

**Open**

# **Audit Committee**

## **Agenda**

**6pm**  
**Wednesday, 24th May 2023**  
**Council Chamber**  
**Wyre Forest House**  
**Finepoint Way**  
**Kidderminster**



## Audit Committee

### **Members of Committee:**

**To be confirmed following the Annual Council meeting on 17 May 2023.**

### **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.**

### **Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider in advance of each meeting whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer in good time before the meeting.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting.

Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.

Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where a matter affects the NRI of a Member or co-opted Member, the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required. Again please ensure you have spoken in advance to the relevant legal advisor.

### **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 Karen Morton, Assistant Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732740 or email [karen.morton@wyreforestdc.gov.uk](mailto:karen.morton@wyreforestdc.gov.uk)

Wyre Forest District Council

Audit Committee

Wednesday, 24th May 2023

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 22 <sup>nd</sup> March 2023.	5
5.	<b>External Audit - Sector Update</b>  To receive a verbal update from Grant Thornton.	
6.	<b>External Audit - Informing the Risk Assessment 2022-23</b>  To receive a report from Grant Thornton.	8
7.	<b>External Audit – WFDC Audit Plan 2022-23</b>  To receive a report from Grant Thornton.	44
8.	<b>Internal Audit Monitoring Report Quarter ended 31st March 2023</b>  To receive a report from the Audit Manager.	66
9.	<b>Internal Audit Annual Assurance Report 2022-23</b>  To receive a report from the Audit Manager.	80

10.	<b>Annual Governance Statement 2021-22 – Action Plan Progress report</b>  To receive a report from the Head of Resources.	90
11.	<b>Annual Governance Statement</b>  To receive a report from the Head of Resources.	102
12.	<b>To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
13.	<b>Exclusion of the Press and Public</b>  To consider passing the following resolution:  “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.	

## Part 2

Not open to the Press and Public

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

**AUDIT COMMITTEE**

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

**22 MARCH 2023 (6PM)**

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**Present:**

Councillors: R H Coleman (Chairman), P W M Young (Vice-Chairman),  
B Brookes, N J Desmond, P Dyke, D Ross, A Totty, L Whitehouse.

**Observers:**

Councillor: A Coleman

Observed remotely: Councillors: H E Dyke and M Rayner.

**AUD.35     Apologies for Absence**

Apologies for absence were received from Councillor: B S Dawes.

**AUD.36     Appointment of Substitutes**

Councillor D Ross was appointed as a substitute for Councillor B S Dawes.

**AUD.37     Declarations of Interests by Members**

No declarations of interest were made.

**AUD.38     Minutes**

**Agreed: The minutes of the meeting held on 29 November 2022 be confirmed as a correct record of the meeting and signed by the Chairman.**

Councillor L Whitehouse entered the meeting at 6.02pm.

**AUD.39     Internal Audit – Annual Audit Plan 2023-24**

The Committee considered a report on the Internal Audit – Annual Audit Plan 2023-24 from s151 Officer on the audit plan for the Council, which has been prepared in accordance with the UK Public Sector Internal Audit Standards 2013, updated 2016 amended 2017.

The Audit Manager presented the report and drew particular attention to paragraphs 4.7 to 4.11 of the report, where there had been some changes in the available audit days for 2023/4.

## **Agenda Item No. 4**

Due to his late arrival, the Chairman asked Councillor L Whitehouse if he had any interests to declare on any of the items on the agenda. Councillor Whitehouse confirmed that he had no declarations of interest to make.

The s151 Officer and the Audit Manager were able to provide members with verbal responses to their questions on the Internal Audit – Annual Audit Plan 2023-24.

**Agreed: The Audit Committee DECIDE that:**

**1.1 The Internal Audit – Annual Audit Plan 2023~24, attached as Appendix 1, be approved.**

**1.2 To authorise the Section 151 Officer in consultation with the Audit Manager to make any in-year amendments to the plan considering developments arising during the year as described in paragraph 3.6 of the report.**

### **AUD.40 Internal Audit Monitoring Report Quarter Ended 31 December 2022**

The Committee received a report from the Audit Manager who presented the Internal Audit Monitoring Report for the Quarter ended 31 December 2022, the third quarter of the plan.

The Audit Manager led members through the report and outlined the key points and drew Members attention to the work in progress and performance against plan.

Members were given the opportunity to ask questions on the report.

**Agreed: The Audit Committee considered and agreed the Internal Audit Monitoring Report for the Quarter ended 31st December 2022 as detailed in the Appendix to the report.**

### **AUD.41 Risk Management – Corporate Risk Register Action Plan Monitoring Report**

The Committee considered a report on the current Corporate Risk Register and the Budget Risk Matrix, which informed members of the latest Risk Management Strategy, including the updated Risk Management Strategy.

The Head of Resources presented the report and was able to provide members with verbal responses to their questions.

**Agreed: The Audit Committee considered and noted the Corporate Risk Register and the associated mitigating actions as at 31<sup>st</sup> January 2023 and the 2023-26 Budget Risk Matrix.**

**Recommend to Cabinet: The Audit Committee recommend to Cabinet that the revised Risk Management Strategy is adopted.**

**AUD.42 Press Involvement**

There were no further items for audit that might require publicity.

The Chairman took the opportunity to thank all Officers, on behalf of committee members, for all their hard work over the past 4 years and noted that Wyre Forest District Council are in the Top Ten Councils getting audited accounts finalised.

There being no further business, the meeting ended at 6.35pm.

# Informing the audit risk assessment for Wyre Forest District Council 2022/23

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## Agenda Item No. 6

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

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## Agenda Item No. 6

### Purpose

The purpose of this report is to contribute towards the effective two-way communication between Wyre Forest District Council's external auditors and Wyre Forest District Council'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), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) 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 Local Government's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

**Agenda Item No. 6****Purpose**

This report includes a series of questions on each of these areas and the response we have received from Wyre Forest District Council'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.

## Agenda Item No. 6

# General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?</p>	<p>The following areas could have a significant impact on the financial statement for 2022-23:</p> <ul style="list-style-type: none"> <li>• General and pay inflation and increased cost of utilities.</li> <li>• Increased service demand due to impact of cost of living increases</li> <li>• Valuation of fixed assets</li> <li>• Capital Regeneration grants (FHSF and LUF)/government delays in approving project adjustment requests (need to rescope projects to bring within funding envelope due to price rises)</li> <li>• Homes for Ukraine and other refugee resettlement schemes including Housing Fund</li> <li>• UK Shared Prosperity fund/Government delays in progressing, impact on projects</li> </ul>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Wyre Forest District Council?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The accounting policies are currently under annual review, we aren't currently aware of any that require changing and we haven't identified any new policies to be adopted but we will notify the audit team of any changes as soon as the review is complete.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>Financial instruments are carried in the balance sheet and further disclosures are provided in the notes, no new categories are expected in 2022-23.</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>Continued passporting support grants from BEIS to individual businesses/taxpayers</p> <p>Exceptional S31 Grants related to COVID – significant repayment of S31 to DLUHC in 2022-23 accrued in 2021-22.</p> <p>Energy Bills Support Scheme – delivering support to eligible recipients until close of scheme on 31<sup>st</sup> May 2023</p>

## Agenda Item No. 6

# General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Legacy impact of Covid-19 on non-current assets due to changes in working practices and income potential, given the cost-of-living crisis/inflation, is still an area to be kept under review. We have commissioned the valuation work for 2022-23 to cover the assets over £1m and a desk top review of all other estate assets to ensure there is no material misstatement, as in 2021-22.
6. Are you aware of any guarantee contracts? If so, please provide further details	No new guarantee contracts (some pension guarantees exist as in previous years).
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Wyre Forest District Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Greenhalgh Kerr solicitors – Council tax/Business Rates debt recovery</p> <p>Browne Jacobson Solicitors to support acquisition of property – Levelling Up Fund – also one employment case.</p> <p>None on work for open litigations or contingencies from prior years</p>

## Agenda Item No. 6

# General Enquiries of Management

Question	Management response
9. Have any of the Wyre Forest District Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	None reported
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Financial advice was obtained during 2022-23 from: LG Futures Ltd Business Rates Pool , PWC VAT advice, Link Asset Management – treasury management advisors, West Midlands Employers – HR/employment advice – Job Evaluation, David Airey Consulting – Council Tax and Business Rates advice, Gallaghers Ltd – Insurance retender/advice, Jones Valerio – Property portfolio management advice, BNP Paribas – Capital Portfolio operational property manager, Gleeds Building Surveying Ltd, Bruton Knowles – Asset valuation advice Property acquisition due diligence - Avison Young, PSP Ltd, Lambert Smith Hampton. Mercers Pension Fund actuaries – pension advice.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Work is on-going but no requirement identified to date for credit loss provisions

# Fraud

## Agenda Item No. 6

### Matters in relation to fraud

ISA (UK) 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 Wyre Forest District Council'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, and
- 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 WFDC's management.



## Agenda Item No. 6

# Fraud risk assessment

Question	Management response
<p>1. Has Wyre Forest District Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Wyre Forest District Council's risk management processes link to financial reporting?</p>	<p>It is acknowledged that there is always a risk of fraud being committed against the Council. There is a zero tolerance towards fraud. Arrangements are in place to prevent and detect fraud, and these include the work of Internal Audit to identify areas of risk including high profile areas of Council Tax and Housing Benefit Fraud. The risk of misstatement in the financial statements due to undetected fraud is low. The fraud resource within Internal Audit and Compliance Officers within the Revenues &amp; Benefits Team work to mitigate risk of fraud.</p> <p>Internal Audit take account of fraud risks in their planning of audit reviews, responding appropriately to fraud risks and enhancing controls further to protect against the risk of fraud.</p> <p>Compliance Officers take a proactive approach and regularly review Council Tax discounts and exemptions to minimise loss of income and reduce the risk of fraud.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>There are some areas that are inherently at risk from fraud such as:</p> <ul style="list-style-type: none"> <li>■ Council Tax</li> <li>■ Benefit fraud</li> <li>■ Single person discount</li> <li>■ Central Government funding</li> </ul> <p>Following the transfer of the responsibility for Housing Benefit Fraud together with dedicated benefits investigation team to the DWP, Wyre Forest invested in new resource to work on fraud/compliance in respect of local taxes/Council Tax Reduction Scheme within the Revenues and Benefits section. This work continues to progress using funding from Worcestershire County Council to further combat collection fund fraud and increase the net collectible debit for both Council Tax and Business Rates. Whilst all preceptors will benefit from this as well as this Council the County takes the largest proportion, hence the funding and drive to work together</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Wyre Forest District Council as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>There are no material instances of fraud that have been identified during the year. See above for specific fraud risks.</p> <p>There were no confirmed frauds detected within the Council during 2022~23.</p>

## Agenda Item No. 6

# Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Audit Committee receive an annual update on the Counter Fraud Arrangements in place within the Council from the S151 Officer and Audit Manager</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Wyre Forest District Council where fraud is more likely to occur?</p>	<p>There are no material instances of fraud that have been identified during the year.</p> <p>Evidence published by the National Fraud Authority amongst others, suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring in the Authority. The Internal Audit plan incorporates consideration of potential fraud. In addition to this, management is expected to identify and record fraud risks where necessary on the corporate risk register. We do not consider that any material fraud is occurring.</p>
<p>6. What processes do Wyre Forest District Council have in place to identify and respond to risks of fraud?</p>	<p>Fraud Risks are included by Internal Audit in the planning process and Internal Audit act as an effective Internal Control. The Covid pandemic had presented new risks and potential for fraud, the 2022/23 Internal Audit Plan continued to acknowledge any potential fraud risks.</p>

# Fraud risk assessment

## Agenda Item No. 6

Question	Management response
<p>7. How do you assess the overall control environment for Wyre Forest District Council including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</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)? If so, please provide details</p>	<p>Internal controls are considered within all internal audit reviews and recommendations made based on observations identified during the review are made to improve the operation on systems reviewed.</p> <p>The annual assurance audit report 2022 provided an opinion on the Council's internal control environment and systems of internal control giving reasonable assurance over key business processes and financial systems.</p> <p>Fraud risks are included by Internal Audit in the planning process and Internal Audit act as an effective internal control. The Covid pandemic had presented new risks and potential for fraud which was acknowledged with the annual assurance report for 2022.</p> <p>There is a corporate fraud role aligned to the Internal Audit Team to raise awareness for both Officers and Members and a dedicated Corporate Fraud email address for the reporting of concerns and any identified fraudulent attempts that have not been caught by the filtering software.</p> <p>Compliance Officers take a proactive approach and regularly review Council Tax discounts and exemptions to minimise loss of income and reduce the risk of fraud. There is regular budget monitoring with regular updates to CLT and Cabinet to prevent/deter the potential for the overriding of controls.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>No</p>

## Agenda Item No. 6

# Fraud risk assessment

Question	Management response
<p>9. How does Wyre Forest District council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>There is a Fraud Strategy, Fraud Response Plan and a Whistleblowing (Confidential Reporting Policy) procedure in place which explain the procedures to follow. Both documents are available to all staff on the Council's intranet.</p> <p>The Confidential Reporting Whistleblowing Policy and Procedure forms part of the Conduct and Performance Management, HR guidance. The Fraud Response plan outlines the process to be followed when reporting and investigation allegations of potential fraud.</p> <p>The Fraud Strategy forms part of the Corporate Fraud suite of information which is referenced regularly within Wyred Weekly to ensure all staff and members are aware of their responsibilities.</p> <p>No significant issues have been reported. Both the Fraud Strategy and Whistleblowing procedure outline the process to be followed.</p> <p>Corporate Fraud is aligned to the Internal Audit Team to provide guidance and with a dedicated Corporate Fraud email address for the reporting of concerns and any identified fraudulent attempts that have not been caught by the filtering software.</p>
<p>10. 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 however Disclosure Scotland checks are undertaken as standard practice for all employees with access to personal or sensitive data.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Maintain register of interests</p> <p>Officers and Member training</p>

## Agenda Item No. 6

# Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>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>What has been the outcome of these arrangements so far this year?</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 by the committee where the external auditors also attend and may be asked to comment. Training covers this key area and the S151 Officer 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. Reports would be made on any specific cases of fraud with specific briefings to the Chairman and/or Vice-Chairman as appropriate. The Audit Committee are updated on the progress in respect of counter fraud arrangements, with an update to the Audit Committee.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None</p>

# Law and regulations

## Matters in relation to laws and regulations

ISA (UK) 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 WFDC'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 body is in compliance with laws and regulations. Where we become aware 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.

