areas and the progress that has been made in addressing these points. This has been reviewed and agreed by the Corporate Leadership Team.
- 4.2 Members are requested to review and approve the action plan and to note the current progress in relation to the delivery of the necessary improvements.

5 FINANCIAL IMPLICATIONS

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

6 LEGAL AND POLICY IMPLICATIONS

- 6.1 It is a requirement under the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement and monitors actions arising from the content.

7 EQUALITY IMPACT NEEDS ASSESSMENT

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

8 RISK MANAGEMENT

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

9 CONCLUSION

- 9.1 The Council is required to complete an Annual Governance Statement which is required to:
- Consider the arrangements required for gathering assurances for the preparation of the annual governance statement;
 - Consider the robustness of the Authority's governance arrangements;
 - Monitor any actions arising from the review of arrangements.
- 9.2 This report identifies the progress that has been made to date in relation to the Annual Governance Statement approved on 30th June 2016.

10 CONSULTEES

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

11 BACKGROUND PAPERS

- 11.1 27th June 2016 – Annual Governance Statement 2015/16.

CORPORATE GOVERNANCE ACTION PLAN PROGRESS - MARCH 2017

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
Completion of the Leisure Future project to ensure that the Council meets the future needs of the District and that our appointed partner Places for People delivers the affordable and sustainable leisure facility on the Silverwoods site;	2015/16 No. 1	Finalise construction contract- <ul style="list-style-type: none"> Continue to programme and budget Open on time and on budget 	April to July 2016	Director of Community Well-Being and Environment/ Project team	Complete Completed on schedule and within budget This project was completed to schedule and to budget with funding in place and additional savings over the business case target achieved. Popularity has been such that car parking is proving to be insufficient on busy evenings and work is being done in liaison with PfP Ltd to provide a solution to ease this problem.
Continued progression of the increasingly challenging Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans, including development of new savings ideas to meet the increased targets from	2015/16 No. 2	Systems Thinking being used to achieve savings, alongside other efficiency measures. Continue to embed culture of continuous improvement across all service areas. Targets for 2016/17 onwards agreed as part of medium term financial strategy	Monthly progress reports to Cabinet/CLT and Group Leaders	Chief Executive and Chief Financial Officer	For 2016/17 we have achieved £2.638m against a £2.426m target (Wyre Forest Forward and Cabinet Proposal savings) so have over achieved the target. We have achieved 93.4% of target savings (including the additional £100k from the latest budget process) and are actively working on ideas for savings/increased income for future years.

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
2017/18;					
Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the ongoing challenges of the impact of continuing austerity measures, noting the impact of the European Referendum. This includes the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform and further work around income generation, commercialisation and expenditure reductions;	2015/16 No. 3	Continue with Cabinet Financial Strategy Advisory Panel	Sept 2016 – Jan 2017	Chief Financial Officer	Achieved. Proposals produced by November 2016
		Budget Timetable – consideration of budget proposals at December Cabinet then onto February Council	Feb 2017	Chief Financial Officer	Achieved. Council adopted medium term financial strategy Feb 2017. This included significant bold and innovative policies for growth in regeneration and housing to help future financial sustainability.
		Continuation of approved savings transformation programme.	June 2016 – onwards	Cabinet and CLT	Excellent progress made with the savings programme/additional income generation in 2016/17 and 2017/18. The position going forward however remains challenging and is being carefully monitored by CLT.
		Continued enhancement of Monthly Budgetary Control reports to CLT/Cabinet	April 2016 – onwards	Chief Financial Officer	Significant refinements continue to be made to scope and quality of monthly reporting both to CLT/Cabinet and more generally as part of the Finance Intervention continuous improvement reporting theme.

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This may include Local Authority Trading Companies, localism, joint operations and potentially devolution and combined authorities;	2015/16 No. 4	Monitor WRS Revised Partnership Arrangements	Quarterly	Director of Economic Prosperity and Place/CLT	Revised Arrangements working well with good levels of external income generation achieved and targets factored into ongoing Business Plans. Quarterly updates to CLT.
		Kidderminster Town Council – monitor new partnership arrangements	Ongoing review through SLA for financial services and regular dialogue	Chief Executive/Chief Financial Officer	The first year of Kidderminster Town Council has been positive and relations are good. The agreement to take over the operation of St George's paddling pool is very positive.
		Due diligence on all other alternative service delivery solutions explored	Ongoing as required	CLT	CLT continue to consider governance arrangement for all alternative service delivery options explored and will do so for proposals in relation to the Capital Portfolio Fund and Loans to Third Parties. Report to 14 th June 2016 Cabinet on Alternative Vehicles for Delivery of Development Opportunities including establishing a LATC and entering a limited Liability Partnership (LLP) with Public Sector PLC (PSP). The officer decision

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
					agreeing to enter into the PSP partnership was published in early March 2017.
Maintaining financial resilience with reduced resources across Enabling teams, particularly in view of the progression of the continuous improvement work of the “Help me Make Good Financial Decisions” Intervention work stream;	2015/16 No.5	The Finance Intervention continues following the implementation of Phase 1 findings on 2015/16 with membership from across the Council including Internal Audit for the Phase 2 work. Focus on retention of key controls	Oct 2016	Chief Financial Officer and Intervention team	The Phase 1 restructure has worked well and the physical move of Support Services to join with the Finance team continues to develop new synergies. Phase 2 has now been successfully completed and the new reception arrangements are embedding well.
		Pilots for redesigned processes and systems held to ensure financial resilience is maintained and make any necessary adjustments	Ongoing as required	Relevant Service Teams	In progress, pilots are carefully evaluated and processes adjusted to ensure key controls to protect good governance are maintained. Continuous improvement has now replaced formal interventions.
		Additional resources from reserves/innovation fund approved to ensure resource is sufficient to support the implementation of changes	Ongoing as required	Chief Financial Officer and CLT	Extra resource is being funded to deliver savings/increase external income supported by appropriate system redesign/channel shift. “Go Digital” is a key theme of this work. Resource is being released by the redesign work to ensure there can be continued focus on financial resilience going forward.

