

Open

Audit Committee

Agenda

6pm
Wednesday, 27 September 2023
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor N J Desmond

Vice-Chairman: Councillor A Sutton

Councillor J F Byng

Councillor K Gale

Councillor M Rayner

Councillor G Connolly

Councillor J Griffiths

Councillor P W M Young

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 or other legal 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 an advance 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 officer and determined whether it is appropriate to declare the NRI and leave.

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 732726 or email committee.services@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Wednesday, 27 September 2023

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any disclosable pecuniary 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.	Minutes To confirm as a correct record the Minutes of the meeting held on the 20 July 2023.	6
5.	Sector update To receive a verbal update from the External Auditors, Grant Thornton.	
6.	Audit Findings Report 2022-23 To receive a report from the External Auditors, Grant Thornton.	9
7.	Final Accounts 2022-23 To receive a report from the Head of Resources and S151 Officer.	50
8.	Risk Management – Corporate Risk Register progress update To receive a report from the Head of Resources and S151 Officer.	59
9.	Internal Audit Resourcing To receive a verbal update from the Head of Resources and S151 Officer.	

10.	Counter Fraud Arrangements 2023-24 To receive a report from the Audit Manager which provides an update on the Counter Fraud arrangements in place for 2022-23 and into 2023-24.	91
11.	Internal Audit Position Statement as at 30th September 2023 To receive a report from the Audit Manager which provides members with an update on work completed by Internal Audit as a contribution towards the completion of the approved 2023~24 Internal Audit Plan.	108
12.	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.	
13.	Exclusion of the Press and Public To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

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

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER

20 JULY 2023 (6PM)

Present:

Councillors: N J Desmond (Chairman), A Sutton (Vice-Chairman),
J F Byng, G Connolly, J Griffiths, M Rayner and P W M Young.

Observers

Councillor D Ross.

Observed remotely: Councillor B Brookes.

AUD.12 Apologies for Absence

There were no apologies for absence.

AUD.13 Appointment of Substitutes

No substitutes were appointed.

AUD.14 Declarations of Interests by Members

No declarations of interest were made.

AUD.15 Minutes

Agreed: The minutes of the meeting held on 24 May 2023 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.16 External Audit – Audit Progress Report and Sector Update (includes VFM Planning update)

The Committee received the Audit report and Sector Update from the Council's external auditors, Grant Thornton (GT). Apologies had been received from the Director GT and the Audit Manager GT attended in her place.

The Audit Manager GT explained the current situation, confirmed progress was being made as planned and outlined the key points.

The Audit Manager GT answered questions on the update from members.

Agreed: The report be noted.

AUD.17 Internal Audit – Monitoring Report – Position Statement as at 30th June 2023

The Committee received a report from the Audit Manager, which gave a position statement as at 30th June 2023 of work undertaken by Internal Audit to include allocations against the 2023~24 Internal Audit Plan.

The Audit Manager presented the report and outlined the key issues.

The Committee discussed the report and the Head of Resources and S151 Officer and Audit Manager answered questions from members.

Agreed: The report be noted

AUD.18 Internal Audit ~ Internal Audit Charter

The Committee received the report on Public Sector Internal Audit Standards – Internal Audit Charter, which presented to Members a refreshed Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards {UKPSIAS} revised from April 2016 and April 2017.

The Audit Manager presented the report and explained what changes had been made to refresh the Charter.

Members were invited to ask questions / make comments on the report but there were none.

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

AUD.19 Internal Audit Service Review 2023

The Committee received the Internal Audit Service Review report, which gave details of the proposal to secure a new delivery model for the internal audit service to secure long-term resilience in meeting the Council's regulatory obligations to undertake an internal audit.

The Head of Resources S151 Officer presented the report, which had been included for information. She advised that Cabinet had already given their approval to advertise the contract and that the procurement had commenced.

The Committee considered the report and were given the opportunity to ask questions, make comments and express any concerns. The Head of Resources and S151 Officer was able to provide members with verbal responses to their questions.

Agreed: The report be noted.

AUD.20 Draft Statement of Accounts 2022-23 Report

The Committee received a report from the Head of Resources and S151

Officer which presents the draft outturn position in relation to the Final Accounts for 2022-23.

The Head of Resources and S151 Officer presented the report and confirmed that the deadline had been met to publish the accounts, which very few other authorities had achieved. She gave a brief overview of the revenue summary on page 53 and major revenue variations contained in Appendix 1 of the report.

The Committee was given the opportunity to ask questions and they also expressed their gratitude and congratulations to the team for publishing the accounts before the deadline of 31st May 2023. The Head of Resources and S151 Officer and the Principal Accountant provided responses to members' questions or agreed to find out answers outside of the meeting. One member requested that a summary of Statement of Accounts is provided in future and others agreed.