## Agenda Item No. 6

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Wyre Forest District Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the local authority's regulatory environment that may have a significant impact on the authority's financial statements?</p>	<p>The Monitoring Officer is a member of the Leadership team, reports regularly on key issues and liaises directly with the Head of Paid Service and would report to Council on any issues.</p> <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"> <li>• complying with the law of the land (including any relevant Codes of Conduct);</li> <li>• complying with any General Guidance issued, from time to time, by the Monitoring Officer;</li> <li>• making lawful and proportionate decisions; and</li> <li>• generally, not taking action that would bring the Council, their offices or professions into disrepute.</li> </ul> <p>This officer has access to all Council committee reports. The Monitoring Officer raises awareness on legal requirements at meetings where needed. In addition, in terms of any specific legal issues the monitoring officer would get involved at an early stage. We have a suite of internal policies and procedures such as anti-bribery policy, anti-money laundering policy etc. Internal audit review adherence to regulations. The Monitoring officer reviews compliance with the Council's Constitution.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>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.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>None</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Potential for claim against the construction contractors of Wyre Forest House still exists</p>

## Agenda Item No. 6

# Impact of laws and regulations

Question	Management response
5. What arrangements does Wyre Forest District Council have in place to identify, evaluate and account for litigation or claims?	External advice from Counsel is taken on the strength of litigation claims.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	None



# Related Parties

## Matters in relation to Related Parties

WFDC are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by WFDC;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the council;
- 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 council, or of any body that is a related party of the council.

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 Local Government's perspective but material from a related party viewpoint then the council must disclose it.

ISA (UK) 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.

## Agenda Item No. 6

## Related Parties

Question	Management response
1. Have there been any changes in the related parties including those disclosed in Wyre Forest District Council's 2022/23 financial statements?	None have been identified so far
2. What controls does Wyre Forest District Council have in place to identify, account for and disclose related party transactions and relationships?	<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"> <li>• 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.</li> <li>• 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.</li> <li>• Review of in-year income and expenditure transactions with known identified related parties from prior year or known history.</li> <li>• Review of related information with subsidiaries, companies and joint ventures, e.g. accounts.</li> <li>• Review of the accounts payable and receivable systems and identification of amounts paid to/from assisted or voluntary organisation</li> <li>• Review of year end debtor and creditor positions in relation to the related parties identified.</li> <li>• Review of minutes of decision making meetings to identify any member declarations and therefore related parties.</li> </ul>
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	<p>Appropriate Member/Officer approvals in line with the Council's Constitution and Scheme of Delegation. These are documented in legal contracts as relevant and signed off by the Monitoring Officer or her representative. Where financial payments are to be made authorisation limits and payment controls are in place in accordance with materiality levels agreed with Internal Audit.</p>
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	<p>Appropriate Member/Officer approvals in line with the Council's Constitution and Scheme of Delegation. Many of these approvals have/are being gained utilising the Strong Leader Cabinet Report route – all such reports are available on our website. For payment of COVID related grants specific systems have been designed in accordance with normal protocols with liaison with the S151 Officer and Internal Audit where appropriate. Substantial pre-payment assurance due diligence tests are part of these system controls and Internal Audit are also undertaking post payment testing sampling and reporting results again as part of the system design. Where financial payments are to be made authorisation limits and payment controls are in place in accordance with materiality levels agreed with Internal Audit.</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

## Agenda Item No. 6

# Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Wyre Forest District Council will no longer continue?	The Chief Executive and S151 Officer constantly horizon scan and use contacts on the DCN, SDCT and updates from the LGA, LG Futures and Pixel to keep abreast of emerging risks and to provide analysis of Government policy announcements.
2. Are management aware of any factors which may mean for Wyre Forest District Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	None
3. With regard to the statutory services currently provided by Wyre Forest District Council, does Wyre Forest District Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Wyre Forest District Council to cease to exist?	Yes, no changes and no expectation that Wyre Forest District Council will cease to exist.
4. Are management satisfied that the financial reporting framework permits Wyre Forest District Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes, to do so will provide a faithful representation of the items in the financial statements

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

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

## Agenda Item No. 6

# Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Property Plant and Equipment, Pensions Liabilities, Business Rate Appeal Provisions, Provisions for bad debts, Fair Value Measurements (Financial Instruments).
2. How does the council's risk management process identify and address risks relating to accounting estimates?	The S151 Officer and Principal Accountants hold regular meetings regarding accounting estimates for both budget and final accounts and determiner key risks based on materiality, proportionality, in-house skills, skill base within Worcestershire if appropriate, timeline for the information required and cost. The Chief Executive and S151 Officer constantly horizon scan and use contacts on the DCN, SDCT and updates from the LGA, LG Futures and Pixel to keep abreast of emerging risks. Specific papers are taken to CLT, Cabinet/CLT and formal Member meetings as appropriate. Where relevant external specialist advice is sought. The S151 officer attends the regular Worcestershire Treasurers meetings where risk is always discussed. Key team members attend CIPFA Fan and other relevant seminars and feed back to the wider team.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	By taking advice from the S151 Officer and key members of the Finance and Internal Audit Teams. Best practice across the sector including from CIPFA, the LGA, LG Futures, specialist valuers and the Valuation Office Agency.
4. How do management review the outcomes of previous accounting estimates?	The Cabinet receives regular monitoring reports at Cabinet/CLT meetings. 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 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. Estimation techniques and models are adjusted to reflect in year experience to recognise the outcomes of previous estimates.
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	None anticipated at this stage

## Agenda Item No. 6

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>The S151 Officer together with the Principal Accountants hold regular meetings regarding Final Accounts and Budget estimates and decide based on materiality, proportionality, in-house skills, skill base within Worcestershire if appropriate, timeline for the information required and cost.</p>
<p>7. How does the council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>In accordance with our Constitution, Financial Regulations and Contract Procedure rules which set out the framework for financial administration and good governance. Internal Systems are designed to follow best practice and advice is taken from Internal Audit on matters including internal controls, separation of duties and key risks. Internal Audit also prepare their Internal Audit Plan based on risk and undertake regular reviews of key areas. The results of the Internal Audit reports are reported to the Corporate Leader Team and to the Audit Committee.</p> <p>For controls at any service providers or managers service specifications that are set out in legal agreements after taking advice from appropriate officers including the Procurement Officer and Contracts Solicitor. Assurance of key controls are an important part of the procurement specification process. Contract management is undertaken at regular intervals by the lead Service Officer to these specifications and any issues are dealt with in accordance with provisions included within the relevant contract.</p> <p>Where external experts are employed internal resource is applied to review and challenge assumptions and there is extensive dialogue to ensure that all assumptions are appropriate given local circumstances. Specifications for services stipulate that professional guidance is followed and industry standards adopted. Our requirements are detailed in a contract for services. Past experience is considered to determine whether it is appropriate to apply a consistent approach between years or whether the estimation methodology requires review. If any material inaccuracy is identified the methodology will be revised.</p> <p>All management experts are required to hold current, appropriate qualifications All services are procured in line with internal procurement guidelines and regulations A review is undertaken of draft estimates to ensure that all unusual or significant changes are reasonable.</p> <p>Discussions are held with peers to gauge whether local control activity is consistent with that utilised elsewhere within the sector.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Financial regulations and contract procedure rules are adhered to and Internal Audit undertake work in accordance with their risk based Internal Audit Plan – and report to the S151 Officer, CLT and Audit Committee.</p> <p>Tender documentation is reviewed prior to publication, scope of service and variations are signed off in accordance with scheme of delegation. Contracts with service providers are managed by service leads, Various indicators and measures are adopted as appropriate.</p> <p>By contract management of specific service providers by the Service leads.</p> <p>A review is undertaken of draft estimates to ensure that all unusual or significant changes are reasonable. Discussions are held with peers to gauge whether local control activity is consistent with that utilised elsewhere within the sector.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<p>The S151 and Audit Manager take the draft budget monitoring and final accounts/Statement of Accounts Reports to CLT for discussion and endorsement. For significant estimates such as Business Rate Appeals explanation of the methodology and models to be adopted are set out for discussion and challenge. CLT including the Head of Paid Service and the Monitoring Officer review drafts of the Statement of Accounts and are invited to provide challenge to resultant estimates. Audit committee members will be briefed.</p>



# Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any 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)? If so, what are they?	No new significant accounting estimates. New provision in relation to utility benchmarking under leisure management contract.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Regular reviews are undertaken and internal discussions held to challenge current approach to ensure that it is robust. Discussions with peers at HWTA and approach is inline with the approach adopted elsewhere. In year experience reviewed against estimation method where appropriate.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Reviews are undertaken during the Accounts Closedown process. Accounting Policies and Sources of Estimation uncertainty are reviewed annually with any changes specifically reported to Audit Committee.

## Agenda Item No. 6

## 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?
Land and buildings valuations	<p>Valuations are undertaken by a qualified external valuer in line with RICS guidance ordinarily on a five-year rolling programme in accordance with RICS Valuation Global Statements 2020 and UK National supplement, with interim reviews unless events indicate that a more frequent interval is required. If the asset is valued at &gt; £1m annual reviews are commissioned..</p> <p>We have continued to commission valuations for all new items of PPE and all items &gt;£1m but have not used the rolling programme for assets &lt; £1m, instead we have commissioned desk top valuations.</p>	<p>The specific requirements in respect of year end asset valuations are included in a schedule to the contract for valuation services and confirmed annually by the Council's Estates Surveyor through a detailed work instruction.</p> <p>The Council's Estates Surveyor, in liaison with the Principal Accountant, is responsible for determining the assets to be valued following a detailed exercise to evaluate risk of material inaccuracy in respect of assets not valued.</p> <p>All assets with a value in excess of £1m are inspected &amp; revalued annually. This amounts to circa 74% of the Council's land and building assets..</p>	Yes – We have appointed RICS registered firm Avison Young to undertake our asset valuations	<p>A detailed exercise is undertaken to quantify and document our assessment of risk in respect of the assets not scheduled to be revalued in the year to determine whether there is an unacceptable risk of material misstatement of assets values.</p> <p>This assessment is performed by the Council's RICS qualified Estates Surveyor in liaison with the Principal Accountant, the Council's Capital accounting specialist, and discussed with the Council's Head of Finance. The assessment is informed by BICS construction data, historic movements in land values and local/sector information.</p> <p>In 2022 all assets with a value in excess of £1m are being inspected &amp; revalued, all other property assets are being subjected to a desk top review.</p>	<p>Yes see note in previous column.</p> <p>No changes are expected in the models/methods used by Avison Young to carry out the valuations</p>

## Agenda Item No. 6

## 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?
Land and buildings valuations	No changes are expected in the models/methods used by Avison Young to carry out the valuations.	<p>All property assets with a value &lt; £1m were also valued in 2021-22 and desk top valuations of these assets have been commissioned for the current year.</p> <p>We will review the valuations prepared and compare to previous valuations and current market evidence and consider the assumptions used by the valuer and robustly challenge all changes to gain assurance that the accounting estimates are robust.</p>	Yes – We have appointed RICS registered firm Avison Young to undertake our asset valuations	<p>We will review the valuations prepared and compare to previous valuations and current market evidence and consider the assumptions used by the valuer and robustly challenge all changes to gain assurance that the accounting estimates are robust.</p> <p>Yes, the controls in place over the valuation of our property, plant and equipment assets are considered adequate. The robustness of identified controls is assessed through discussions with valuers and challenged as noted above where increases/decreases in value are in excess of 10% based on the last formal valuation.</p>	
Useful Economic Life of assets	The estimated remaining useful lives of PPE assets are discussed and reviewed by our expert valuer and service/asset users	Asset lives are reviewed by the expert valuers and considered by Directorates/Service areas as part of year end procedures	Yes – our appointed RICS registered Valuer reviews useful life as part of the valuation exercise	Variations to the estimated useful life of an asset will alter the amount of depreciation charged to the Comprehensive Income and Expenditure Statement. The impact of this is minimised by the annual review by the users of the asset and (where the asset is being revalued) at the formal valuation.	There are no changes to the method/models used in 2021-22.

## Agenda Item No. 6

## 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?
Valuation of defined benefit net pension fund liabilities	The valuation of assets and liabilities in respect of defined benefit obligations are calculated by the independent firm of actuaries. Liabilities are assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.	Contact with the externally appointed actuaries throughout the year is provided at scheduled meetings with the Worcestershire authorities' S151 officers. The year-end report is considered by the Head of Resources and the Principal accountants prior to inclusion in the financial statements.	Yes - The valuation of assets and liabilities in respect of defined benefit obligations are calculated by Mercer Ltd an independent firm of actuaries. Actuarial services are procured by Worcestershire County Council as pension fund administrators in line with their internal procurement guidelines and regulations.	<p>The principal assumptions used by the actuary are determined by the Council but in practice guided by the actuary. The main assumptions are in respect of mortality (longevity at 65 for current and future pensioners) and financial assumptions: rate of CPI inflation, rate of increase in salaries, rate of increase in pensions and rate for discounting scheme liabilities.</p> <p>The estimate is sensitive to the actuarial assumptions as noted above. A sensitivity analysis is prepared to consider the impact of changes in the assumptions, and this is disclosed in the note to the accounts</p> <p>No changes are expected to the basis of the assumptions which inform the valuation for 2022-23.</p>	No changes are expected to the models/methods used in 2022-23.
Accruals	Not expected to be material, actual invoices or contractual sums are generally used as source data. Open purchase orders are used to inform the need accruals but are not generally relied upon as the sole source. A guide limit of £2k is used below which accruals are not generally made (as in previous years).	Accruals are identified by using the open PO listing along with the service accountants & budget holders review of their areas as part of the Closedown timetable	No for revenue, yes for capital WIP accruals	The robust year end reviews remove the risk of material misstatement. Budget holders have first hand knowledge of goods & services that are complete at year end but not yet invoiced.	No

## Agenda Item No. 6

## 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?
Depreciation	Depreciation is provided for PPE assets over their useful lives, with major components depreciated separately. Assets without a determinable life (e.g. freehold land and certain community assets) or those not yet available for use (e.g. Assets under Construction) are not depreciated. Depreciation is calculated on a straight-line basis over the remaining useful life of the asset, as determined by our expert valuer. Newly acquired assets are depreciated from the year after acquisition unless this asset value is significant and this method results in a misstatement above trivial. Where this is the case the quarter end date will be used. Vehicles are depreciated over the life of the asset; equipment is generally depreciated over a 5 year estimated useful life; IT equipment is generally depreciated over 5 years.	Depreciation is calculated based on asset values and estimated useful lives as noted above. Generally a straight line method is adopted. All PPE assets are depreciated.	No - although where assets have been revalued in year we will have relied on an external expert's valuation	Variations to the estimated useful life of an asset will alter the amount of depreciation charged to the Comprehensive Income and Expenditure Statement. The impact of this is minimised by the annual review by the users of the asset and (where the asset is being revalued) at the formal valuation.	There are no changes to the method/models used in 2021-22

## Agenda Item No. 6

## 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	<p>NNDR Appeals Estimate - The source data is primarily the hereditaments on our local list, the list of cases in the Check, Challenge, Appeal process and commentary and analysis in professional journals.</p> <p>Calculations will be based upon current data including VOA threats list, Analyse Local and LG Futures data in liaison with other Pool members.</p> <p>A probability-weighted expected value method is used to make the estimate.</p> <p>For both 2010 and 2017 list liabilities all claims have been lodged so we use the VOA list and apply historic success probabilities and average savings to each business classification.. At the balance sheet date we will review the estimation methodology and if necessary adjust for any recent tribunal decisions.</p>	The Council's Business Rates/Revenues expert, Accountants and S151 officer communicate with a cross section of contacts, experts and advisors (CIPFA and LG Futures) throughout the year and at year end to formulate a balanced view. The estimates are reviewed by management prior to inclusion in the financial statements.	Yes – Expert advice from VOA and LG Futures	The estimate is sensitive to the assumptions made regarding, the volume of claims submitted, the period of time any MCC is likely to be awarded and the % reduction to RVs. This is disclosed in the note to the accounts. Multiple point estimates are modelled and presented graphically to inform decision making.	No changes are expected to the models/methods used in 2021-22 for 2010 list. For 2017 list we have adopted the same methodology used for the 2010 list now that all appeals have been lodged..