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;	2015/16 No.6	<p>Quarterly review of network security</p> <p>Continue to review and update security systems including firewalls/web filter.</p> <p>Renew support contract for printers, network switches and Shoretel Phone System, Review and Replacement of current ICT Help Desk</p>	<p>March 2017</p> <p>March 2017</p>	<p>ICT Manager</p> <p>ICT Manager</p>	<p>Web filter is now live and settling down. There have been a few minor issues re accessing certain websites but nothing major to date. Firewalls - All the configuration and testing in particular additional resilience in the event of a line failure that can be completed prior to going live has been done. A detailed plan has been completed with a view to minimising down time. Completion is planned for mid March. 3 new modules for email gateway have been installed. New contracts are now in place for Shoretel & Network Switches. New licences procured for SQL.</p>

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
Focus on information governance and non benefit fraud utilising the Compliance Officer and new Corporate Fraud Investigator/Corporate Debt Recovery resources. Performance and impact of these new resources to be closely monitored.	2015/16 No.7	Upgrade and enhance the current fraud compliance service	March 2017	Chief Financial Officer/Audit Manager	Review of counter fraud arrangements to the audit committee 27th June 2016 to update members on the progress and outcomes in place during 2015/16 and detail on indicative pro-active anti fraud plan detailing work streams for both the Corporate fraud and Compliance officer roles in 2016/17.
		Monitor appointment of a Corporate Fraud Investigator/Corporate Debt Recovery Officer	March 2017	Chief Financial Officer/Audit Manager	Investigator/Corporate Debt Recovery Officer now in post; Corporate Fraud Policies under review; Annual Report on outcomes from this new post reported to the Audit Committee. This is a relatively new position for the Council and the full impact of this resource will be closely monitored. Following a recent Home Office Report exploring the threat of Serious & Organised Crime to public funds, the report identified

Agenda Item No. 12
Appendix 1

Issue:	Action No:	<u>Action:</u>	By when?	Person(s) Responsible	Update:
Focus on information governance and non benefit fraud utilising the Compliance Officer and new Corporate Fraud Investigator/Corporate Debt Recovery resources. Performance and impact of these new resources to be closely monitored	2015/16 No.7	Monitor appointment of a Corporate Fraud Investigator/Corporate Debt Recovery Officer /continued	March 2017	Chief Financial Officer/Audit Manager	<p>the advantages of joint working with the police force. CLT have agreed that Corporate Fraud Officer will be the Single Point of Contact for liaison with law enforcement colleagues. In terms of the debt recovery the dedicated resource, corporate debt management is more structured and by prompt collection of debts it is more than self funding.</p> <p>Following the appointment of a dedicated resource there is regular reporting of Debtor Reports and Write-Offs to the Chief Financial Officer, with Aged Debtor Reports being issued monthly to Finance Support Officers who review and pursue debts in liaison with the Corporate Debt Recovery Officer.</p>

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
20th MARCH 2017**Risk Management**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall tracey.southall@wyreforestdc.gov.uk
APPENDIX 1	Corporate Risk Register as at 31 st January 2017
APPENDIX 2	Budget Risk Matrix

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

- 2.1 The Audit Committee are asked to **CONSIDER AND NOTE** the Corporate Risk Register and the associated mitigating actions as at 31st January 2017 and the 2017/20 Budget Risk Matrix.

3. BACKGROUND

- 3.1 Council approved a Risk Management policy statement and strategy in February 2008. The approved Risk Management strategy requires that the risk register entries for the Council, both strategic and operational are considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk registers are held within the Covalent computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 The Corporate Risk Register was subject to a fundamental review during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services.
- 3.4 The Corporate Risk Register was subject to a fundamental review during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services. Zurich has also undertaken a recent review of the 2016/17 Risk Register as part of an Information Governance Health Check reported to the Leadership Team in July 2016. This gave the leadership and management of risk by senior management a Level 3 – “Managed” rating and recommended that the Risk Register be refreshed to include more specific reference to Information Governance risk. This has been actioned and is included in Appendix 1.

- 3.5 In addition to this external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Chief Financial Officer in liaison with the Cabinet Member for Resources. The Corporate Risk Register for 2016-17 is attached at Appendix 1, it has been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.
- 3.6 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium Term Financial Strategy.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Members includes a Risk Management Section and in addition to this, specific registers are maintained and monitored separately for significant individual projects.
- 4.2 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Budget Monitoring Reports to Cabinet.
- 4.3 The external auditors Grant Thornton have recognised the work the Council has achieved in this area and has previously acknowledged *“There is also an effective Audit Committee in place (which GT attend) which provides robust challenge on financial matters and assurance on risk management arrangements”* Source: *Value for Money conclusion 2014/15, Strategic financial planning and Financial governance pages 29 and 31 of agenda papers*
- “Green” assessments were made as part of the Assurance Framework/Risk Assessment for both 2014/15 and 2015/16.
- 4.4 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of January 2017 and agreed by CLT, together with the Budget Risk Matrix at Appendix 2. It is suggested that the Corporate Risk Register and Budget Risk Matrix continue to be reported on a 6 monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015, state that:

A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.

- 6.2 In addition Regulation 4 of the Accounts and Audit Regulations 2015 also state that:
“The financial control systems determined must include measures to ensure that risk is appropriately managed”.

- 6.3 The Council’s Corporate Governance Framework considered by the Audit Committee on 17th March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

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

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

8. CONCLUSION

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

9. CONSULTEES

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

10. BACKGROUND PAPERS

- 10.1 Audit Committee ~ 26th September 2016 - Corporate Risk Register
10.2 Cabinet 20th December 2016 – Financial Strategy 2016/19 Report

Corporate Risk Register 2016/17

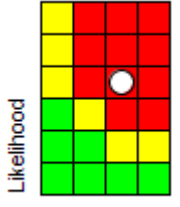
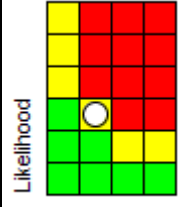
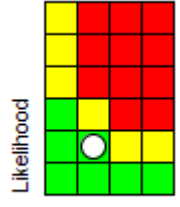




CORPRISK02		Unable to implement and embed new ways of working. The Council continues to undergo major transformational change that embraces review of processes, cultural and behavioural change, increased standards of delivery etc. Continue to use systems thinking methodology and apply current values in continuous improvement work.					
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div><div></div></div>

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Regular CLT/ cabinet meetings focussed on change, demonstrating leadership by example and maintained by regular updates at corporate briefings and team meetings etc.	Corporate Leadership Team; Ian Miller	31-Mar-2017	Regular meetings held leading to Medium Term Financial Strategy published in December.	<div><div>85%</div></div>	
Implementation of a clear and consistent approach to transformation using a system thinking methodology in all intervention projects	Corporate Leadership Team	31-Mar-2017	Much of the recent focus has been on the Reception Services element where phase 2 has progressed well. This is now complete and focus has moved to continuous improvement.	<div><div>88%</div></div>	
Demonstrating robust and focussed leadership in all transformation activity	Corporate Leadership Team; Rachael Simpson	30-Sep-2017	Continue to implement the organisational development plan which contributes to supporting the professional development of staff through a range of programmes e.g. mentoring, coaching, training, Worcestershire Works Well, my	<div><div>91%</div></div>	


			development review, engagement sessions. This is in addition to reviewing processes to make systems more efficient which provide staff greater satisfaction with what they are able to deliver for the customer. Facilitated session around OD delivered in January WF20.		
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CORPRISK03	Unable to improve the economic prosperity of the district. Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its fifth year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council is host of the North Worcestershire Economic Development and Regeneration Service and a member of two Local Enterprise Partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The promised Reform of the Business Rates System of 100% retention will be consulted on in June 2016. When more is known our position will be reviewed. Membership of the reformed Worcestershire Business Rates Pool can only mitigate this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform.				
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Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Housing Strategy including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2017	Worcestershire Housing Partnership Plan has been out to consultation and goes to Cabinet for approval in March. Detailed action plans will then be drawn up and this will replace the Housing Strategy.	<div> <div></div> 90% </div>	