Agreed: The report be noted.

AUD.21 Risk Management – Corporate Risk Register 2023-24

The Committee received a report from the Head of Resources and S151 Officer to inform Members of the current Corporate Risk Register and the Budget risk Matrix.

The Head of Resources and S151 Officer presented the report and thanked members for attending the Risk Management training session, which had preceded the Committee meeting. She outlined the key issues and advised the next update / review would take place in September.

The Committee considered the report and the Head of Resources and S151 Officer answered questions on the update from members. The Chairman expressed concern that the second item on the Risk Register (Appendix 1 of the report), concerning member behaviour, was still indicated as red and was not representative of most councillors. He hoped there would be an improvement and that it would not be red rated in 12 months' time.

Agreed: The report be noted.

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

The Audit Findings for Wyre Forest District Council

Year ended 31 March 2023



Contents



Your key Grant Thornton team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit 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.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

Laurelin Griffiths
For Grant Thornton UK LLP
25 September 2023

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Wyre Forest District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed during July-September. Our findings are summarised on pages 6 to 22. We have identified one adjustment to the financial statements that has resulted in a £2.456m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- Completion of our work on property valuations
- Completion of our work on the Council's pension liability, including receipt and review of the Worcestershire Pension Fund auditor's letter of assurance
- Completion of Collection Fund testing
- Receipt of management representation letter (included within the committee papers); and
- Review of the final set of financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unqualified. Our work on the Council's value for money (VFM) arrangements is not yet complete. The outcome of our VFM work will be reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). We are satisfied this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendices to this report. We expect to issue our Auditor's Annual Report by December 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified two risks in respect of Governance:

- We consider that there is a risk of significant weakness associated with management capacity to deliver council priorities and to ensure that there is adequate operation of internal controls and measures in place to detect and prevent fraud.
- We consider that there is a risk of significant weakness associated with delivering the significant capital programme associated with the ongoing capital grants scheme

Our work on these risks is underway and an update is set out in the value for money arrangements section of this report (Section 3). We are not yet in a position to be able to conclude that this risk has been mitigated.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in December 2023. We are awaiting the NAO to provide the instructions for the whole of Government Accounts, and this may delay the issue of the certificate further.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

We would like to thank everyone at the Council for their support in working with us to progress the audit within a reasonable time frame.

National and local context – level of borrowing

All Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Wyre Forest District Council has in recent years invested in property to both support its economic regeneration priorities and as a source of income, and such properties are classified as the council 'Capital Portfolio' assets. The Council holds seven properties, which have been financed by loans. The performance of these properties is reported to the Scrutiny and finance committee as part of the routine reporting. The June 2023 report states that the net income to the council of these properties (after debt charges and MRP) was £4k, against a budget of £30k.

The debt position of the council has increased substantially over the last 10 years with PWLB loans standing at £2m in 2014, increasing to £32m by 2022/23. Clearly there are several reasons why this has increased substantially and property investment in addition to the capital portfolio fund include the new leisure centre, a crematorium, Green street depot, the ICT strategy and the vehicles replacement programme. There is one loan for £1m maturing in 2024 and in total £6m maturing by 2029, with the majority being relatively long-term loans (£16m over 25 years)

The level of debt also needs to be considered in the context of balance sheet assets and the council does have a relatively good level of investments at the year end, with the balance sheet showing the council had £15m of cash and £26m of short-term investments at the year end. The increase in interest rates over the financial year has meant that interest receipts have improved when compared to the prior year resulting in a net cash inflow (interest payments less interest receipts) of £39k compared to a net interest outflow of £913k in the prior year.

Overall, the council investment in the capital portfolio fund is not providing the council with a particularly good return to reflect the risk associated with the debt incurred – albeit the relatively long term of the loans mean that the risk associated with interest rates will not materialise for some time. Other factors include the capital appreciation (or loss) on these assets and the costs of maintaining the assets.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit Committee.

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

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in May 2023, although an addendum to the plan was issued in July, setting out our assessed VFM risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 27 September 2023. We have yet to receive the IAS19 report from Worcestershire pension Fund auditors and will be unable to issue an opinion until that is received and we have undertaken any follow up work. The main outstanding items are set out on page 3 of this report. We are currently going through our internal review process and further matters may arise until that process is complete.

Elements of the audit have taken us longer than planned to complete. Such matters include us having to redo some of our work on the pension fund liability as there was an error in the IAS19 report issued by the actuary. We also had to spend longer than planned on the property valuation work as the valuer had not provided clear calculations to support the valuation basis on the items selected. We have yet to finalise both these areas.

We have yet to assess the quantum of additional time taken to complete the audit, and the impact that this might have on the audit fee, but we will discuss this with the S151 Officer shortly.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



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.