## Agenda Item No. 6

## 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 to determine whether there is an indication that an asset may be impaired.	Evidence of impairment is considered by the expert valuers as part of our rolling programme and by Directorates as part of year-end procedures.	Yes – We have appointed RICS registered firm Avison Young to undertake our asset valuations	<p>Where indicators of impairment are identified, and the impact is deemed to be material, the recoverable amount of the asset is estimated and if less than the carrying value of the asset, an impairment loss is recognised for the shortfall.</p> <p>Assumptions relied upon by our external valuers are subject to review and challenge as part of the year end discussions with the valuer/valuation team. Assumptions are disclosed in the year end valuation report.</p>	There are no changes to the method/models used in 2021-22.

## Agenda Item No. 6

## 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?
Credit loss and impairment allowances	The Council continues to hold very short-term investments, hence the risk of default is greatly minimised. The Link model is used on a day-to-day basis that allows the Council to see the historic risk of default score for each counterparty. This historic risk of default percentage is then used to review the year end balances and assess the level of potential credit losses. Referring back to the very short-term durations; this shows that the carrying values and fair values of such investments are not materially different at Balance Sheet date.	All year end investments will be reviewed, so the Treasury controls will be used to identify these.	The Council uses Link Group for the standard investments and King Shaxson if there are any CD's to be assessed at year end.	Management considers the approach used to be robust and therefore the estimates do not carry a high degree of uncertainty	There are no changes to the method/models used in 2021-22



## Agenda Item No. 6

## 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?
LGPS gains and losses	LGPS gains and losses are calculated by an independent firm of actuaries.	Contact with the externally appointed actuaries throughout the year is provided at scheduled meetings with the Worcestershire authorities' S151 officers. The year-end report is considered by the Head of Resources and the Principal accountants prior to inclusion in the financial statements.	Yes – Gains and losses are calculated by Mercer Ltd an independent firm of actuaries. Actuarial services are procured by Worcestershire County Council as pension fund administrators in line with their internal procurement guidelines and regulations.	The principal assumptions used by the actuary are determined by the employer but guided by the fund actuaries.  No changes are being made to the basis of the assumptions which informed the valuation for 2022-23.	No changes are expected to the models/methods used in the latest revaluation.

## Agenda Item No. 6

## 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?
Non-adjusting PBSE	None expected, discussions will be between the Head of Resources and the principal accountants and expert advice will be sought if circumstances suggest that this is appropriate.				



# Wyre Forest District Council Audit Plan

Year ending 31 March 2023

Wyre Forest District Council  
May 2023



# Contents



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Section	Page	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, and 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 and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
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# Key matters



## National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

Local Government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, higher agency costs and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions and measures like increasing the supply of affordable housing, integrating skills and employment provision, and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

## Audit Reporting Delays

In a report published in January 2023 the NAO have highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions. In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.



# Key matters



## Local Issues

2022/23 is the first full year of operation with the new management restructure. The reorganisation was driven by a need to make ongoing savings and this remains an ongoing imperative for the Council due to the forecast budget gap. The Council has been successful in driving out savings through its 'Wyre Forest Forward' and localism agendas. Identifying and achieving additional recurring savings is becoming increasingly challenging.

The Council has been extremely successful in obtaining grant funding through the Levelling Up and Future High Streets Funds. These projects are being delivered with the support of partner organisations. Inflationary pressures and limited timescales available for use of grant awards is an ongoing challenge for the Council. In some cases the scope of the original planned schemes are having to be reviewed to be delivered within the available financial envelope and this is within the backdrop of reduced senior management capacity within the Council.

## Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the management.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you with sector updates via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of control.
- We identified a significant risk in regards to the valuation of properties and the valuation of the net pension fund liability.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Wyre Forest District Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Wyre Forest District Council. We draw your attention to both of these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit Committee of your 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 audit approach is based on a thorough understanding of the Council's business and is risk based.





# Introduction and headlines

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Property, plant and equipment (PPE)
- Valuation of pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £1m (PY £1m) for the Council, which equates to 1.95% of your prior year gross operating costs. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £50,000 (PY £50,000).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness. We will continue to update our risk assessment until we issue our Auditor's Annual Report.

## New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

## Audit logistics

Our interim visit will take place in March to April. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed fee for the audit will be £63,532 (PY: £60,531) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement 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.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue 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 ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> <li>there is little incentive to manipulate revenue recognition</li> <li>opportunities to manipulate revenue recognition are very limited</li> <li>the culture and ethical frameworks of local authorities, including Wyre Forest District Council mean that all forms of fraud are seen as unacceptable</li> </ul>	No specific work is planned as the presumed risk has been rebutted
The expenditure cycle includes fraudulent transactions (not considered a risk)	Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states: "As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.	We have determined that there is not a risk for Wyre Forest District Council because: <ul style="list-style-type: none"> <li>expenditure is well controlled and the Council has a strong control environment; and</li> <li>the Council has clear and transparent reporting of its financial plans and financial position to the Council.</li> </ul> We therefore do not consider this to be a significant risk for Wyre Forest District Council.	No specific work is planned as the presumed risk has been rebutted.

'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 (UK) 315)

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	We identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>
Valuation of land and buildings (£62.7m at 31 March 2022)	The Council revalue its land and buildings on a rolling five-yearly basis, with assets over £1m valued annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.	We have identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement. This is because the value is large and is an estimate subject to a high level of management judgment.	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out;</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation;</li> <li>• test revaluations made during the year to see if they had been input correctly into the Council's asset register; and</li> <li>• evaluate the assumptions made by the valuer for those assets revalued at 31 March 2023. For any assets not formally revalued in year we will assess how management has satisfied themselves that these assets are not materially different to the current value at the year end.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability (£57.4m at 31 March 2022)	The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.	<p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£57.4m in the Council's 2021/22 balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the inflation rates and life expectancy, where, in the prior year, the actuary indicated that a 0.1% change in these two assumptions would have an approximately £2.3m and £4.6m effect on the gross liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk. The 2022/23 valuation will reflect the triennial valuation.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• obtain assurances from the auditor of the Worcestershire County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> <li>• Consider the accounting and governance around the proposed prepayment of pension.</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 [the Act].
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

## 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 this report.

# Our approach to materiality

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.

Description	Planned audit procedures
<p><b>Determination</b></p> <p>We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. Materiality at the planning stage of our audit is £1m, which equates to 1.95% of your draft gross expenditure for the prior period.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> <li>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li> <li>– assist in establishing the scope of our audit engagement and audit tests</li> <li>– determine sample sizes and</li> <li>– assist in evaluating the effect of known and likely misstatements in the financial statements</li> </ul>
<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none"> <li>– We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £10,000.</li> </ul>
<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>

# Our approach to materiality

Description	Planned audit procedures
<p><b>Other communications relating to materiality we will report to the Audit Committee</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £50,000 (PY £50,000). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.</p>

	Amount (£)
Materiality for the financial statements	1,000,000
Performance Materiality	700,000
Trivial Matters	50,000
Materiality for specific transactions, balances or disclosures senior officer remuneration	10,000

# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 16.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Agresso (unit 4)	Financial reporting	<ul style="list-style-type: none"><li>Detailed ITGC assessment (design effectiveness only)</li></ul>



# Value for Money arrangements

## Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have yet to complete our VfM work for the 2021/22 financial year but have not identified any risks of significant weaknesses from the work that we have completed to date. Given the passage of time, we intend to issue a single Auditor's Annual Report which details our findings for both of the financial years ending 31 March 2022 and 31 March 2023. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, up to the date that we issue this Auditor's Annual Report.

# Audit logistics and team



## Laurelin Griffiths, Key Audit Partner

Laurelin's role will be lead to our relationship with you. Laurelin will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



## Zoe Thomas, Audit Manager

Zoe plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issue arising.

## Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to:

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees and updated Auditing Standards including ISA 315 Revised

In 2017, PSAA awarded a contract of audit for Wyre Forest District Council to begin with effect from 2018/19. The fee agreed in the contract was £37,681. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022/23 audit. For details of the changes which impacted on years up to 2021/22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £3,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf and has been agreed with the Director of Finance.

# Audit fees

	Actual Fee 2020/21	Estimated Fee 2021/22	Proposed fee 2022/23
Wyre Forest District Council	£60,181	£60,531*	£63,532
Housing subsidy	12,000	£13,800	£15,000
Total audit fees (excluding VAT)	£60,181	£74,331	£78,532

\*final fee for 2021/22 yet to be agreed with PSAA

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

Scale fee published by PSAA 2022/23	£45,182
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs 540 / 240 / 700	£2,100
Enhanced audit procedures on journals testing (not included in the Scale Fee)	£3,000
Payroll change of circumstances (additional procedures)	£500
CF – reliefs testing (additional procedures)	£750
ISA 315	£3,000
<b>Total audit fees 2020/21 (excluding VAT)</b>	<b>£63,532</b>

All variations to the scale fee will need to be approved by PSAA

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

# Independence and non-audit services

## Other services

The following other services provided by Grant Thornton were identified

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related 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.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing benefit	15,000	<p>For this audit- related service, we consider that the following perceived threats apply:</p> <ul style="list-style-type: none"> <li>• Self-Interest (because this is a recurring fee)</li> <li>• Self review</li> <li>• Management</li> </ul>	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £15,000 in comparison to the total fee for the audit of £63,532 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>Our team has no involvement in the preparation of the form which is certified, and do not expect material misstatements in the financial statement to arise for the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to the audit of the financial statements, and is performed after the audit of the financial statements has been completed.</p> <p>The scope of work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management.</p>
No non-audit related services			
total	15,000		

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	
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	•	•	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, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.
Significant matters in relation to going concern	•	•	
Significant findings from the audit		•	
Significant matters and issue arising during the audit and written representations that have been sought		•	We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	<b>Respective responsibilities</b>
Identification or suspicion of fraud[ deliberate manipulation] involving management and/or which results in material misstatement of the financial statements [ not typically council tax fraud]		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.
Expected modifications to the auditor's report, or emphasis of matter		•	

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





**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**24<sup>TH</sup> MAY 2023****INTERNAL AUDIT MONITORING REPORT**  
**QUARTER ENDED 31<sup>ST</sup> MARCH 2023**

<b>OPEN</b>	
<b>CABINET MEMBER</b>	Councillor: Finance & Capital Portfolio
<b>RESPONSIBLE OFFICER</b>	Helen Ogram, Head of Resources And {S151 Officer} Extension 2907 <a href="mailto:helen.ogram@wyreforestdc.gov.uk">helen.ogram@wyreforestdc.gov.uk</a>
<b>CONTACT OFFICER:</b>	Cheryl Ellerton, Extension 2116 <a href="mailto:cheryl.ellerton@wyreforestdc.gov.uk">cheryl.ellerton@wyreforestdc.gov.uk</a>
<b>APPENDIX</b>	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 31 <sup>st</sup> March 2023

**1. PURPOSE OF REPORT**

- 1.1 To present the Internal Audit Monitoring Report for the Quarter ended 31st March 2023, 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 March 2023 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 2022~23 in March 2022. This plan considers 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. The approved plan for 2022~23 reflects the current staffing resource following a mini restructure of the Internal Audit Team in April 2019.
- 3.3 Actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year by way of this quarterly monitoring report to the Audit Committee, Corporate Leadership Team and to the External Auditors.
- 3.4 The Report attached as an Appendix contains 5 sections which are:

Section 1	<b>Follow up reviews</b> undertaken in the quarter, incorporating recommendations in progress
Section 2	<b>Final</b> Internal Audit Reports issued
Section 3	<b>Draft</b> Internal Audit Reports issued
Section 4	<b>Work In Progress</b> to include draft reports issued following completion of 2022~23 Annual Audit Plan
Section 5	Performance Statistics & Additional Assurance work undertaken

Several 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 audit, 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 considers the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered to give an overall view of the Council's internal control environment, which is reported to the Audit Committee early in the municipal calendar to align with the final accounts' closedown.
- 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 has to manage these known risks through the use of internal controls.
- 3.10 It may be that an operational decision has been taken by management to accept the risk of the non-operation of an internal control. Where Internal Audit is reviewing the area in such an instance the weakness and any associated recommendation would be reported. Management would record within the service's risk register the processes in place to mitigate the risk.

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

**4. KEY ISSUES**

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been designed to enable management and members to focus on those areas that Internal Audit wishes to draw to its attention. The format of the audit briefs and formal reports is also devised to evidence the associated corporate risk and those risks considered against expected controls. The quarterly monitoring report is presented to the Audit Committee in accordance with the Internal Audit, Quality Assurance & Improvement Programme to ensure on-going monitoring of the performance of the internal audit activity.
- 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 and governance arrangements. This considers the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered to give an overall view of the Council's Internal Control environment and governance arrangements, which is reported to 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 or if a control environment requires strengthening with the introduction of additional procedures/processes.

**6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations 2015 regulation 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 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.

- 7.2 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.
- 7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.
- 7.4 A relevant member of the Internal Audit Team will continue to be involved in future Wyre Forest Forward reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised. This work will be resourced as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.
- 7.5 Key audit risks are evidenced against expected controls for all internal audit briefs. This presentational change as recommended by the external review helps to increase focus on risk management issues throughout the delivery of each specific audit review.