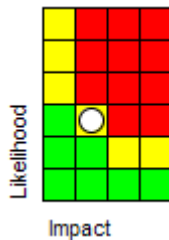
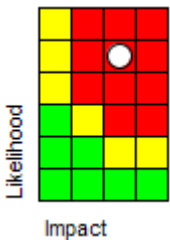
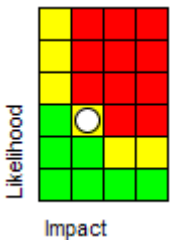
Collection of Council Tax and Business Rates Local Council Tax Discount now requires approximately 5000 Customers to pay at least 10% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme now requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.	Ian Miller	31-Mar-2017	Council agreed to increase the minimum amount of council tax all working age people have to pay to 20% of their liability from April 2016. Council Tax collection at end of January has increased by 0.07% and a further £2.926m collected. NDR collection rates have reduced by 2.89% but an increase of £406k cash collected.	<div>85%</div>	▶
Generation of additional Business Rates Income through continued delivery of regeneration and/or disposal of Council owned assets.	Mike Parker	31-Mar-2017	-0.1% decrease in second quarter from £29,076,104 to £29,041,017 due to vacation of former medical centres in Bewdley and Kidderminster where new locations have yet to be rated by the VOA. Several new assessments nearing completion or complete including new Leisure Centre, Spec Savers factories and Medical Centres. VOA not yet agreed supermarket appeals in the Wyre Forest area and this presents an ongoing risk.	<div>66%</div>	▶
Bewdley Medical Centre (New Build)	Mike Parker	30-Jun-2016	Bewdley Medical Centre building complete with occupation from 21st July at which time land swap with former Medical Centre to WFDC was completed. Additional funding approved by July Cabinet for consolidation and demolition.	<div>100%</div>	✓
Kidderminster Town Centre Public Realm Framework	Mike Parker	30-Apr-2016	Works substantially completed by end of October with only minor snagging remaining and any works in response to Stage 3 Safety Audit.	<div>100%</div>	✓
Redevelopment of former Lloyds Garage site and adjoining land (STC.4)	Mike Parker	31-Dec-2016	Still awaiting H2O Viability Appraisal.	<div>50%</div>	⛔
Implementation of robust Local Plan up to 2032	Mike Parker	31-Mar-2018	Continued progress towards Preferred Options Consultation from June 2017.	<div>48%</div>	▶

Business Rates Retention Scheme. To contribute to the reform debate to maximise the council's future position.	Mike Parker; Tracey Southall	31-Mar-2017	NNDR 1 completed and subject to appeals for 16/17 is looking favourable. Further NNDR 1 growth has been released into the budget.	80%	
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CORPRISK04	Unable to deliver good quality, affordable homes. The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand is decreasing. The emerging national position regarding changes in the Housing & Planning Bill such as the increasing reliance on affordable home ownership and incentivisation of starter homes coupled with changes to Right to Buy legislation and withdrawal of social housing grant to Registered Providers is likely to exacerbate this risk.						
	<div>Original Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Current Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Target Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>			




MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Housing Strategy including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2017	Worcestershire Housing Partnership Plan has been out to consultation and goes to Cabinet for approval in March. Detailed action plans will then be drawn up and this will replace the Housing Strategy.	90%	
Implementation of robust Local Plan up to 2032	Mike Parker	31-Mar-2018	Continued progress towards Preferred Options Consultation from June 2017.	48%	



CORPRISK05	Unable to deliver a sustainable budget for the long term. The 2016/19 Medium Term Financial Strategy projects a much lower level of government funding over the next 3 years with RSG being phased out completely and NHB being reformed. The success of this strategy is reliant on the delivery of significant savings of over £1m per annum between now and 2019. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance of external income streams/funding brings with it increased risk around the continuation of these income streams that are based on the decisions of third parties. Continuing risks around the reform of the Business Rates Retention Scheme and the imposition of reductions/cessation in Government funding streams represents significant corporate financial risk.				
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These risks include the uncertainty around the future of New Homes Bonus; although it will not be abolished there is highly likely to be a significant reduction in this key funding stream. Business Rates reform, growth and the risk of Appeals resulting in lower Business Rates yield is also an important funding element of the budget and represent a key risk to future sustainability. This is closely allied to Corporate Risk 03.						
Original Matrix			Current Risk Matrix			Target Risk Matrix
						

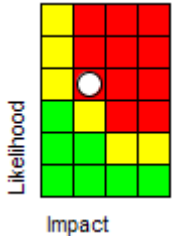
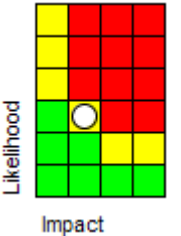
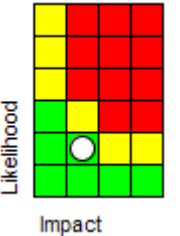

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Delivery of the Wyre Forest Forward Programme/Efficiency Plan likely to be even more challenging given the growth in the target savings assumed in the approved budget requiring £1.263m further savings in the next 3 years. Work to identify how the increased savings target can be achieved must be completed over the next 10 months so the detail can be included with next years budget strategy.	Corporate Leadership Team	31-Mar-2017	The excellent track record for achieving ongoing savings has been maintained for 16/17 with the target being achieved. The budget proposals for 17/18 included further increases to savings and £100,000 for 17/18 remains currently. However, the funding gap increases significantly from 18/19 with an overall funding gap of circa £1.8m by 2021. Work on further savings proposals continues.	100%	✓
Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy, taking into account the significant changes in the funding regime, increased risk and diminishing reserves available and reduced capacity following various restructures. The EU referendum result adds further uncertainty and complexity.	Tracey Southall	31-Mar-2017	Council approved balanced budget on 22nd February 2017.	100%	✓



Collection of Council Tax and Business Rates Local Council Tax Discount now requires approximately 5000 Customers to pay at least 10% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme now requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.	Ian Miller	31-Mar-2017	Council agreed to increase the minimum amount of council tax all working age people have to pay to 20% of their liability from April 2016. Council Tax collection at end of January has increased by 0.07% and a further £2.926m collected. NDR collection rates have reduced by 2.89% but an increase of £406k cash collected.	85%	
Municipal Mutual Insurance Clawback - Budget Pressure	Tracey Southall	31-Mar-2017	Provision made within the 16/17 budget for the additional levy. Confirmation of final amount received April 2016 in line with budget estimate and payment now made. Further potential claim in pipeline, contingent liability in 2015/16 accounts.	90%	
Waste disposal costs to be robustly monitored in relation to the planned closure of Hartlebury where extra costs will not be covered by WCC. Service efficiencies to be identified to contain costs.	Linda Draycott	31-Mar-2017	Agreement reached with Worcestershire County Council on covering extra associated costs. Annual support grant for period 2015/2016 paid.	100%	
Monitor impact of extension of the Local Council Tax Reduction Scheme up to 20% from April 2016.	Ian Miller	31-Mar-2017	The year to date collection rates for Council Tax have increased slightly by 0.07% and the hardship spend to date up to end of January is £31,997.00	80%	
Regular meetings to facilitate effective communications. Regular additional Cabinet/ CLT meetings commenced in April 2016 to focus on future financial strategy and Wyre Forest Forward savings achievement.	Corporate Leadership Team	31-Mar-2017	Balanced budget with continuing achieving of savings agreed for 17/18 at February Council.	100%	
Rationalisation of current provision to provide sustainable future leisure centre	Kay Higman	31-Jul-2016	Wyre Forest Leisure Centre opened on 6th July 2016 and was on budget and on time. This project has saved the Council	100%	