## **8. CONCLUSION**

- 8.1 The work undertaken by the Internal Audit Team in the quarter ended 31st March 2023 is reported within Appendix 1. This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team and the Quality Assurance & Improvement Programme as requirements of the UK Public Sector Internal Audit Standards

## **9. CONSULTEES**

- 9.1 Corporate Leadership Team

## **10. BACKGROUND PAPERS**

- 10.1 23<sup>rd</sup> March 2022 ~ Audit Committee ~ Internal Audit Annual Plan 2022~23  
28<sup>th</sup> November 2018 ~ Audit Committee ~ Quality Assurance & Improvement Programme  
30<sup>th</sup> July 2018 ~ Audit Committee ~ Internal Audit Charter {Updated}  
Accounts and Audit Regulations 2015 {SI 234}



APPENDIX 1

# **INTERNAL AUDIT**

## **INTERNAL AUDIT MONITORING REPORT**

**QUARTER ENDED  
31st March 2023**

## INTERNAL AUDIT

### QUARTERLY AUDIT REPORT

**QUARTER ENDED 31st March 2023**

INDEX	PAGE
<b>SECTION 1</b>	
Follow up Reviews undertaken in the Quarter	7
<b>SECTION 2</b>	
Final Audit Reports issued in the Quarter	8
<b>SECTION 3</b>	
Draft Audit Reports issued in the Quarter	9
<b>SECTION 4</b>	
Work In Progress {Including Action Plans/Progress Reports Issued} & Draft reports following the completion of the 22~23 Internal Audit Annual Plan	10
<b>SECTION 5</b>	
Performance against Annual Plan for the Financial Year 2022~23	11
Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 31st March 2022 & 31st March 2021	13
Supporting Information for Other Internal Audit work including the Wyre Forest Forward reviews, process designs.	14
 <b><i>Cheryl Ellerton</i></b> <b>AUDIT MANAGER</b>	
 <b><i>Helen Ogram</i></b> <b>SECTION 151 OFFICER</b>	

**Quarter Report to the 31st March 2023****Summaries of Follow up Reviews undertaken in the Quarter**

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

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



SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st March 2023		
	ASSURANCE	PAGE
<b>CORE FINANCIAL SYSTEM REVIEWS</b>		
<b><u>Key Systems (Annual Assurance Reviews)</u></b>		
2022~23 Council Tax Reduction {Local} Scheme ~ Entitlement/Overpayments	F	-
2022~23 Income to Bank ~ Bank Reconciliation {Including Journals}	F	-
2022~23 Payroll ~ Compliance {Salary Payments – Including Members}	F	-
2022~23 Payroll {WFDC} ~ Reconciliations	F	-
2022~23 Treasury Management	F	-

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

**Quarter Report to the 31st March 2023**

<b>DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st March 2023</b>	
<b>TITLE</b>	<b>DATE OF ISSUE</b>
2022~23 ~ Procurement Cards {Compliance ~ Expenditure}	Progress Update 05.04.23
2022~23 ~ Procurement Cards {Reconciliations}	Progress Update 21.04.23

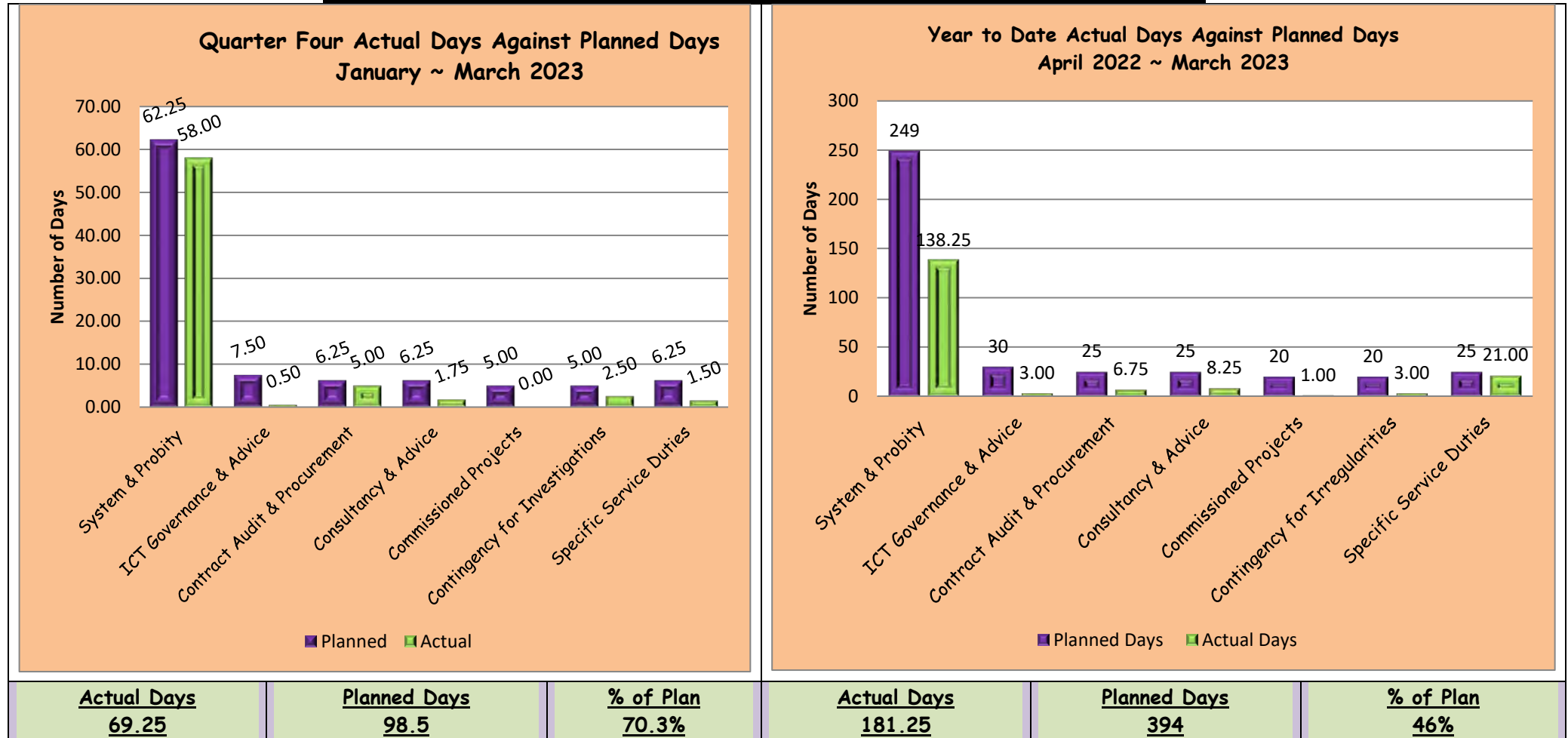
The following Action Plans have been issued to Managers. In addition, the table below shows the status of reviews currently in progress to cover the current on ~ going testing within the 2022~23 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 31st March 2023		Status	Action Plans/Progress Report			
RISK ASSESSMENT	AUDIT REVIEW <u>Core Financial Systems (Annual Assurance Reviews)</u>	As At 31.03.23	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
RA40	<b><u>Accounting Cash To Bank</u></b> Bank Reconciliation Income to Bank {WFH, HUB, Green Street & T.I.C}	Stage 6 Stage 4	- -	- -	- 18.11.22 {x3}	26.01.23 & 22.03.23 {FR} 13 & 20.02 & 08.03.23 {x4}
RA55	<b><u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u></b> Council Tax Reduction {Local Scheme} ~ Compliance Housing Benefit {Allowances} Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 6 Stage 4 Stage 4	- - -	- - -	04.11.22 11.11.22 -	17.03.23 {FR} 16.03.23 21.02.23
RA21	<b><u>Council Tax</u></b> Ctax Reconciliations ~ {To include Gross Debit} Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control} Ctax Compliance/Recovery	Stage 6 Stage 3 Stage 4	23.06.22 {FR} - -	N/A - 28.10.22	N/A - -	N/A 27.04.23 -
RA44	<b><u>Creditors (Accounts Payable)</u></b> Creditors {Accounts Payable} ~ Compliance Creditors {Accounts Payable} ~ Reconciliation	Stage 3 Stage 4	- -	- 07.09.22	13.12.22 -	- 13.02.23
RA51	<b><u>Debtors (Accounts Receivable)</u></b> Debtors {Accounts Receivable} ~ Compliance Debtors {Accounts Receivable} ~Reconciliations	Stage 3 Stage 4	- -	- 06.10.22	04.01.23 -	- 03.03.23
RA82	<b><u>Establishment</u></b> Establishment Reconciliation Establishment {Staff Record Forms}	Stage 1 Stage 1	- -	- -	- -	- -
RA21	<b><u>National Non-Domestic Rates</u></b> NNDR ~ Reconciliations ~ {To include Gross Debit} NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control} NNDR ~ Compliance	Stage 6 Stage 4 Stage 4	23.06.22 {FR} - -	N/A - -	N/A 14.12.22 15.11.22	N/A 21.04.23 -
RA51	<b><u>Payroll (Including Mileage &amp; Subsistence Claims)</u></b> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) ^ ^ Field Work includes Local Government Pension Scheme & Local Pay Award & Members Allowances	Stage 6	-	17.10.22	21.11.22 19.12.22	03.03.23 {FR}
RA29	<b><u>Treasury Management {Strategy, Reporting &amp; Reconciliations}</u></b> Payroll ~ Reconciliations {WFDC Accountancy Team} ~Parameter → Reconciliation Procedures → Compliance {Investments Placed/Recalled & Borrowing → Strategic Reporting	Stage 6 Stage 6 Stage 6 Stage 6	- - - -	13.09.22 - - -	- - 07.12.22 07.12.22 -	20.02.23 {FR} 21.03.23 {FR} 21.03.23 {FR} 21.03.23 {FR}
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 Plans/Progress Report to Service Manager		Stage 4 ~ Audit Complete ~ Reviewed {Audit Manager} Stage 5 ~ Draft Report Issued Stage 6 ~ Final Report Issued {FR}			

SECTION 5

**Audit Resource Statistics**

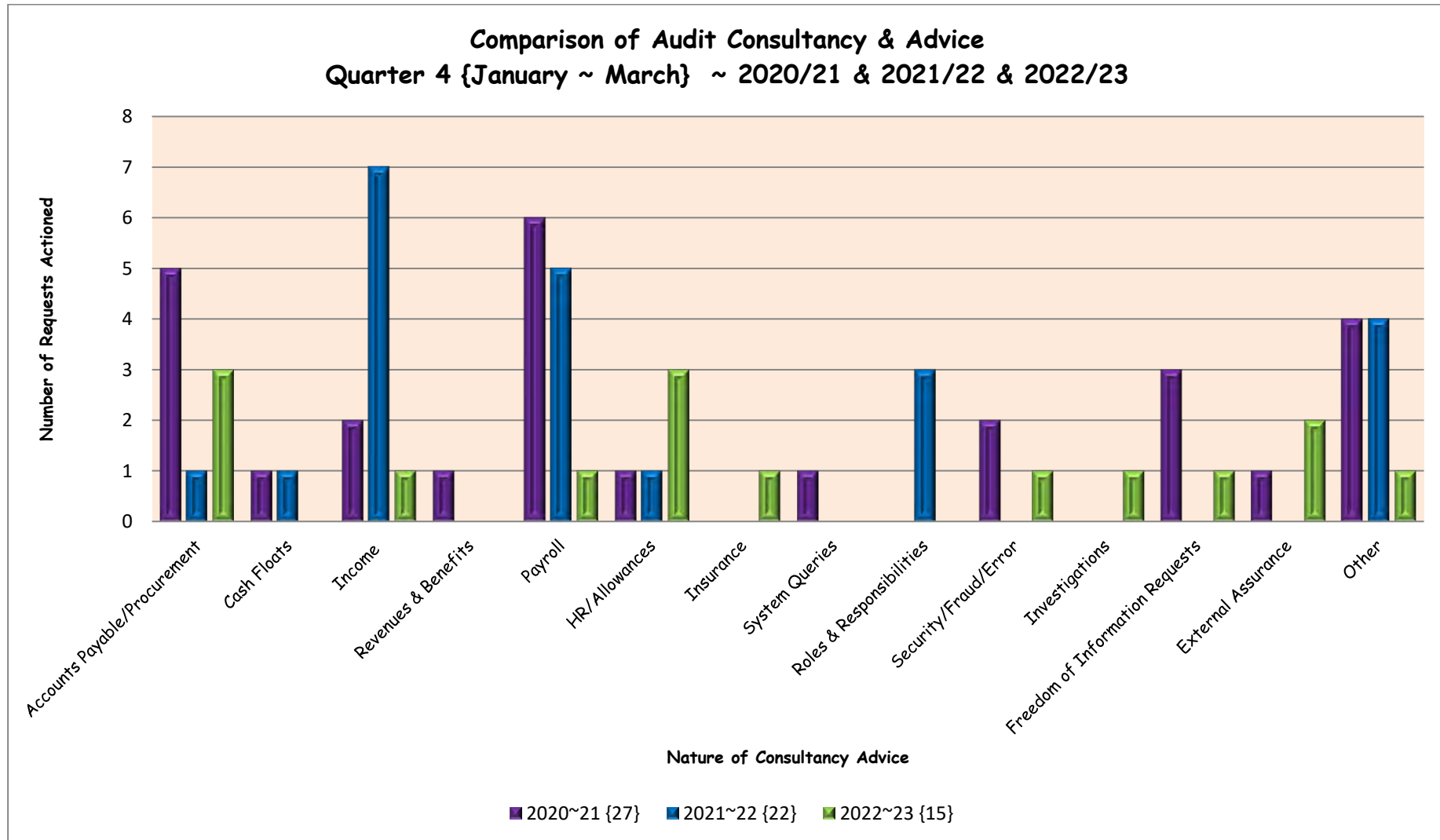
**Performance Against Annual Plan For The Financial Year 2022~23**



## Notes to Support Performance Statistics

- ❖ The approved audit plan for 2022~23 had been based on a full establishment within the Internal Audit Team from the commencement of the financial year.
- ❖ During the first quarter of this financial year, the Senior Auditor who had previously been on long term sick leave from June 2021, opted for retirement. As a result, the Senior Auditor position become vacant from 1<sup>st</sup> August 2022. This position remained vacant throughout the remainder of 2022~23.
- ❖ In addition, the Auditor post holder transferred to a new position within the Accountancy Finance Team in June 2022, with the Auditor position becoming vacant from 1<sup>st</sup> June 2022. Whilst this position remained vacant throughout 2022~23, the previous post holder continued to provide some audit resource to assist with the 2022~23 internal audit plan. This minimised the potential loss of available audit days with the provision of this additional support agreed with the S151 Officer/Head of Resources to remain in place until such time as the position can be filled.
- ❖ As referenced in the previous monitoring reports, the vacancies within the internal audit team impacted on the potential available audit days during the 2022~23 financial year. The audit plan is considered a statement of intent, subject to change/review during the fiscal year. The reduction in the potential audit days from 1<sup>st</sup> June 2022 has been offset against the contingency allowance set aside within the plan for consultancy and investigations as matters arise.
- ❖ The Corporate Leadership Team formally agreed recruitment to the position of Auditor and whilst it was anticipated that this would be filled by September 2022, despite advertising the position on two separate occasions throughout the summer it has not been possible to recruit a suitable candidate and the position remains vacant.
- ❖ To ensure that a robust Audit Plan could be delivered in 2022~23, the appointment of a temporary senior auditor to the team from October ensured the continuity in the provision of an internal audit service. This resource provided for additional support to the internal audit team having previously fulfilled the role of Auditor up until her retirement in 2017 and enabled the delivery of the core financial audits outlined within the approved 2022~23 internal audit plan.
- ❖ With the uplift to pay points approved by Council, the Corporate Leadership Team formally agreed additional recruitment to the position of Senior Auditor. The position was advertised for a period of 3 weeks, and despite interest shown by the number of views of the advert, no formal applications were submitted, and it was not possible to recruit to the position.
- ❖ Following the subsequent agreement of the annual pay award, the decision was taken to readvertise both positions of Senior Auditor and Auditor with a view that both now offered competitive salaries. Despite looking at both direct recruitment and use of agency temporary appointments, both positions remain vacant. Audit resource had been provided by the appointment of the temporary senior auditor supported by temporary secondments from the Cipfa Trainee Accountants within the Finance Team and remained in place until the end of March 2023.

Within the time allocated in the above table, during the final quarter of 2022~23 the Internal Audit Team have responded to **15** requests for advice and consultancy as categorised in the graph overleaf, in comparison to the **22** requests received and actioned for the same period in 2021~22 and the **27** requests received and actioned for the same period for 2020~21



### **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 2022~23 Internal Audit Annual Plan approved by the Audit Committee in March 2022 as summarised below: -.