			over £240,000 extra this year. The new centre will save the Council over £500,000 pa. Both WFGLC and SSC now closed.		
Business Rates Retention Scheme. To contribute to the reform debate to maximise the council's future position.	Mike Parker; Tracey Southall	31-Mar-2017	NNDR 1 completed and subject to appeals for 16/17 is looking favourable. Further NNDR 1 growth has been released into the budget.	<div style="background-color: #4f81bd; color: white; padding: 2px 5px;">80%</div>	
The drive for income generation currently has a high profile to help deliver a sustainable budget and avoid the need for service reductions. The income generation group is led by Linda Collis and works across directorates on this important initiative. Work includes additional income generation from services at the Depot, media advertising and lettings/ tenancies at Wyre Forest House.	Linda Draycott; Tracey Southall	31-Mar-2017	Income has increased by £700,000 for 2016/17.	<div style="background-color: #4f81bd; color: white; padding: 2px 5px;">100%</div>	
Ongoing customer engagement and involvement to ensure our services/products remain competitive and continue to attract levels of external income/funding required for the budget.	WF20	31-Mar-2017	Excellent progress has been made by the income generation group which meets monthly. Over the last 12 months income generated has exceeded targets set in various fields including garden waste and tenants secured for Wyre Forest House. Key achievements of the group are regularly reported via Wyred Weekly and the Director of Community Wellbeing and Environment has delivered a corporate presentation at all DMTs to highlight the importance of the income generated for the council's financial sustainability. The system thinking interventions, ICT Strategy Board and the Digital First agenda have all contributed to the income generated and will remain key elements to supporting income growth in the future.	<div style="background-color: #4f81bd; color: white; padding: 2px 5px;">25%</div>	


Channel shift on income collection across the Council applying the approved methodology to digitalise, streamline and simplify processes. This work will be done in liaison with specific services and ICT. The consolidation and simplification of income recording/data capture processes is also planned to provide a single database.	Corporate Leadership Team	31-Mar-2017	A cross directorate Digital Services Board (Digital First) chaired by the Chief Executive was set up in May 2016. A digital services strategy has been developed and signed off by CLT in June 2016, which will link directly with the work of the ICT Strategy Board and Income Generation Working Group. The digital services strategy was also tabled at the meeting of Group Leaders in July. A business intelligence activity analysis has been undertaken which audited current digital systems and procedures. The data captured has supported the development of a 100 day plan which has provided a clear work programme of priorities for the council's approach to the digital services agenda.	50%	
To continue with the enhanced debtor recovery work and progress the Fraud role using the new dedicated resource within Internal Audit in close liaison with Services and ICT. This will include focus on non-benefit fraud there will be close liaison with the Compliance resource within the Revenues team.	Cheryl Ellerton; Tracey Southall	31-Mar-2017	First fraud report to June 2016 Audit Committee with an update on progress. Fraud Update Report to the Audit Committee September 2016 on progress of implementation of the counter fraud arrangements. CLT considered the exploring the threat of Serious and Organised Crime published by the Home Office on the 7th February and agreed some actions and that the Fraud Officer would be our Single Point of Contact (SPOC) The Corporate fraud officer will also be the single point of contact to engage with serious and organised crime local multi agency partners to mitigate the risk of procurement fraud. Excellent progress continues on debtor recovery; post is self funding so far. Continued liaison by Corporate Debt	80%	

			Recovery Officer with Service Teams, Legal and proactively reviewing outstanding debts and contacting customers directly prior to legal action.		
Decommissioning of Glades and Stourport Sports Centre	Mike Parker	31-Jul-2016	Places for People handed keys back to WFDC on Friday 5th August. Decommissioning now complete and Council will look to dispose of site in accordance with adopted Eastern Gateway Framework.	100%	

CORPRISK06	Council 'misses' important issues and/or is in breach of a requirement. The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements, health and safety requirements and inspection regimes to meet our insurers high standards.				
	Original Matrix 	Current Risk Matrix 	Target Risk Matrix 		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Support and advice on major strategic projects to ensure sound and robust arrangements.	Jane Alexander	31-Mar-2017	Work continues to support colleagues with advice needed on any major projects.	75%	
Safeguarding policies and procedures are implemented and adhered to. Disciplined approach in learning lessons from reviews. WSCB section 11 assessment undertaken and CSE action plan monitored.	Linda Draycott	31-Mar-2017	Successful briefings held with Members and regular updates received from Worcestershire colleagues. Overall satisfactory.	100%	

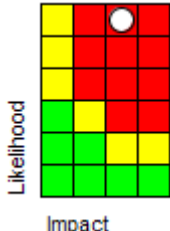
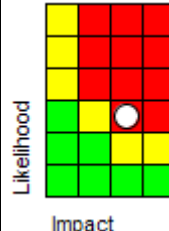


Agenda Item No. 12
Appendix 1

To ensure the leadership team keeps abreast of statutory changes in legislation and seek to influence consultation and seek to prepare for changes in legislation.	Jane Alexander	31-Mar-2017	Work ongoing to keep up to date with any legislation changes.	<div><div style="width: 75%;">75%</div></div>	
Training Support and advice for Service Managers from Zurich Municipal Risk Management Specialists as part of our insurance contract, including the Information Governance Review being undertaken in early 2016. This will facilitate strategic focus on Information Governance given the increasing importance of keeping data, regardless of the form in which it is used/retained secure.	Alison Braithwaite; Caroline Newlands	31-Mar-2017	Zurich made presentation on Information Governance to CLT on 19/07/16 and action plan has been agreed to consider recommendations by the Information Governance working Group.	<div><div style="width: 100%;">100%</div></div>	
Strategic management of information governance risks including follow up of Zurich Municipal review recommendations July 2016 report	Corporate Leadership Team; Alison Braithwaite; Tracey Southall	31-Mar-2017	Excellent progress has been made in taking forward actions to address the areas highlighted in the Zurich report. The Information Governance group continues to meet every six weeks. The Information Security Group now reports to the Information Governance Group.	<div><div style="width: 80%;">80%</div></div>	
Asylum Seekers - be fully engaged in Syrian refugees re-settlement	Kate Bailey	31-Mar-2017	WFDC has welcomed 4 families to Wyre Forest and all are engaging with support and have settled in well.	<div><div style="width: 50%;">50%</div></div>	
Upgrade and enhance the current Fraud Compliance Service	Dave Johnson; Cheryl Ellerton; Tracey Southall	31-Mar-2017	Review of counter fraud arrangements to the audit committee 27th June 2016 to update members on the progress and outcomes in place during 2015/16 and detail on indicative pro-active anti fraud plan detailing work streams for both the Corporate fraud and Compliance officer roles in 2016/17.	<div><div style="width: 70%;">70%</div></div>	



¹ Software cancelled so project no longer ongoing.



			Fraud Update Report to the Audit Committee September 2016 on progress of implementation of the counter fraud arrangements. Looking to integrate anti fraud plan with a fraud risk register into 2017/18.		
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CORPRISK07	Implementation of ICT Strategy. There continues to be significant investment in the development of technology at the Council. The ICT Strategy agreed in 2013/14 is in the process of being implemented across the authority with progress and governance provided by the ICT Strategy Board. A number of new website has been implemented and the focus continues to be on, supporting the move to greater self-service by customers, ensuring continued PSN compliance, update systems to ensure best value / efficiencies and refreshing ICT platforms / systems to deliver ICT services / and systems over the Medium Term Financial Strategy. There are emerging issues around some integration limitations that may hinder some transformation workstreams. A risk of reliance on key suppliers for, network products also exists as the ICT market is very fast paced and companies can frequently be subject to merger/changed ownership. The Council needs to be aware of software support expiry dates; consideration of this issue is included within the ICT Strategy for replacement of corporate system i.e. Office and business systems.				
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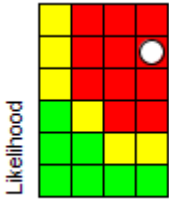
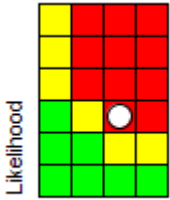
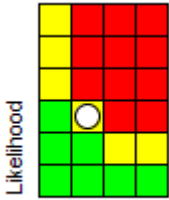

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to deliver the ICT Strategy to achieve additional efficiency savings.	Dave Johnson	31-Mar-2017	See below updates.	<div>44%</div>	▶
Supporting the Commercial Agenda including digital by default. Review the booking systems and replace, review and replacement of GIS and on-line planning	Dave Johnson; Corporate Communications Team	31-Mar-2017	Number of new on-line booking and payments systems have gone live to assist services with income generation including services for Bewdley museum, Bulky waste, external works and Licensing. Some of these are allowing	<div>15%</div>	▶

			payments to be made via ipads while operatives are out in the field. Website changes have also been changed to reflect the commercial agenda including the home page. Changes to other websites including Town Hall are planned.		
Digital by Default is the expected method of interacting with the Authority	Dave Johnson; Corporate Communications Team	31-Mar-2017	<p>Testing and implementation is continuing on a number of new web / self service applications. New Digital First Group has been set up to oversee this area of work, membership of which includes ICT.</p> <p>Recent progress includes</p> <ul style="list-style-type: none"> . Evaluation of new GIS system and on-line mapping tender nearing completion. . Timetable and detailed project plan to be agreed for GIS / mapping system . New home page has now gone live. <p>Number of new on-line booking and payments have gone live including services for Bewdley museum, Bulky waste, external works and Licensing</p> <ul style="list-style-type: none"> . Data gathering exercise by digital first group to ascertain usage of webpages and services on-line 	10%	
Renew support contract for printers, network switches and Shoretel Phone System, Review and Replacement of current ICT Help Desk	Dave Johnson	31-Mar-2017	<p>New Firewalls and Webfilters due to be installed in the next month. New lines at Kidderminster Town Hall have now been installed and are currently being tested. Awaiting results of survey at WFH for new line between WFH and Town Hall as this will be a more cost effective resilience option.</p> <p>LAN network support and Maintenance, Currently out to quotation</p> <p>Shoretel Phone Support and Maintenance Autumn 2016, currently finalising specification</p>	25%	

			MFD's (Multi Functional Device) Currently agreeing 1 year contract extension Mobile phones: - Benchmarking and analyses using Crown Commercial framework (CCS) nearing completion. Network Management system upgraded.		
Upgrade and enhance the current Fraud Compliance Service	Dave Johnson; Dave Johnson	31-Mar-2017	Review of counter fraud arrangements to the audit committee 27th June 2016 to update members on the progress and outcomes in place during 2015/16 and detail on indicative pro-active anti fraud plan detailing work streams for both the Corporate fraud and Compliance officer roles in 2016/17. Fraud Update Report to the Audit Committee September 2016 on progress of implementation of the counter fraud arrangements. Looking to integrate anti fraud plan with a fraud risk register into 2017/18.	<div><div>70%</div></div>	 ²
Continue to review and Update Security Systems including Firewalls/ Web filter	Dave Johnson; Dave Johnson	30-Sep-2016	Web filter is now live and settling down. There have been a few minor issues re accessing certain websites but nothing major to date. Firewalls - All the configuration and testing in particular additional resilience in the event of a line failure that can be completed prior to going live has been done. Completion is planned for mid March. 3 new modules for email gateway have been installed.	<div><div>70%</div></div>	

² Software cancelled so project no longer ongoing.

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

MITIGATING ACTIONS				
Description	Managed By	Due Date	Latest Note	
Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Rachael Simpson	31-Mar-2017	Funding allocated to support Leadership and Development interventions as part of the Wyre Forest Futures Strategy. Two cohorts of the Step Up Management Programme completed. Accelerate to Leadership commenced in the Autumn, due to finish in April 2017. A team of managers participated in the West Midlands Employers LA Challenge which focussed on leadership development. All managers who complete a management and leadership programme to be utilised with cross service area projects.	<div data-bbox="1641 805 1843 850">75%</div> 
Develop initiatives to support any workforce through organisational change including involvement of staff through suggestion scheme and System Thinking. The continued practice of	Alison Braithwaite; Rachael Simpson	31-Mar-2017	A comprehensive programme of initiatives as described below continue to be implemented to support colleagues with organisational change. An evaluation of user feedback forms a	<div data-bbox="1641 1222 1843 1267">80%</div> 

regular staff surveys allows the leadership team to develop initiatives to respond positively to feedback and suggestions.			key part of the programme development.		
Demonstrating robust and focussed leadership in all transformation activity	Corporate Leadership Team; Rachael Simpson	30-Sep-2017	Continue to implement the organisational development plan which contributes to supporting the professional development of staff through a range of programmes e.g. mentoring, coaching, training, Worcestershire Works Well, my development review, engagement sessions. This is in addition to reviewing processes to make systems more efficient which provide staff greater satisfaction with what they are able to deliver for the customer. Facilitated session around OD delivered in January WF20.	91%	




CORPRISK09	Capacity to do everything is insufficient. A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships. The pace of change and need to continue to deliver key projects, represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings/ efficiency plan and the ability to provide effective leadership for the management of the Council. This is particularly true given the increased savings targets from 2017/18 as a result of reductions in central government funding.					
	<div>Original Matrix</div> <div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div>	<div>Current Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Target Risk Matrix</div> <div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>		