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

- Attend the ICT Strategy Board Meetings.
- Attend the Cyber Security & Information Governance Working Group.

### **Contracts & Procurement**

Internal Audit are working with the NWDER Programme Delivery Manager in respect of the Future High Street Fund ~ Bromsgrove Street and Kidderminster Creative Hub {Former Magistrates Court} as part of the capital contract monitoring procedures.

➔ Monitoring of contract payments for the removal of Asbestos ~ Worcester Street.

### **Wyre Forest Forward ~ Interventions/Continuous Improvement Work**

The Internal Audit Team continue to be involved in Wyre Forest Forward continuous improvement reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised. 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.

### **Corporate Issues**

#### **National Fraud Initiative**

Internal Audit continued to undertake work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office. This is a continuous programme of work, an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud.

➔ The 2022~23 programme of work commenced in August 2022 with the formal request to submit the required data sets to the Cabinet Office in respect of Trade Creditors {Accounts Payable}, Taxi Licences, Payroll, Housing Benefit Claimants, Council Tax Reduction Scheme, Council Tax Single Person Discount and Electoral Register.

➔ The matched data sets were released in early January with the Payroll and Trade Creditor matches reviewed by the Internal Audit Team {Corporate Fraud Resource} with the outcome to be reported back to the cabinet office for inclusion in the national fraud landscape.

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE****24<sup>th</sup> MAY 2023****INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2022/23**

<b>OPEN</b>	
<b>CABINET MEMBER</b>	Councillor: Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER</b>	Helen Ogram, Extension 2907 <a href="mailto:helen.ogram@wyreforestdc.gov.uk">helen.ogram@wyreforestdc.gov.uk</a>
<b>CONTACT OFFICER:</b>	Cheryl Ellerton, Extension 2116 <a href="mailto:cheryl.ellerton@wyreforestdc.gov.uk">cheryl.ellerton@wyreforestdc.gov.uk</a>
<b>APPENDIX</b>	Appendix 1 - Internal Audit Annual Assurance Report – 2022/23

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Internal Audit Annual Assurance Report for 2022/23

**2. RECOMMENDATIONS**

- 2.1 The Audit Committee is asked to **APPROVE** the Internal Audit Annual Assurance report for 2022/23 attached as Appendix 1.

**3. BACKGROUND**

- 3.1 It is management's responsibility to develop and maintain the internal control systems, to ensure compliance with them and for ensuring that public money is safeguarded 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, since it is an independent appraisal function for the review of the entire internal control system. It is Internal Audit's responsibility to draw any concerns about the adequacy of the system of internal controls and its audit plans to the attention of the Audit Committee.

The definition of Internal Audit as described in the Public Sector Internal Audit Standards is:

***“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”***

- 3.2 In accordance with the UK Public Sector Internal Audit Standards {PSIAS}, the Audit Committee are required to receive an annual report on the work of the Internal Audit Service. In addition, the Internal Audit Charter requires that the Section 151 Officer in consultation with the Audit Manager, prepare an Annual report to the Audit Committee to:-



## **Agenda Item No. 9**

- include an opinion on the overall adequacy and effectiveness of the Council's internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work undertaken to formulate the opinion
- draw attention to any issues judged to be particularly relevant to the preparation of the statement on internal control
- compare the work actually undertaken with the work that was planned
- comment on compliance of the Internal Audit Team with the UK Public Sector Internal Audit Standards.

3.3 The opinion is a personal opinion of the Audit Manager to the Section 151 Officer on the overall adequacy and effectiveness of the Council's internal control environment. The system of internal control is designed to help the Council manage and control risks, which could affect the achievement of the Council's objectives and one of the key elements referenced in the Annual Governance Statement.

3.4 In the giving of this opinion, it should be noted that assurance cannot be absolute in that Internal Audit can only provide for "reasonable" assurance that the systems of internal control processes in those areas subject to review are operating effectively.

### **4. KEY ISSUES**

4.1 The Accounts and Audit Regulations require the Council to have an effective Internal Audit service to evaluate its risk management, its control and governance. An Internal Audit service is also a requirement of the Council's Corporate Governance framework.

4.2 An Annual Governance Statement is published with the Council's Annual Statement of Accounts which is signed by the Leader of the Council and the Chief Executive. The Internal Audit Annual Assurance report contributes to the evidence necessary in order for this statement to be prepared.

4.3 The Accounts and Audit Regulations 2015 require the Council to conduct a review to ensure that it has a sound system of internal control. The Internal Audit Annual Assurance Report provides evidence in respect of this.

4.4 Internal Audit make recommendations to management to improve the internal control environment of the system being reviewed. It is management's responsibility to develop and maintain the internal control systems and take the necessary action to implement agreed recommendations included in final internal audit reports.

4.5 The approved Internal Audit Charter requires that an annual report is prepared covering the items detailed in paragraph 3.2 and this is attached as Appendix 1.

4.6 The aim of most audit reports is to give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment. The levels of assurance arising from the internal audit reviews for 2022/23 together with those of the previous year are as follows:

## Agenda Item No. 9

		KEY SYSTEMS <u>Assurance Level</u>			SUBSIDIARY SYSTEMS <u>Assurance Level</u>			TOTAL
		Full	Some	Limited	Full	Some	Limited	
2021~22	Number	15	4	0	4	0	0	23
2022~23	Number	16	1	0	4	0	0	21

- 4.7 The results of this table give an overall perspective only, it should be noted that some audit reviews of both key and subsidiary systems can range from a very large and complicated system to a very straightforward one.
- 4.8 During 2022/23 Internal Audit have sought to further progress work with all service areas and to provide advice and assistance on the implementation of recommendations and actions. As a result, measures have been put into place to facilitate a timelier proactive approach to improving systems and it is fair to conclude that there has been continued improvement in control which is enhanced by the introduction of Action Plans/Progress Reports issued during the course of audit reviews. The aim of these Action Plans/Progress Reports is to enable Managers to react to observations with prompt remedial action which can be evidenced during the audit review and lead to an improved final audit assessment. This collaborative approach has enabled Managers to actively work with the Internal Audit Team to improve the control environment.
- 4.9 The annual report in Appendix 1 also covers a review of the effectiveness of Internal Audit required by the Accounts and Audit Regulations 2015. The UK Public Sector Internal Audit Standards provide for a consistent internal audit framework for the whole of the public sector.
- 4.10 The UK Public Sector Internal Audit Standards were formally adopted by the Audit Committee in December 2013. The standards were revised with effect from April 2016, with further amendments from April 2017 as reported to the Audit Committee. The standards promote further improvement in the professionalism, quality and effectiveness of Internal Audit across the public sector. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide Management with the assurance they need. The Internal Audit Team work in consideration of the Standards which are mandatory for all internal auditors working in the public sector. In accordance with the standards, the Internal Audit Team work to a given methodology as evidenced within the Internal Audit Manual and Internal Audit Charter. In addition, the standards require an external assessment of the Internal Audit Service the outcome of the latest assessment was formally reported to the Audit Committee on 30<sup>th</sup> May 2018. The next external assessment is due to be commissioned during 2023-24.
- 4.11 The review of Internal Audit effectiveness is not about process. The focus of the review is in respect of the delivery of the Internal Audit Service to the required standard in order to provide for a reliable assurance on internal control in operation in the council's practices and procedures. In essence, the need for the review is to ensure that the opinion given in Appendix 1 may be relied upon as a key source of evidence for the annual review of internal control.

The 2018 review identified no areas of non-compliance with the standards that would affect the operation of the Council's internal audit function. The review did identify

some recommendations to further develop the audit service along with some recommendations to progress towards full compliance with the standards. The review also identified some constructive suggestions for progression of the internal audit function in line with best practice.

- 4.12 The progress on implementation of the actions arising from the external assessment were formally reported to the Audit Committee at its meeting of 26<sup>th</sup> November 2018. A major requirement of the standards is to maintain a Quality Assurance Improvement Programme {QAIP}. This document sets out the quality assurance arrangement in place for the internal and external assessments of the Internal Audit Service, to ensure there are mechanisms in place to allow for continuous improvement, maintaining best practice and an effective level of performance from the Internal Audit Service. The QAIP was formally approved by the Audit Committee at its meeting of 26<sup>th</sup> November 2018.
- 4.13 Whilst the core structure of the Internal Audit Team remained unchanged, during 2022/23, both the position of Senior Auditor and Auditor became vacant. The Senior Auditor who had previously been on long term sick leave from June 2021, opted for retirement. As a result, the Senior Auditor position become vacant from 1st August 2022. In addition, the Auditor post holder transferred to a new position within the Accountancy Finance Team in June 2022, with the Auditor position becoming vacant from 1st June 2022.
- 4.14 Despite looking at both direct recruitment and use of agency temporary appointments, both positions remained vacant. To ensure that a robust Audit Plan could be delivered in 2022/23, the appointment of a temporary senior auditor to the team from October 2022 ensured continuity in the provision of an internal audit service. This resource provided support within the internal audit team having previously fulfilled the role of Auditor up until their retirement in 2017 and enabled the delivery of the core financial audits outlined within the approved 2022/23 internal audit plan.
- 4.15 In addition to the appointment of the temporary senior auditor further audit resource had been provided by temporary secondments from the Cipfa Trainee Accountants within the Finance Team. The previous post holder of the Auditor position continued to provide some audit resource to assist with the 2022/23 internal audit plan. Further audit resource was provided by the temporary secondment of a Trainee Accountant from the Finance Team, to assist with their own development and gain internal audit experience and remained in place until the end of March 2023.

## **5. FINANCIAL IMPLICATIONS**

There are no financial implications arising directly from this report.

## **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations 2015, Regulation 3 {Responsibility for Internal Control} requires that:-  
*“A relevant authority (The Council) must ensure that it has a sound system of internal control which :-*  
*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,*  
*(b) ensures that the financial and operational management of the authority is effective,*  
*(c) includes effective arrangements for the management of risk”*

- 6.2 The Accounts and Audit Regulations 2015 Regulation 5 (1) {Internal Audit} requires that:  
*“A relevant authority (the Council) 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”.*

- 6.3 The Accounts and Audit Regulations 2015, Regulation 6 (1) {Review of Internal Control} requires that:-  
*“A relevant authority (the Council) must each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3.”*

*“Prepare an annual governance statement”*

The annual report attached as an appendix to this report forms part of this review and contributes to the Annual Governance Statement which is considered as part of the financial statements.

## **7. RISK MANAGEMENT**

- 7.1 It is a statutory requirement that the Council undertakes an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control. Further, it is a statutory requirement that the council shall at least once annually conduct a review of the effectiveness of its internal audit.
- 7.2 The Internal Audit service is one element of the Council's assurance/internal control framework. This Key Assurance Service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. The adoption of the UK Public Sector Internal Audit Standards ensures the Council continues to comply with best practice and mitigates risk accordingly.
- 7.3 This report summarises the work undertaken by the Internal Audit Service for the 2022/23 financial year and is reviewed by the External Auditors as part of their financial audit and provide an opinion on the Internal Audit Service as a contribution to the Council's internal control environment. The annual report has been provided in accordance with the Internal Audit Section's approved Charter.
- 7.4 Corporate Risk Management forms part of the Council's processes as reported to this Committee on 6<sup>th</sup> July, 28<sup>th</sup> September 2022 and 22<sup>nd</sup> March 2023. This assists with the maintenance and development of the council's internal control environment.

## **8. EQUALITY IMPACT NEEDS ASSESSMENT**

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

## **9. CONCLUSIONS**

- 9.1 The Annual Report 2022/23 provides an opinion from the Audit Manager, endorsed by the Section 151 Officer, on the adequacy and effectiveness of the Council's internal control environment arising from the completion of Internal Audit reviews.

## **Agenda Item No. 9**

- 9.2 This opinion is based on the work undertaken by the Internal Audit Team in accordance with the approved 2022/23 Annual Audit Plan. The report is presented to members in accordance with the Internal Audit Charter as approved by the Audit Committee.
- 9.3 Overall, it has been concluded that the reasonable assurance can be given on the internal control environment which continued to improve during 2022/23
- 9.4 A review of the effectiveness of internal audit for the financial year 2022/23 has been undertaken in accordance with current guidelines.

### **10. CONSULTEES**

- 10.1 Corporate Leadership Team
- 10.2 Cabinet Member for Finance and Capital Portfolio

### **11. BACKGROUND PAPERS**

- 11.1 23<sup>rd</sup> March 2022 ~ Internal Audit Annual Plan 2022~23  
28<sup>th</sup> November 2018 ~ Quality Assurance & Improvement Programme  
30<sup>th</sup> July 2018 ~ Internal Audit Charter {Updated}  
UK Public Sector Internal Audit Standards 2013 {Revised 2017}  
Accounts and Audit Regulations 2015 {SI 234}

**WYRE FOREST DISTRICT COUNCIL****INTERNAL AUDIT ANNUAL ASSURANCE REPORT – 2022/23****Internal Control Environment**

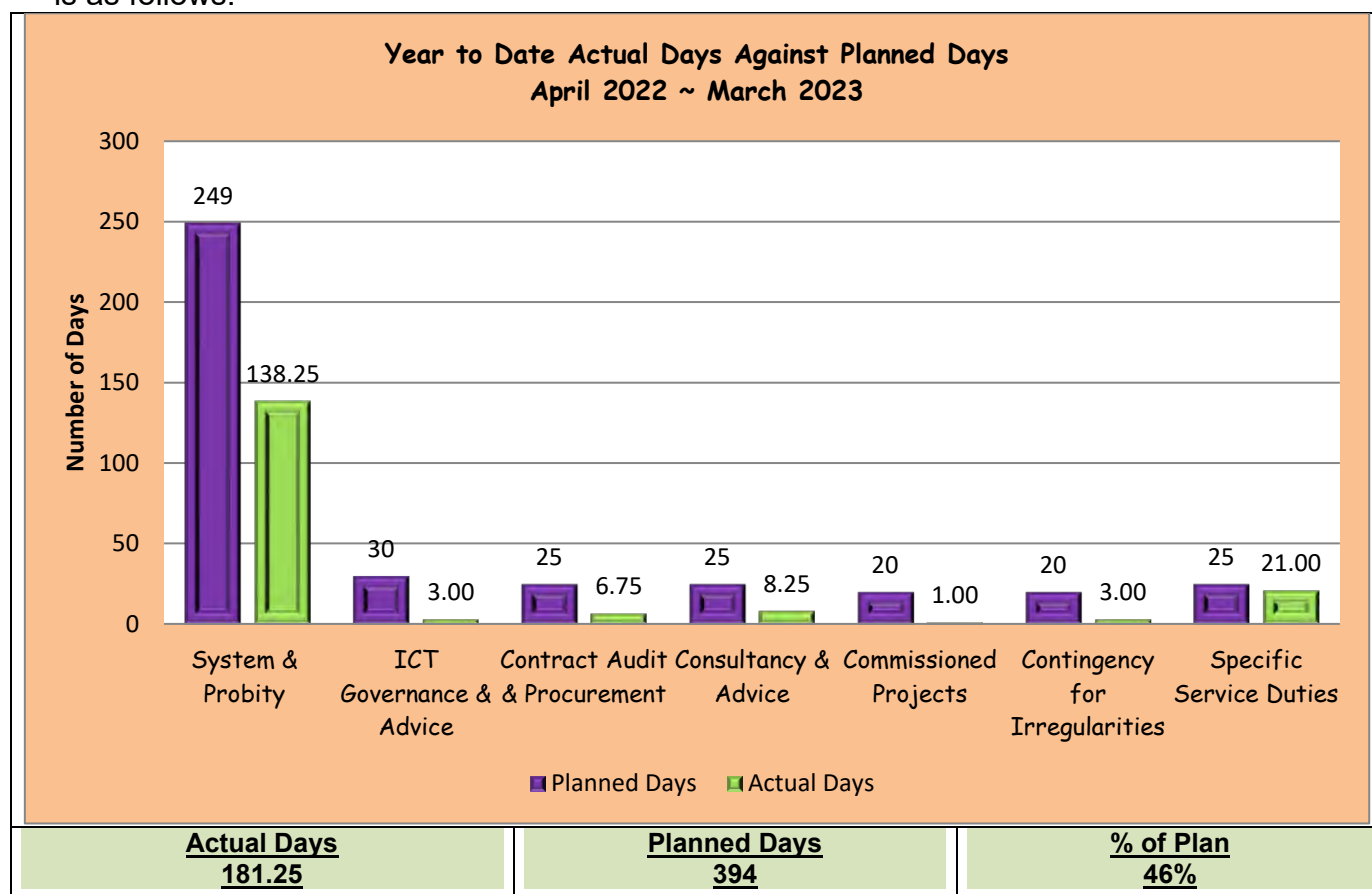
The Council's Financial Procedure Rules (Financial Regulations) state that it is the responsibility of Service Managers to ensure that there are controls in place for every system under their management. These internal controls include those to prevent and detect fraud in accordance with the Council's anti-fraud and corruption policies.