MITIGATING ACTIONS			
Description	Managed By	Due Date	Latest Note

Ensure resources are monitored and managed to protect capacity issues when Systems Interventions take place. The Transformation Fund is used to allocate funding to support interventions and consideration will be given to topping up this reserve at year end as the Government transition funding may not be sufficient.	Ian Miller	31-Mar-2017	Funding is in place for the depot review and also for the income generation work. Additional resources allocated to support digital first strategy and commercial work at the depot.	<div><div>100%</div></div>	✓
Ensure involvement of appropriate staff from both within and outside WF20 onto projects to spread resourcing and maximise the opportunities for success.	Ian Miller	31-Mar-2017	All review teams involve staff from outside the area being reviewed.	<div><div>100%</div></div>	✓
Progressing changes to monitoring attendance levels. Working closely with employees, maintaining conversation and development opportunities in accordance with our values and the Worcestershire works well agenda.	Rachael Simpson	31-Mar-2017	HR team working with managers closely monitoring attendance levels, providing support as an when required. Currently awaiting new assessment date for Level 3 of the Worcestershire Works Well accreditation. Continuing to promote well-being initiatives	<div><div>75%</div></div>	▶

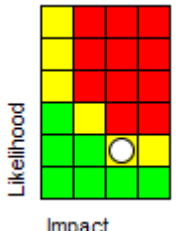
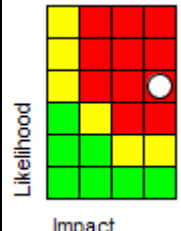
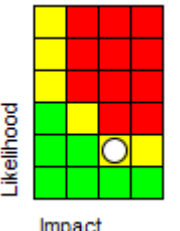

CORPRISK10 Unable to effectively improve the Council's reputation. The Council's reputation is extremely important, progressive improvement is important and can be subject to political influence that is difficult to predict and control. Effective consultation and communication with increased focus on customer engagement (both internal and external) are key to this gradual progression - along with purposeful service delivery. The May 2015 election results suggested positive public support for the current administration and this should aid reputational issues.						
	<div>Original Matrix</div> <div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div>Impact</div></div></div><div></div><div>Current Risk Matrix</div><div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div>Impact</div></div></div><div></div><div>Target Risk Matrix</div><div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div>Impact</div></div></div><div></div><div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div>					




MITIGATING ACTIONS

Description	Managed By	Due Date	Latest Note		
To continue to proactively implement the Council's Reputation Management Plan in accordance with the revised Communications Strategy. To review on a monthly basis.	Alison Braithwaite	31-Mar-2017	Corporate Communications Strategy continues to be proactively implemented with service managers. The effectiveness of campaigns and corporate initiatives are monitored on a monthly basis and reported to Cabinet/ CLT and Group Leaders quarterly.	100%	
Employee and Member Engagement	Alison Braithwaite	31-Mar-2017	Staff continue to be involved in reviewing the most effective tools for engaging and supporting them with organisational change and includes the 'Give Me a Voice' and 'Provide me with the Information I need' Systems Thinking Interventions. Staff engagement workshops have been arranged for different service teams on corporate or service specific issues they wish to explore and discuss further. Members are encouraged to participate in opportunities featured in the Members' Bulletin or WyredIn in addition to those engagement activities arising as part of Scrutiny Reviews or Task and Finish Group Panels. Regular staff Corporate Briefings with Chief Executive and Leader will continue to be held.	100%	
Production of a Wyre Forest Marketing Plan and media campaign	Alison Braithwaite	31-Mar-2017	A marketing plan to support income generation has been produced to support the ongoing promotion of our commercial services across council directorates.	100%	

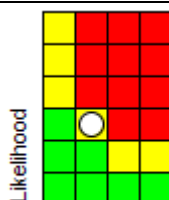
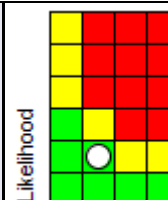
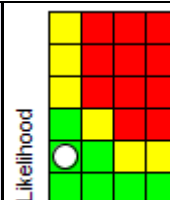

CORPRISK12



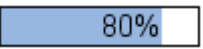

Unable to ensure a secure network which would make ICT vulnerable to attacks and threats. The Council has successfully achieved PSN compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Ongoing patching of servers/workstations	Dave Johnson	31-Mar-2016	PSN CoCo has now been submitted. All high risk vulnerabilities have either been completed or are in progress, with patches being rolled out to software, Server Updates / upgrades and old hardware being replaced	<div><div>100%</div></div>	
Annual Penetration Tests	Dave Johnson	31-Mar-2017	PSN CoCo has now been submitted as all high risk vulnerabilities have either now been completed or near completion. Currently updating security on laptops	<div><div>85%</div></div>	
Continue to review and Update Security Systems including Firewalls/ Web filter	Dave Johnson; Dave Johnson	30-Sep-2016	Web filter is now live and settling down. There have been a few minor issues re accessing certain websites but nothing major to date. Firewalls - All the configuration and testing in particular additional resilience in the event of a line failure that can be completed prior to going live has been done. Completion is planned for mid March. 3 new modules for email gateway have been installed.	<div><div>70%</div></div>	


CORPRISK13	Unable to deliver satisfactory services through alternative Service Delivery Models including Shared Service arrangements and the potential devolution of services public service reform and/or combined arrangements. The Council is partner in a number of Shared Services - Worcestershire Regulatory Services, Emergency Planning, Water Management, Payroll, Building Control, Economic Development and Regeneration -
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and is either host to the Shared Service or a partner in receipt of a service.							
	Original Matrix		Current Risk Matrix		Target Risk Matrix		

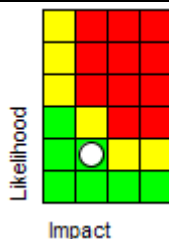
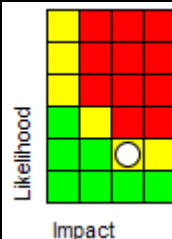
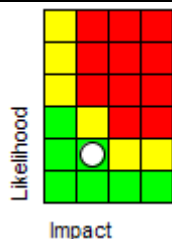

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Cessation of unmanaged end user devices	Dave Johnson	31-Mar-2016	At the ICT strategy board on 17th December 2015, guidance from the Cabinet Office was considered concerning the use of personal devices. It was agreed that members or staff who currently use their own devices and wish to have continued access to Good from them will need to sign up to formal arrangements in order for us to maintain our PSN accreditation. Use of BYOD in the first year will be limited to existing users, members of the Cabinet and by management approval		
To ensure that governance arrangements are appropriate for all forms of service delivery including Public Private Partnerships (PPPs) and Local Authority Trading Companies (LATCs). This is to include any impact as a result of the devolution debate. This may result in significant change to service delivery based around combined authorities and elected mayors and	Ian Miller; Caroline Newlands; Tracey Southall	31-Mar-2017	Cabinet approval for the principle of setting up Local Authority Trading companies. A decision published on 15/12/16 to set up Limited Liability Partnership (LLP) with Public Sector PLC (PSP) in accordance with cabinet delegation. Briefing for Members at Members' Forum in March. Exploratory work on LATC's well in progress.		