The work of the Internal Audit Section relating to the financial year ended 31<sup>st</sup> March 2023 has been undertaken in accordance with the approved Internal Audit plan 2022/23. The work undertaken has met the requirements of the Council's External Auditors and is in consideration of the UK Public Sector Internal Audit Standards.

The results of this work have been reported to the Audit Committee in regular monitoring quarterly reports on the 28<sup>th</sup> September, 23<sup>rd</sup> November 2022, and 22<sup>nd</sup> March, 24<sup>th</sup> May 2023. These reports include a summary of the work undertaken in each quarter.

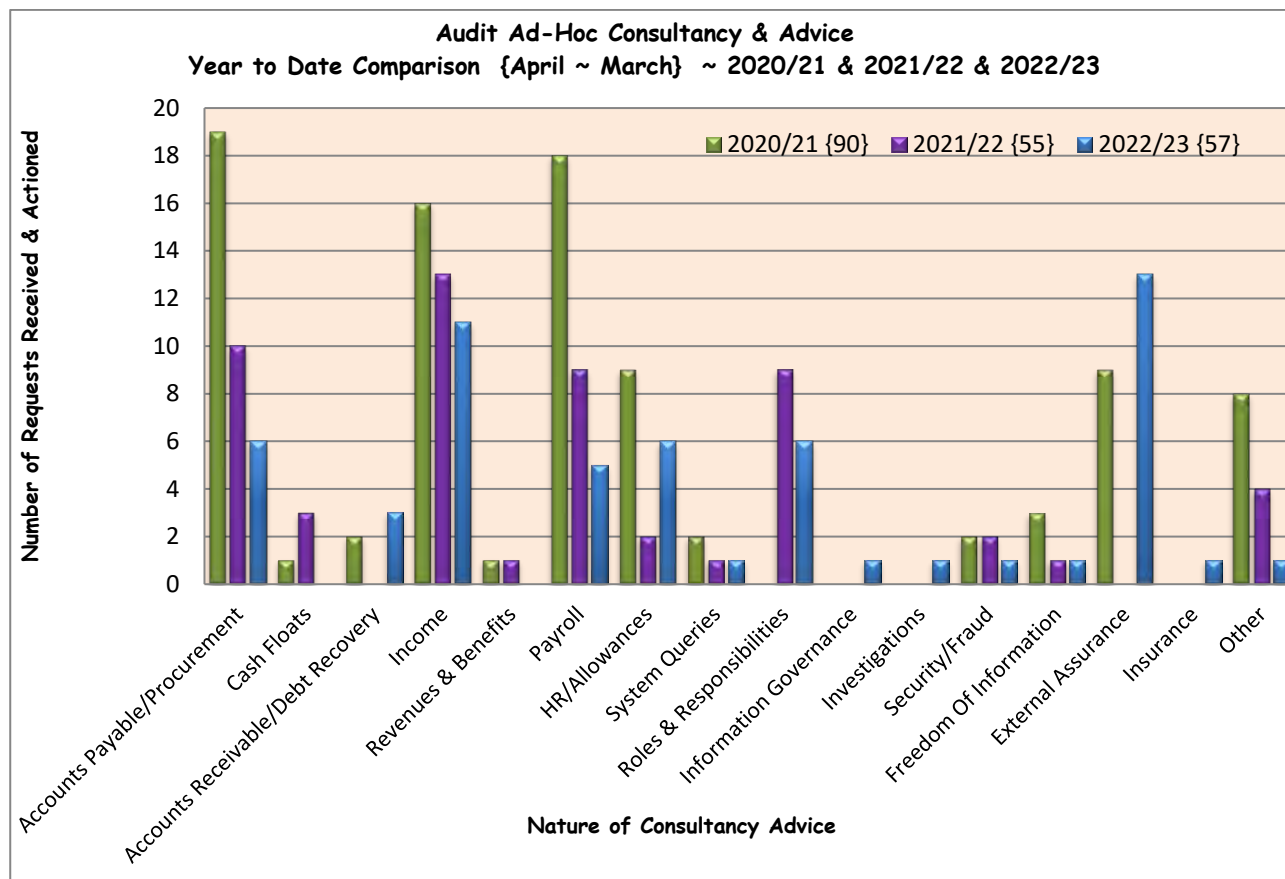
The internal control weaknesses identified from final and draft reports relating to the 2022/23 financial year have been considered in the preparation of this annual report. Where control weaknesses were identified, Management action plans are in place and are subject to ongoing review.

A comparison of the work actually undertaken with the work that was planned by audit type is as follows:



## Agenda Item No. 9

Consultancy, advice and irregularity work are demand led activities, and do fluctuate each year. Utilisation of Internal Audit advice throughout the year ensures that appropriate controls are incorporated at an early stage of planning new or changing current systems and processes. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During 2022/23, the Internal Audit Team have continued to provide a consultancy and advice service to colleagues as required.



### Audit Opinion

From the work undertaken by internal audit for the 2022/23 financial year it is the opinion of the Audit Manager, that the Council's internal control environment and systems of internal control as of 31<sup>st</sup> March 2023 provide reasonable assurance over key business processes and financial systems to include governance and risk management arrangements.

The conclusion on each Internal Audit review is based on the observations identified together with the level of assurance given to Management and recommendations made to improve the operation of the internal controls of the system under review.

It is drawn to the Audit Committee's attention that the following reports also provide information on the Council's internal control environment and governance arrangements:

The Council adopted the current CIPFA/SOLACE Corporate Governance Framework. The implementation has been subject to reviews as considered by the Audit Committee. The review of the framework is further supported with additional reports to the Audit Committee following self-assessments against the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and Role of the Head of Internal Audit in Public Sector Organisations. The findings and recommendations of the External Auditors reported to the Audit Committee.

### **Statement of Organisational Independence**

The UK Public Sector Internal Audit Standards require a statement to confirm the independence of the internal audit activity. The organisational independence of the Audit Manager can be confirmed by the following:-

- Reports to the S151 Officer as a member of the Corporate Leadership Team;
- Reports functionally to the Audit Committee and has unrestricted access to the Audit Committee;
- Has unrestricted access to Senior Management;
- Has no further management responsibilities;
- Has no constraints on proposing actions for improvement or forming opinions on individual reports issued.

### **Review of the effectiveness of the system of internal audit**

Work has been undertaken in accordance with the approved Internal Audit plan for 2022/23 and 46 % of this plan has been completed by April 2023. Internal Audit reports have been reported to members of the Council's Corporate Leadership Team and the Audit Committee. Whilst the core structure of the Internal Audit Team remained unchanged during 2022/23 the Senior Auditor who had previously been on long term sick leave from June 2021, opted for retirement. As a result, the Senior Auditor position become vacant from 1st August 2022. Whilst this position remained vacant throughout 2022/23, the appointment of a temporary senior auditor to the team from October 2022 ensured the continuity in the provision of an internal audit service. This resource provided for additional support to the internal audit team having previously fulfilled the role of Auditor up until her retirement in 2017.

In addition, the Auditor post holder transferred to a new position within the Accountancy Finance Team in June 2022, with the Auditor position becoming vacant from 1st June 2022. Whilst this position remained vacant throughout 2022/23, the previous post holder continued to provide some audit resource to assist with the 2022/23 internal audit plan. Further audit resource was provided by the temporary secondment of a Trainee Accountant from the Finance Team, to assist with their own development and gain internal audit experience and this remained in place until the end of March 2023.

The approved Audit Plan is a statement of intent providing the direction of travel and a framework for audit engagements. 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 resources. Performance of the internal audit service has been subject to monitoring throughout the year with quarterly reports to the Audit Committee.

The work of the Internal Audit section is undertaken in accordance with recognised practices and standards and procedures are continually reviewed and refined in order to ensure compliance. This was evidenced with a report to the Audit Committee on 30<sup>th</sup> May 2018 detailing the outcomes of the mandatory External Assessment of the Internal Audit Service against the UK Public Sector Internal Audit Standards and the formal approval of the Quality Assurance Improvement Programme 26<sup>th</sup> November 2018, to include the progress on the implementation of the actions arising from the External Assessment.

The External Auditors have sight of the reports of the Internal Audit Team as part of their interim and final audits. This not only allows them to comment on the quality-of-service delivery, but also gives them an opportunity to advise if there are areas where internal audit could focus for future reviews, thus ensuring that the Internal Audit service continues to



provide an independent and satisfactory service, contributing to an effective internal control environment for the Council.

As in previous years, the Internal Audit Team continued to work well with their customers, being approachable and able to support employees. Feedback is requested from Service Managers following the completion of an audit review. This allows them to not only comment on the quality-of-service delivery, but an opportunity to advise if there are areas where internal audit could focus for future reviews and provide guidance in respect of the internal control environment specific to their service area.

### **Corporate Issues**

During 2022/23, corporate issues continued to feature with support provided by the Internal Audit Team. Members of the Internal Audit Team continued to be involved in Wyre Forest Forward continuous improvement reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised. 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.

Internal Audit continue to undertake work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office. This continuous programme of work is an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud.

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

- Attend the ICT Strategy Board Meetings;
- Attend the Cyber Security and Information Governance Working Group.

### **Contracts & Procurement**

Internal Audit commenced working with the NWDER Programme Delivery Manager in respect of the Future High Street Fund ~ Bromsgrove Street and Kidderminster Creative Hub {Former Magistrates Court} as part of the capital contract monitoring procedures.

The matters reported here indicate that my report may be relied upon as a key source of evidence in the annual review of internal control.

***Cheryl Ellerton***  
***Audit Manager***

***Helen Ogram***  
***Section 151 Officer***

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE****24<sup>TH</sup> MAY 2023****Annual Governance Statement 2021-22 – Action Plan Progress report**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER:</b>	Helen Ogram, Head of Resources
<b>CONTACT OFFICERS:</b>	Head of Resource <a href="mailto:Helen.ogram@wyreforestdc.gov.uk">Helen.ogram@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 - Annual Governance Statement Action Plan 2021/22

**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 2021-22, it reports on progress against the action plan during 2022-23.

**2 RECOMMENDATION**

- 2.1 **The Audit Committee is asked to note the progress against the Annual Governance Statement Action Plan 2021-22 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 May 2022 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 management;

- Corporate Risk Register;
- External Inspection findings including peer reviews;
- 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 May 2022.

#### **4 KEY ISSUES**

- 4.1 The Annual Governance Statement 2021-22 identified areas of Corporate Governance which needed to be addressed during 2022-23. An action plan was developed and is attached at Appendix 1, annotated with the progress that has been made during the year. 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 25<sup>th</sup> May 2022 and re-certified on the 24<sup>th</sup> November 2022.

**10 CONSULTEES**

- 10.1 Corporate Leadership Team.
- 10.2 Cabinet Member for Finance and Capital Portfolio.

**11 BACKGROUND PAPERS**

- 11.1 25<sup>th</sup> May 2022 and 24<sup>th</sup> November 2022– Annual Governance Statement 2021-22
- 11.2 Delivering Good Governance in Local Government CIPFA/SOLACE.
- 11.3 UK Public Sector Internal Audit Standards April 2016 (Refreshed 2017)

### Significant Governance Issues for 2021-22 and 2022-23 Action Plan

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2021-22 Annual Governance Statement.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p><b>General – Significant Financial Challenges</b></p> <p>The Council continues to face significant funding pressures and changes to the national funding regime. In response we will continue to maintain financial resilience by:</p> <p>i) Moving towards a fully balanced budget without reliance on reserves.</p> <p>ii) Progression of the programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy.</p> <p>The challenges faced in achieving this include proposed funding reform, cost and supply chain issues caused by geopolitical issues, global economic volatility and recovery post Covid-19 pandemic.</p> <p>The consequence is a potential shortfall on the delivery of savings to meet the circa £1.7m Funding Gap by 2024-25.</p>	<p>AGS 2019-20, 2020-21 and 2021-22 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register</p>	<p>The Medium Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. The council set a budget in February 2022 outlining the strategic direction towards achieving on-going savings:</p> <p>a) Progressing implementation of agreed major initiatives and projects, such as reviews of alternative service delivery models and management review set out in the medium-term financial strategy for 2021-2024.</p> <p><b>Progress:</b> Phase 1 reviews substantially complete. Phase 2 reviews to commence when the shape of the North Worcestershire waste collaboration is known. A full business case is being prepared for consideration by the respective Leaders, Chief Executives and Cabinets of the Northern Alliance after the May 2023 elections. This will look at 3 options: (i) Stay as we are, (ii) a jointly owned company and (iii) a shared service hosted by one of the three councils.</p> <p>b) To continue to actively participate in and understand/model the impact of 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.</p> <p><b>Progress:</b> The 2023-24 Finance Settlement was a one year only settlement although there is a rollover of policy decisions in some areas. Finance Reform has again been delayed; modelling will be undertaken when the shape of reform is known. The funding gap at the end of the MTFS is £1.8m. Significant growth in investment income achieved and reduction in pension fund deficit have helped to off-set pay and general inflation growth.</p>	<p>a) All remaining service delivery reviews to be undertaken with target savings achieved. <b>In progress</b></p> <p>b) Balanced Budget for 2023-24 included in the MTFS 2023-26 with progression of proposals for significant savings/cost reductions to close the funding gap from 2024-25. <b>Achieved</b></p>	<p>Head of Resources, Chief Executive, and whole of CLT</p> <p>Cabinet/CLT</p> <p>CLT/Cabinet</p> <p>Chief Executive</p>	<p>April 2021 to March 2023,</p> <p>January 2023</p> <p>December 2022</p> <p>As set out in Localism timetable</p>