would present a challenge in terms of revised governance arrangements.			The Payroll shared service is being closely monitored given the staff changes at RBC. New payroll manager at RBC has brought stability to the shared service.		
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CORPRISK14	Failure to optimise alternative delivery options. The review of the future direction of the delivery of services to the local community including consideration of shared services and the localism agenda is challenging and must be carefully managed to ensure all opportunities are optimised whatever their guise. This revised approach to service delivery is being encouraged by Government and is required to make efficiencies and savings. It is the third part of the Council's transformation efforts. However there are always risks around the management of such arrangements, whether the work is being led by another organisation or led by the Council.						
	<div>Original Matrix</div>	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Current Risk Matrix</div>	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div>Target Risk Matrix</div>	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
To ensure that governance arrangements are appropriate for all forms of service delivery including Public Private Partnerships (PPPs) and Local Authority Trading Companies (LATCs). This is to include any impact as a result of the devolution debate. This may result in significant change to service delivery based around combined authorities and elected mayors and would present a challenge in terms of revised governance arrangements.	Ian Miller; Caroline Newlands; Tracey Southall	31-Mar-2017	Cabinet approval for the principle of setting up Local Authority Trading companies. A decision published on 15/12/16 to set up Limited Liability Partnership (LLP) with Public Sector PLC (PSP) in accordance with cabinet delegation. Briefing for Members at Members' Forum in March. Exploratory work on LATC's well in progress. The Payroll shared service is being closely monitored given the staff changes at RBC. New payroll manager at RBC has brought stability to the shared service.	<div>80%</div>	


Clarity of strategy and maintaining effective and mutually beneficial partnerships with third parties	Corporate Leadership Team	31-Mar-2017	Report to June cabinet secured approval of the principle to explore Local Authority Trading Companies (LATCs)	10%	
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CORPRISK15	Effective/strategically focussed political leadership to cope with continuing significant challenges of reduced funding and changing legislative framework. Following the All-out elections in May 2015 we now almost certainly have a period of political stability for several years. The approval of a move to All-out Elections every four years from 2019 will help future political stability but members will still need regular training and all-party updates to ensure skills and knowledge are kept up to date in those challenging times when effective leadership is key to future sustainability.						
	Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward. This also includes regular meetings of the Group Leaders and the Corporate Induction Plan undertaken in May - July 2016.	Alison Braithwaite	31-Mar-2017	An update on the Wyre Forest Forward projects is a standing agenda item at all meetings of Group Leaders. The minutes of these meetings are published on COLIN which all Members have access to.	100%	
Ensure newly elected members taking up lead positions in the Council are mentored to enable their skills to be fast tracked	Alison Braithwaite	31-Mar-2017	Newly elected Members continue to be supported by the Committee and Member Services Team and are encouraged to identify any training needs they may now have. The Members' Bulletin has a standing information item about training.	100%	
Regular meetings to facilitate effective communications. Regular additional Cabinet/ CLT meetings commenced in	Corporate Leadership Team	31-Mar-2017	Balanced budget with continuing achieving of savings agreed for 17/18 at February Council.	100%	

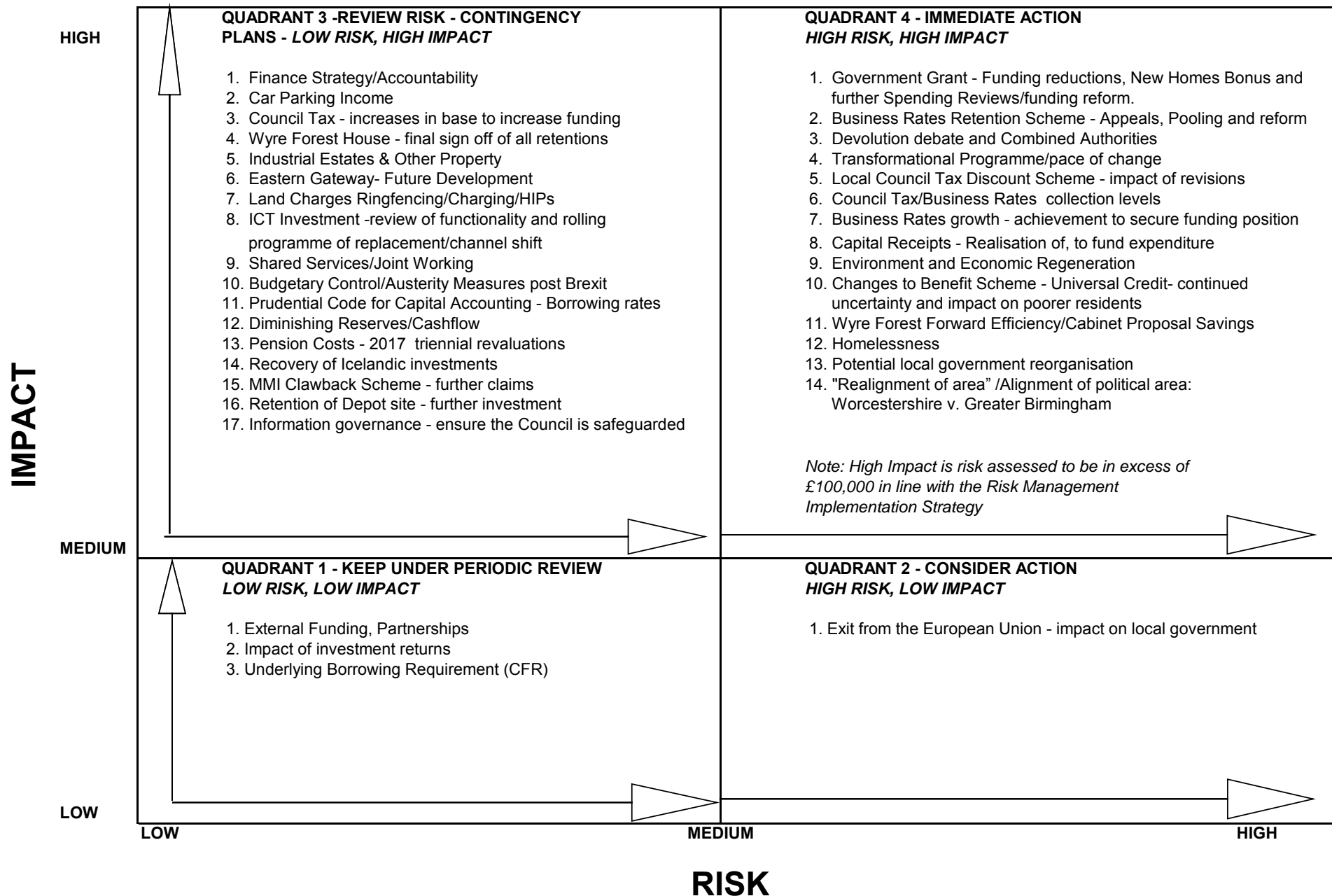
April 2016 to focus on future financial strategy and Wyre Forest Forward savings achievement.					
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CORPRISK16							Localism: Sustaining the pace and effectiveness of asset and service transfers to third sector parties, Parish and Town Councils									
	Original Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>		Current Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>		Target Risk Matrix	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	<div></div>							