			<p>c) To re-energise work around income generation, commercialisation and expenditure reductions post pandemic. Further develop and evolve the Financial Strategy to include: -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management.</p> <p>Progress: The MTFS for 2023-26 approved Council 22<sup>nd</sup> February. Service redesign, demand management and digitalisation in progress. Work around income generation and commercialism slowed down in 2021-22 due to diversion of resources due to the pandemic. Income largely returned to pre-pandemic levels in 2022-23. In year WFF target expected to be met.</p> <p>d) To continue with the Localism agenda to meet target savings in MTFS Various transfers of assets to Kidderminster and Bewdley town councils completed in year and localism target largely on track to being achieved. Meeting(s) held with BTC to progress the transfer of Bewdley Museum, conversation to be continued post elections in May 2023.</p>	<p>c) Cabinet/CLT to manage process of rebuilding income streams</p> <p>d) Successful creation of independent Bewdley Museum Trust; continue negotiations with parish councils during 2022. Conclude second round negotiations with town councils. <b>Largely achieved with alternative collaboration now being progressed for Bewdley Museum.</b></p>		
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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	<p><b>Governance of Property Portfolio</b> to further progress the implementation of the policies for the £26.5m Fund. To continue to clarify with the wider public that the intended impact of the policy is to deliver corporate service objectives under the Corporate Plan priority to deliver a successful local economy. whilst supporting the Financial Strategy.</p> <p>The 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial</p>	AGS 2017-18 MTFS 2019-22, endorsed by Peer Review, corporate risk register	<p>a) Continue to implement revised Capital Portfolio Fund Strategy as approved at February 2022 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions. Progress update: No further acquisitions in 2022-23 Existing approval for Castle Road housing scheme is progressing with start on site expected Q1 2023-24.</p> <p>b) Review and strengthen the due diligence check list. Progress: Checklist refreshed to reflect Code revisions</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.</p> <p>b) Revised checklist to be approved with the Capital Strategy 2023-</p>	CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council	<p>a) Portfolio budget fully committed by end March 2023</p> <p>b) By end 2022</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
	purposes and acquisitions cannot be based primarily for a financial return		<p>c) To work with the communications team to reinforce intended impact.</p> <p>d) Update the business case model to increase the evidence requirement for the economic argument and expand the financial case to more fully cover whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.</p>	<p>33</p> <p><b>Achieved</b></p> <p>c) Less negative social media comment</p> <p><b>Achieved</b></p> <p>d) Business case reports on potential acquisitions follow revised template</p> <p><b>No business cases prepared in 2022-23</b></p>		<p>c) On-going</p> <p>d) April 2022</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	<b>Information governance issues and non-benefit fraud</b> -utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported	Annual Governance Statement 2018-19	<p>a) Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions  <b>Progress – the combined Cyber Security and Information Governance Subgroup continues to meet regularly and is working well promoting awareness around cyber security/data protection and managing corporate training programmes</b></p> <p>b) Compliance Officers within the Revenues &amp; Benefits Section are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Additional work on potential fraud in relation to Council tax energy rebate or grant payments/claims to businesses will also be undertaken supported by Internal Audit in line with national guidance. Capacity within the team will be kept under review. Fraud Transparency code data set will be published annually.  <b>Progress: The compliance team continue to regularly review council tax discounts and exemptions to maximise the net collectable debit and to reduce the risk of fraud and error within the Council Tax Reduction Scheme caseload. The team are also responsible for investigating the results of the National Fraud Initiative (NFI) data matches.</b></p> <p>c) Regular reports presenting activity in relation to Corporate Fraud (responsibility assigned to Internal Audit Team). These will include results of extra compliance work in relation to assurance on energy rebate and grant payments as applicable.  <b>Progress: Report presented to Committee in September. A programme of fraud awareness activities was delivered to maintain fraud awareness including cyber activity.</b></p>	<p>a) Information Governance is well managed with no breaches  <b>Achieved: no cyber incidents, some minor breaches of data protection</b></p> <p>b) Income collected in terms of £s and % recovery rates (number of reviews carried out and tax base increased in £s)  <b>Achieved</b>  <b>NFI results - 232 cases amended - £33,184.84 identified as fraud or error</b>  <b>Ongoing reviews - 830 cases reviewed - £282,149.54 added to the tax base (discounts /exemptions removed)</b></p> <p>c) Annual report to Audit Committee will assess success of Corporate Fraud service  <b>Achieved – Annual Report presented to Audit Committee in September 2022</b></p>	<p>Chief Executive, Head of Resources,</p> <p>Head of Revenues, Benefits &amp; Customer Services</p> <p>c) Head of Resources/ Audit Manager</p>	<p>a) Ongoing consideration via Information Governance Sub-Group</p> <p>b) Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) October Audit Committee for Fraud Update report</p>



Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	<b>Partnership and Engagement Governance issues</b> 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 includes Public Sector Partnership Wyre Forest LLP, the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations (e.g. joint waste service for northern districts and County wide food waste collaboration) other new shared service arrangements and new and existing Trusts (museum and leisure service provision).	Annual Governance Statement 2018-19	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust.  <b>Progress:</b> No new arrangements implemented in the year</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose  <b>Progress:</b> No new arrangements implemented in the year</p> <p>c) Conclude review work of PSP Wyre Forest LLP to ascertain whether the model is still fit for purpose.  <b>Progress:</b> The Council's share of the loan from PSPF repaid to enable the LLP to become dormant for trading purposes to avoid further accounting recharges and loan interest accruing.</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC.  <b>Progress:</b> LATC still dormant</p> <p>e) Continue to shape direction of work on joint operation of waste collection services to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet.  <b>Progress:</b> Initial report commissioned and delivered to partners. A full business case is being prepared for consideration by the respective Leaders, Chief Executives and Cabinets of the Northern Alliance after the May 2023 elections.</p>	<p>a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c) That work with PSP Wyre Forest LLP either delivers some tangible outcomes or is filed as dormant.  <b>Achieved:</b> LLP will be dormant for trading purposes until required.</p> <p>d) Reports prepared for proposals for alternative service delivery models</p> <p>e) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet  <b>In progress</b></p>	CLT – Head of NWEDR and Head of Strategic Growth designated officers for PSP, Head of Community and Environmental Services	<p>a)/b) Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2022-23</p> <p>c) PSP LLP utilised as appropriate in 2022-23 or filed as dormant.</p> <p>d&amp;e) March 2023 or as appropriate</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<b>ICT Resilience Governance Issues</b> Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. Progression of ICT Strategy GDPR – compliance to include additional assurance for hybrid working	Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}  MTFS 2021-2024  GDPR Legislation - effective date 25 <sup>th</sup> May 2018	a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings <b>Progress: Cyber security maintained including PSN accreditation</b>  b) ICT Strategy Board approvals  c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy.  d) Risk assessments and review of security of hybrid working arrangements built into assurance programme  e) Monthly phishing and regular cyber training  f) on-going improvement to infrastructure and system updates including patching, firmware updates.  g) annual penetration tests  h) additional 2 factor authentication and cloud back-up for o365	a) PSN compliance, secure network. <b>Achieved for 2022-23</b>  b) Work proceeds to timetable <b>Achieved</b>  c) Review evidenced compliance <b>Achieved</b>  d) Compliant risk assessments <b>Achieved</b>  e, f g and h) Cyber essentials accreditation <b>Achieved</b>	ICT Manager/ Head of Resources   Data Controller   ICT Manager   ICT Manager	Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders  Ongoing risk assessments  Summer 2022

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	<p><b>Major grant funded schemes and Developments</b> – the Council successfully bid for grant funding to support regeneration under the Future High Street Fund (FHSF) and Levelling up Fund (LUF). New governance arrangements are being developed to ensure oversight of each of these major schemes. This will include separate project boards chaired by the Head of NWEDR and be attended by the S151 Officer and Monitoring Officer. The boards will receive regular updates on all projects managed through the project delivery boards and will have responsibility for approving project variations. The boards will provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met</p>	<p>Annual Governance Statement 2021-22</p> <p>Corporate Risk Register</p>	<p>Project Boards meet regularly and in line with agreed timeline  <b>Progress: Terms of reference agreed and Boards met regularly as provided.</b></p> <p>Grant funding agreements in place with LUF partners  <b>Progress: grant funding agreements in place</b></p>	<p>Progress to timetable, Government Office satisfied with progress  <b>Achieved - Programme slippage/reprofiling has been reported to DLUHC, no slippage in project end dates</b></p> <p>Monthly progress reports presented to the Boards and grant draw down meets assurance requirements  <b>Achieved: DLUHC closed the second line of defence deep dive assurance review concluding that good governance and assurance arrangements were in place</b></p>	<p>CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council</p>	<p>2024</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	<p><b>Major Capital Projects</b> - The Council has a number of major capital projects including delivering a Housing provision scheme in Kidderminster; Solar farm and Electric vehicle charging points</p> <p>There are significant risks associated with these major schemes, including implications for revenue as well as capital budgets.</p>	Annual Audit Report 2020-21	<p>On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise will be put in place for all major projects and programme and cost risks will be closely managed.</p> <p>Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.</p> <p><b>Progress:</b> Quarterly Capital reporting has been reviewed and refreshed. Reports are presented to Cab/CLT ahead of scrutiny by Overview and Scrutiny Committee before being considered by Cabinet for approval.</p>	<p>Quarterly progress/monitoring reports presented to Cab/CLT</p> <p><b>Achieved</b></p> <p>Projects delivered on time within cost plan:</p> <p>Projects are progressing and project delivery timelines have been reprofiled</p>	CLT, Head of NWEDR, Head of Strategic Growth, Head of Resources	On-going

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
8.	Workforce planning Resilience, recruitment and retention	Annual Audit Report 2020-21	Development and approval of New Organisation Development (OD) Strategy, including focus on workforce design, recruitment and retention, succession planning and innovation as well as issues raised in the staff survey. <b>Progress:</b> New Strategy developed and approved	Approval and implementation of OD Strategy  <b>Achieved:</b> The People and OD Strategy 2023-25 was considered by Cabinet/CLT in September. The strategy was discussed with group leaders in November.	Chief Executive, Solicitor to the Council, Head of HR&OD	Revised OD Strategy to be agreed by September 2022

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**WEDNESDAY 24<sup>th</sup> MAY 2023****ANNUAL GOVERNANCE STATEMENT**

<b>CABINET MEMBER</b>	Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER</b>	Head of Resources helen.ogram@wyreforestdc.gov.uk
<b>APPENDIX</b>	Appendix 1 Annual Governance Statement 2022-23

**1. PURPOSE OF REPORT**

- 1.1 This report presents the Draft 2022-23 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control providing a review of performance against the Governance Framework. The processes followed to produce the AGS are outlined in the report.

**2. RECOMMENDATION**

- 2.1 **The Audit Committee are recommended to note and comment on the contents of the draft version of the Council's 2022-23 Annual Governance Statement (AGS).**

The Annual Governance Statement 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 Annual Governance Statement for 2022-23 is attached at Appendix 1 and has been developed based on the requirements of the regulations and the framework defined in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: The Framework".
- 3.3 The Audit Committee approved the adoption of the CIPFA/SOLACE code at the meeting on the 17 March 2008 with a full review of compliance 26<sup>th</sup> May 2021 and a subsequent annual review on the implementation, the latest one being 25<sup>th</sup> May 2022.
- 3.4 For the 2022-23 Annual Governance Statement it is proposed to use existing processes in relation to the review of the control system, collation of information and compilation and monitoring of the Annual Governance Statement.

**4. KEY ISSUES**

- 4.1 In establishing the draft documents the following pieces of evidence were considered within the current Assurance Framework:
- Internal Audit reports, and the annual assurance report from the Audit Manager (24<sup>th</sup> May 2023) , endorsed by the S151 Officer,
  - External Audit reports;
  - Assurance provided by senior management;
  - Corporate Risk Register;
  - Other relevant information including past External Inspection findings and Annual Audit Reports.
- 4.3 CIPFA issued a Financial Management Code (FM Code) in 2019 which provides guidance for good and sustainable financial management in local authorities. Compliance with the code provides additional assurance that authorities are managing resources effectively.
- 4.4 The draft Annual Governance Statement is presented to the Audit Committee for review and comment, prior to the signing by the Chief Executive and the Leader of the Council.
- 4.5 The draft Annual Governance Statement for 2022-23 is shown at Appendix 1; this document has been prepared in line with the CIPFA/SOLACE guidance.

**5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications relating to this report. The governance framework includes several financial elements, including the Council's Financial Regulations, the budget strategy and the Treasury Management Strategy. These provide the financial parameters, systems, processes and guidelines within which the Council must operate and, as such, assist in the delivery of good governance. Strong financial management also supports the delivery of value for money in ensuring economy, efficiency and effectiveness in the Council's decision making and processes.

**6. LEGAL & POLICY IMPLICATIONS**

- 6.1 It is a requirement under the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement. Regulation 6 of these Regulations sets out that the authority must undertake a review of the effectiveness of its internal control systems on an annual basis and prepare an annual governance statement. The annual governance statement must be approved in advance of the annual statement of account.

**7. RISK MANAGEMENT**

- 7.1 The Governance Framework pulls together all of the Council's information in relation to governance. In doing so the Council has regard to 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.

**8. CONCLUSION**

8.1 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.

8.2 The draft statement is submitted to the Audit Committee for review and noting on 24<sup>th</sup> May 2023. This will be reviewed by Grant Thornton as part of the external audit process and any revisions reported to September Audit Committee.

**9. CONSULTEES**

9.1 Corporate Leadership Team

9.2 Leader of the Council and the Cabinet Member for Finance and Capital Portfolio

9.3 Internal audit

**10. BACKGROUND PAPERS**

10.1 Accounts and Audit Regulations 2015 (SI No.234)

10.2 Delivering Good Governance in Local Government CIPFA/SOLACE.

10.3 UK Public Sector Internal Audit Standards April 2013 (Updated 2017)

10.4 Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

10.5 CIPFA Financial Management Code

10.6 Guidance - CIPFA Bulletin 06 and 10

10.7 National Audit Office Code of Practice April 2020

10.8 SI 263 The Accounts and Audit (Amendment) Regulations 2021



**DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23****Why have we prepared this Annual Governance Statement (AGS) 2022-23?**

- To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2022-23.
- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.
- To demonstrate our achievements and help us to be more effective and take action to improve.

**What is the Annual Governance Statement?**

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publicly on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Wyre Forest District Council's governance framework for 2022-23 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

**What do we mean by governance?**

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely, inclusive, open, honest and accountable manner.

This is summarised as:

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved

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How the council make sure it:

- Does the right things
- In the right way
- For the right people

**What is the Scope of our responsibility?**

Wyre Forest District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wyre Forest District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.wyreforestdc.gov.uk](http://www.wyreforestdc.gov.uk) or can be

**DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23**

obtained by contacting The Hub, Green Street, Kidderminster DY10 1HA. This statement explains how Wyre Forest District Council has complied with the code and the requirements of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

**What is the definition of the governance framework?**

This is defined as ‘the systems by which local authorities direct and control their functions and relate to their communities’. The governance framework encompasses the Council’s financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (Head of Resources and s151 Officer for this Council) in Local Government; the governance arrangements also conform to the requirements of the CIPFA Statement on the role of the Head of Internal Audit in public service organisations.

The key elements of the Council’s systems and processes that comprise the authority’s governance arrangements are included in the Council’s Constitution which is reviewed and updated throughout the year. The following diagram is reproduced from “Delivering Good Governance in Local Government Framework 2014” published by CIPFA/IFAC and shows core principles and how they are delivered within the robust framework at Wyre Forest.

## ANNUAL GOVERNANCE STATEMENT 2022-23

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> <li>➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</li> <li>➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles</li> <li>➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</li> <li>➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</li> <li>➤ Developing the capacity and capability of members and officers to be effective</li> <li>➤ Engage with local people and other stakeholders to ensure robust public accountability</li> </ul>	<div data-bbox="645 268 1451 1029" data-label="Diagram"> </div> <p data-bbox="645 1114 1460 1209">The governance framework has been in place at Wyre Forest District Council for the year ended 31<sup>st</sup> March 2023 and up to the date of approval of the statement of accounts.</p>	<div data-bbox="1505 212 2170 339"> <b>Leadership, Culture and Planning</b>  Organisational goals and priorities  Strategic and operational plans  Performance management  Medium term financial strategy </div> <div data-bbox="1505 347 2170 475"> <b>Statutory Officers &amp; Decision Making</b>  The Constitution  The Monitoring Officer  Section 151 Officer </div> <div data-bbox="1505 483 2170 746"> <b>Policies &amp; Procedures</b>  Codes of conduct  Ways of working  Anti-fraud, Bribery and Corruption Policy  Whistleblowing Policy  HR Policies and procedures  Corporate Communications and Engagement Programme </div> <div data-bbox="1505 754 2170 954"> <b>People, Knowledge, Finance, Assets</b>  Robust HR practices  Robust Internal Audit function  Information governance  Performance monitoring and improvement  Financial management and reporting  Ethical &amp; legal practices </div> <div data-bbox="1505 962 2170 1225"> <b>Scrutiny and Transparency</b>  Freedom of Information requests  Complaints procedure  Reports considered by legal and finance  Overview and Scrutiny Committee  Equality impact assessments  Corporate risk register  Transparency duty publication </div> <div data-bbox="1505 1233 2170 1361"> <b>Partnership Working/Stakeholder Engagement</b>  ‘Love to get involved’  ‘Let us know’ Consultations  Community Localism fund </div>

## **ANNUAL GOVERNANCE STATEMENT 2022-23**

### **How does the Council deliver these outcomes?**

The Council delivers these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Regularly reviewing progress against the elements of the Governance Framework
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where adherence has not been achieved.

### **How is effectiveness reviewed?**

Wyre Forest District Council has responsibility for regularly reviewing the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Corporate Leadership Team within the Authority, which has responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report endorsed by the Head of Resources, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement action plan.

Regular reviews are carried out by the Corporate Leadership Team, including during March and May 2023. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager, in consultation with the Head of Resources and s151 Officer;
- comments of other review agencies, inspectorates and external bodies, including when available LGA Peer Reviews;
- the Audit Findings report of the External Auditor which was reported to the Audit Committee on 23<sup>rd</sup> November 2022, the latest Annual Audit Report reported to Audit Committee 25<sup>th</sup> May 2022 and progress on implementing improvement recommendations.

## **ANNUAL GOVERNANCE STATEMENT 2022-23**

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Solicitor to the Council)
- Section 151 Officer (Head of Resources)

The constitution is under constant review, to ensure that it remains fit for purpose. A review of the governance arrangements was undertaken and reported to Council on the 26<sup>th</sup> February 2020. No change was approved, so the Cabinet and Scrutiny Systems remain.

[http://www.wyreforest.gov.uk/council/docs/doc55603\\_20200226\\_council\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55603_20200226_council_agenda.pdf)

The Strategic Review Panel has operated since 2019-20. The Panel has performed an advisory role on a range of issues including policy development on the latest Corporate Plan. It also considered the Cabinet's proposals for the Medium-Term Financial Strategy for 2023-2026 to inform the Cabinet's proposed strategy and budget; and for the meetings in January and February 2023 in respect of any alternative budget proposals.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. A review of progress against the Corporate Risk Register was considered by the Committee on the 23<sup>rd</sup> March 2023. Progress against the 2021-22 Annual Governance Action plan is reported for consideration by Committee at the May meeting. Progress against the External Auditor's improvement recommendations included in the Annual Audit Report received April 2022 is included in the AGS progress report.

### **Summary**

The Council's Head of Resources as Chief Financial Officer has overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all Council systems and produce reports containing recommendations for improvement wherever necessary, in line with the approved Annual Audit Plan.

The Council's Internal Audit team works in accordance with the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the July 2018 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework. Consideration of these reports helps ensure all appropriate controls and updates are in place across the Council.

Audit Committee received a report on the external assessment of the Internal Audit Service undertaken by Tilia Solutions in May 2018. The review was positive overall, with no areas of non-compliance with the Standards found that would affect the operation of the Internal Audit function. Recommendations/action points made were progressed by the Audit Manager following approval by Audit Committee of a Quality Assurance Improvement Programme for the Internal Audit Service. An annual update on compliance with Standards is provided to the Audit Committee as part of the Internal Audit Manager's annual report. The Internal Audit Plan 2022-23 approved at the March 2022 meeting took into account the external review recommendations.

The Internal Audit charter will be refreshed and a further external assessment is due to be commissioned during 2023-24.

## **ANNUAL GOVERNANCE STATEMENT 2022-23**

An update on counter fraud arrangements for 2022-23 was received at the November 2022 meeting providing members with detail on those areas managed by both the Compliance Officers and Internal Audit, evidenced by supporting national programmes for tackling fraud.

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors, Grant Thornton, take a proactive approach to Member involvement and actively engage Members at Audit Committee with their Update Reports being of particular interest.

The Council was the subject of an LGA Peer Review in March 2017 with a follow-up peer review in February 2019. Feedback was very positive overall with relevant action learning points reflected in the 2020-21 and the 2021-22 Annual Governance Statements.

The conclusion of the latest review of effectiveness the Council's governance framework is that arrangements continue to be regarded as fit for purpose. Some key areas for particular focus or improvement have been identified and the actions plan to specifically address these points is outlined below.

### **Significant Governance Issues for 2022-23 and 2023-24 Action Plan**

Wyre Forest District Council have completed a number of actions over the last year, that have alleviated significant governance issues identified in the 2021-22 Annual Governance Statement. The following new or continuing governance issues have been identified and further actions have been put in place against each for progression in 2023-24, to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p><b>General – Significant Financial Challenges</b></p> <p>The Council continues to face significant funding pressures and changes to the national funding regime. In response we will continue to maintain financial resilience by:</p> <p>i) Moving towards a fully balanced budget without reliance on reserves.</p> <p>ii) Progression of the programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy.</p> <p>The challenges faced in achieving this include proposed funding reform, cost and supply chain issues caused by geopolitical issues, global economic volatility and continuing labour market shortages following leaving the EU and a rise in economic inactivity following the pandemic.</p> <p>The consequence is a potential shortfall on the delivery of savings to meet the circa £1.8m Funding Gap by 2025-26.</p>	AGS 2021-22 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register	<p>The Medium Term Financial Strategy MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. The council set a budget in February 2023 outlining the strategic direction towards achieving on-going savings:</p> <p>a) Progressing implementation of agreed initiatives and projects, such as major service collaborations reviews as set out in the medium-term financial strategy for 2021-2024.</p> <p>b) To continue to actively participate in and understand/model the impact of 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.</p> <p>c) To re-focus the work around income generation and commercialisation on net income, recognising the impact of price and wage inflation and interest rates on service viability.</p> <p>d) To continue with the Localism agenda to meet target savings in MTFS</p> <p>e) Work with DCN members and Government on Extended producer responsibility funding and the Waste reform agenda.</p>	<p>a) All remaining service delivery reviews to be completed and target savings achieved.</p> <p>b) Balanced Budget for 2024-25 included in the MTFS 2024-27 with progression of proposals for significant savings/cost reductions to close the funding gap from 2025-26.</p> <p>c) Cabinet/CLT to manage process of rebuilding income streams</p> <p>d) Agreement to either transfer Bewdley Museum, Guildhall and QE2 gardens to BTC or to the joint museum service for Worcestershire; continue negotiations with parish councils during 2023. Commence second round negotiations with town councils.</p> <p>e) Fair distribution of funding to District Councils and streamlined allocation and draw down</p>	<p>Head of Resources, Chief Executive, and whole of CLT</p> <p>Cabinet/CLT</p> <p>CLT/Cabinet</p> <p>Chief Executive</p> <p>Chief Executive, Head of Resources</p>	<p>April to March 2024,</p> <p>January 2024</p> <p>December 2023</p> <p>As set out in Localism timetable</p> <p>April 2024</p>



Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	<b>Governance of Property Portfolio</b> to safeguard access to PWLB loans for all Council services by ensuring that the impact of the policy is to deliver corporate service objectives under the Corporate Plan priority to deliver a successful local economy whilst also supporting the Financial Strategy - recognising that the 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial purposes and acquisition decisions cannot primarily be based on generating a financial return.	Corporate risk register	<p>a) Continue to implement the agreed governance framework when considering proposals to be funded via the approved Capital Portfolio Fund Strategy</p> <p>b) Undertake thorough due diligence and complete the due diligence check list at each stage of the approval process</p> <p>c) The business case model and each business case reflects the evidence requirement for the economic argument and fully covers whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.</p>	<p>a) All proposals further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.</p> <p>b) Completed, certified checklist for all acquisitions</p> <p>c) Business case reports on all approved acquisitions contains a strong, evidence based, economic case</p>	CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council	<p>a) On-going</p> <p>b) On-going</p> <p>c) On-going</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	<b>Partnership and Engagement Governance issues</b> Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may enter into as part of alternative service delivery solutions to reduce cost or unlock funding opportunities. This includes Public Sector Partnership Wyre Forest LLP, the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations (e.g. joint waste service for northern districts and County wide food waste collaboration), future structure of NWEDR, other new shared service arrangements and new and existing Trusts.	Annual Governance Statement 2021-22 and corporate risk register	a) Ensure all partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust.  b) Ensure arrangements for traded services and arms-length organisations are fit for purpose  c) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC.  d) Continue to shape direction of work on joint operation of waste collection services to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet.  e) Continue to work with North Worcestershire partners on review of NWEDR to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet	a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet   c) Reports prepared for proposals for alternative service delivery models   d) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet  e) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet	CLT – Head of NWEDR and Head of Strategic Growth designated officers for PSP, Head of Community and Environmental Services Solicitor to the Council	a)/b) Ongoing due diligence work presented to Overview and Scrutiny Cabinet throughout 2023-24 c) On-going.   d&e) September 2023 or as appropriate

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	<b>ICT Resilience Governance Issues</b> Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. Progression of ICT Strategy GDPR – compliance to include additional assurance for hybrid working	Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}  MTFS 2023-2026  GDPR Legislation - effective date 25 <sup>th</sup> May 2018	a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings  b) ICT Strategy Board approvals  c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy.  d) Risk assessments and review of security of hybrid working arrangements built into assurance programme  e) Monthly phishing and regular cyber training  f) on-going improvement to infrastructure and system updates including patching, firmware updates.  g) annual penetration tests  h) additional 2 factor authentication and cloud back-up for o365	a) PSN compliance, secure network.  b) Work proceeds to timetable  c) Review evidenced compliance  d) Compliant risk assessments  e, f g and h) Cyber essentials accreditation	ICT Manager/ Head of Resources   Data Controller   ICT Manager   ICT Manager	Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders   Ongoing risk assessments   Summer 2023

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5.	<p><b>Major grant funded regeneration schemes</b> – Maintain governance arrangements to oversee Future High Street Fund (FHSF) and Levelling up Fund (LUF) programmes. This includes separate project boards chaired by the Head of NWEDR and be attended by the S151 Officer and Monitoring Officer. The boards to receive regular updates on all projects managed through the project delivery boards and to have responsibility for approving project variations. The boards will provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met.</p> <p>Strong first line of defence</p>	<p>Annual Governance Statement 2021-22</p> <p>Corporate Risk Register</p>	<p>Project Boards meets regularly and in line with agreed timeline</p> <p>Grant funding agreements in place with LUF partners</p> <p>Financial, performance and assurance returns completed.</p>	<p>Progress to timetable, Government Office satisfied with progress</p> <p>Monthly progress reports presented to the Boards and grant draw down meets assurance requirements</p>	CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council	Ongoing

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	<b>Major Capital Projects</b> - The Council has a number of major capital projects including delivering a Housing provision scheme in Kidderminster and installation of Electric Vehicle Charging points. There are significant risks associated with these major schemes, including implications for revenue as well as capital budgets.	Annual Audit Report 2020-21	On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise will be put in place for all major projects and programme and cost risks will be closely managed. Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making. Protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.	Quarterly progress/monitoring reports presented to Cab/CLT and Overview and Scrutiny Committee  Projects delivered on time within cost plan	CLT, Head of NWEDR, Head of Strategic Growth, Head of Resources	On-going

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	<p><b>Workforce planning</b>  <i>Resilience, recruitment and retention.</i>  Appropriate resilience and succession planning arrangements need to be established across all teams as in some areas there continues to be a reliance on a limited number of key individuals.</p> <p>Attracting suitable candidates to professionally graded posts continues to be challenging with key posts remaining vacant or being filled by agency resource.</p> <p>There is a regulative requirement for the Council to have an effective Internal Audit function. Where we are unable to attract people with the skills to meet the demands of niche roles alternative service provision will need to be secured.</p>	Annual Audit Report 2020-21 Corporate Risk register	<p>Implementation of the new Organisation Development (OD) Strategy action plan which underpins our Wyre Forest Forward vision to become an employer of choice. Actions are based on the following priorities:</p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Retention</li> <li>• Growing our future workforce</li> <li>• Culture and leadership development</li> <li>• Health and Well-being</li> </ul> <p>Explore collaborative service solutions where resilience can't be secured internally.</p> <p>To seek approval of the detailed business case for joining the Worcestershire shared audit service.</p>	<p>Implementation of OD Strategy.</p> <p>Succession planning embedded with plans developed</p> <p>We are seen as the local employer of choice, demonstrated by the number and quality of applicants for roles and increased staff retention/lower staff turnover.</p> <p>Internal Audit resource secured</p>	<p>Chief Executive, Solicitor to the Council, Head of HR&amp;OD</p> <p>Head of Resources and s151 officer</p>	<p>March 2024</p> <p>July 2023</p>

We propose over the coming year to take steps to address the matters detailed in the above table to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Ian R Miller  
Chief Executive

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Councillor  
Leader of the Council

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