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Clarity of strategy and maintaining effective and mutually beneficial partnerships with third parties including Parish and Town Councils and other local community groups/organisations.	Corporate Leadership Team	31-Mar-2017	Take up of Localism Fund progressing well. The transfer of the St George's and Riverside paddling pools has been agreed. There are ongoing negotiations with Bewdley Town Council regarding Northwood Lane.	<div><div>80%</div></div>	

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

BUDGET RISK MATRIX 2017/2020



Budget Risk Matrix

ISSUE	BUDGETARY RESPONSE
<p>Quadrant 1 - Low Risk, Low Impact</p> <p>1. External Funding, Partnerships</p> <p>2. Impact of Investment Returns</p> <p>3. Underlying Borrowing Requirement (CFR)</p>	<p>Keep under periodic review</p> <p>Continue to evaluate sustainability of each scheme as part of project appraisal.</p> <p>Continue to monitor and report as appropriate. The Governor of the bank of England has indicated that the rate may reduce further from the current 0.25%. Balances available for investment are reducing over the MTFP and this together with the lower returns has been taken into account in the base budget. We continue to work with Capita in this area.</p> <p>The rising CFR over the term of the Budget Strategy will be carefully monitored in close liaison with Capita to gauge both the timing and type of external borrowing.</p>
<p>Quadrant 2 - High Risk, Low Impact</p> <p>1. Exit from the European Union</p>	<p>Consider Action</p> <p>To-date the impact has not been significant but this will be closely monitored.</p>
<p>Quadrant 3 - Low Risk, High Impact</p> <p>1. Finance Strategy/Accountability</p> <p>2. Car Parking Income</p> <p>3. Council Tax – increase in base</p> <p>4. Wyre Forest House final sign off of all retentions</p> <p>5. Industrial Estates and Other Property</p> <p>6. Eastern Gateway - Future Development</p> <p>7. Land Charges Ring fencing /Charging/HIPs</p> <p>8. ICT Investment/channel shift</p> <p>9. Shared Services Joint working</p> <p>10. Budgetary Control/Austerity Measures</p> <p>11. Prudential Code for Capital Accounting – Borrowing rates</p> <p>12. Diminishing Reserves/Cash flow</p> <p>13. Pension Costs</p> <p>14. Recovery of Icelandic Investments</p>	<p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy. Usages/Income level closely monitored, proposal for new simplified policy is factored into the MTFP</p> <p>Assumption of increase of 300 pa should hopefully be realised. Managed closely by Chief Executive and CLT/Cabinet</p> <p>Managed through Property Disposal Strategy</p> <p>Development opportunities continue to be explored.</p> <p>Reduced income allowed for within Base Budget reduces the scale of any challenge. Settlement of claim with lawyers New Burdens Grant will mitigate the impact.</p> <p>ICT Strategy Group formed to oversee/enhance the governance, planning and delivery arrangements of the strategy between ICT and council service areas.</p> <p>Shared Services partnerships continue to contribute to collaborative efficiencies but will be monitored to ensure risk is managed and mitigated.</p> <p>Continue to discourage non-essential expenditure, monthly budget monitoring reports provide more management information. Focus on income generation and innovative alternative service delivery models.</p> <p>External borrowing is £15m, rates remain low but the economy is still volatile and future rates difficult to predict; Capita continue to provide technical advice</p> <p>Cash flow management will be tighter given reduction in capital and revenue reserves and use of the Capita Cash flow model is being used to improve management information to help mitigate any risk in this area</p> <p>Higher payments made as a result of the 2013 year's triennial revaluation have improved our position and it is hoped that the impact of the current revaluation can be contained within existing budgets.</p> <p>Under £1m in outstanding and work will continue to achieve maximum recovery.</p>

<p>Quadrant 3 Continued</p> <p>15. MMI Claw Scheme</p> <p>16. Retention of Depot Site</p> <p>17. Information Governance</p>	<p>Further claim received and settled, ear marked reserve held.</p> <p>Currently on schedule and on budget; this will be carefully managed Investment is required to provide a sustainable depot site now the decision has been taken to retain this key asset.</p> <p>Internal working group chaired by the Chief Executive is reviewing this area to ensure the Council continues to be safeguarded.</p>
<p>Quadrant 4 - High Risk, High Impact</p> <p>1. Government Grant –Funding Changes, further Spending Reviews and New Homes Bonus</p> <p>2. Business Rates Retention Scheme, appeals, Pooling and revision of funding arrangements</p> <p>3. Devolution debate and Combined Authorities</p> <p>4. Impact of Transformational Programme</p> <p>5. Local Council Tax Discount Scheme</p> <p>6. Council Tax Collection levels</p> <p>7. Business Rates Growth</p> <p>8. Capital Receipts - Realisation of to fund expenditure</p> <p>9. Environment and Economic Regeneration</p> <p>10. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax</p> <p>11. Wyre Forest Forward Efficiency savings</p> <p>12. Homelessness</p> <p>13. Local Government Reorganisation</p> <p>14. Realignment of area/political area</p>	<p>Immediate Action</p> <p>Significant issue given the scale of the Spending deficit. The Cabinet Financial Strategy Advisory Panel process will assist Wyre Forest Forward coordinating Councils future Plans.</p> <p>Proposed changes to funding arrangements introduce uncertainty and risk, the new Worcestershire Pool may mitigate this. Annual review of pooling arrangements but future of pooling uncertain. Our robust regeneration programme is a mitigation factor.</p> <p>Monitored closely by CLT/Cabinet</p> <p>Managed by CLT/Cabinet with reports to Group Leaders.</p> <p>The impact of the revised Local Scheme will be kept under review by the Chief Executive/Chief Financial Officer</p> <p>Assumptions in relation to decreased collection rates have been made in the Council Tax Base calculations as a result of the Local Council Tax Discount Scheme and these will be carefully managed and reported on.</p> <p>Given proposed funding reform independent business rates growth is of key importance to funding streams. Our regeneration policy, innovative service delivery options and proposed loans to third parties policy all help mitigate risk.</p> <p>Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary.</p> <p>The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT</p> <p>The continued overhaul of the benefits systems will be carefully managed and monitored.</p> <p>Progress continues to be monitored and reported regularly to members.</p> <p>The Welfare Reform, Universal Credit and Council Tax Benefit Reform could all increase the number of Homelessness cases within the district. This will be carefully monitored and managed by the Housing Team.</p> <p>Macroeconomic area strategically assessed and managed by the Leadership team.</p> <p>Kept under strategic review by the Leadership team in liaison with two LEPS. The three LEP footprint proposals are also within our radar.</p>