Materiality levels remain the same as reported in our audit plan in May 2023

We detail in the table our determination of materiality for Wyre Forest District Council.

Council Amount Qualitative factors considered

Materiality for the financial statements	1,000,000	At planning, we determined materiality to be 1.9% of the prior year gross expenditure for the prior year. This is because we consider the council to be relatively low risk due to its size and complexity. At final accounts stage we judged to keep materiality at the same level as at planning.
Performance materiality	750,000	This is based on 75% of materiality. This is because finance management remains relatively stable and we have not identified significant matters in the prior year audit.
Trivial matters	50,000	This is based on 5% of materiality
Materiality for senior officer disclosures	10,000	We consider this note to be sensitive and of particular interest to the users of accounts



2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals, considering risk indicators such as: system admin postings; possible indicators of senior officer involvement in journal postings; journals posted at the year end, which would impact on the Council's performance; and others. used those criteria to identify large and unusual journals which we considered to be higher risk tested those journals made during the year and the accounts production stage that were identified as unusual for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness <p>Our detailed testing did not identify any significant matters.</p>
The expenditure cycle includes fraudulent transactions (not considered a risk)	<p>We have determined that there is not a risk for Wyre Forest District Council because:</p> <ul style="list-style-type: none"> expenditure is well controlled, and the Council has a strong control environment; and the Council has clear and transparent reporting of its financial plans and financial position to the Council. <p>We therefore did not consider this to be a significant risk for Wyre Forest District Council at our planning stage.</p> <p>Following our detailed audit, we still do not consider that this is a risk.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
<p>Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted.</p> <p>We have not changed our view following completion of our work.</p>
<p>Valuation of land and buildings</p> <p>The Council revalues its land and buildings on a rolling five-yearly basis, with assets over £1m valued annually according to the accounting policy. However, in 2022/23 all assets have been revalued.</p> <p>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.</p>	<p>As we consider valuation of land and buildings to be a significant risk we have considered the design and implementation of controls associated with the valuation of land and buildings. No weakness was identified from this work</p> <p>We have undertaken testing of the valuation of land and buildings in line with the audit plan:</p> <ul style="list-style-type: none"> • We have considered the qualifications and experience of management expert (Avison Young) to support the council in valuing the assets – and have judged them to be appropriate. • We have also considered the instructions issued to the Valuer, the information supplied to them and the communication between council management and valuer. No significant concerns were identified from that work • We identified a sample of valuations for detailed testing based on our assessment of risk principally where we considered the movement to be out of line with our expectations informed by indices provided by the auditor expert. • We considered the assumptions underlying these valuations and the accuracy of the calculations on this sample of valuations. <p>We have yet to finalise this work as we are still discussing the basis of the valuations for some of the sample of that we selected. The main challenges made to the valuer were around the basis of the calculations (as this was not clear in the original evidence supplied) and the treatment of land.</p> <p>We also noted that Wyre Forest House had been valued on a different basis to prior years to reflect that much of the building is let out and so it is not appropriate to value the whole asset as a specialised asset.</p> <p>We expect to be able to conclude that the overall estimate of the valuation of land and buildings to be fairly stated. Further detail is contained on page 11 of this report.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability £11.8m (PY £57m)

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.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£11.8m in the Council's 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.

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.

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 discount and inflation rates, where the council actuary has indicated that a 0.5% change in these two assumptions would have approximately £20m effect on the liability/surplus. 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 Council's pension fund net liability as a significant risk.

Commentary

As the valuation of the net pension fund liability is considered to be a significant risk, we have considered the design and implementation of controls. No significant concerns have been identified from our review, although we are arising a recommendation that management should more clearly evidence the operation of controls, such as the checks on the IAS19 reports back to submitted data.

During the audit, the original draft IAS 19 report was found to be inaccurate and was replaced, and the accounts updated. This resulted in a £2.4m adjustment to the liability and to the CIES.

We undertook procedures as set out in the audit plan:

- updated 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;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested 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;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report; and
- Considered the accounting and governance around the proposed prepayment of pension.

We are awaiting assurances from the auditor of the Worcestershire 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. We will be unable to issue our opinion on the accounts until the information is received and we have undertaken any further follow up procedures required.

We expect to be able to conclude that the council's valuation of pension fund net liability is fairly stated, however we have yet to complete our work.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £63.9m (p/y 69.3m)	<p>Other land and buildings comprises £24.3m of specialised such as leisure centres which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings) are not specialised in nature with £33m is valued on a current value basis and £6.6m valued using Fair Value. The council holds £13.5m of assets within the capital portfolio fund.</p> <p>The Council has again engaged Avison Young to complete the valuation of properties as at 31 March 2023 and all asset were valued during 2022/23.</p> <p>The total year end valuation of land and buildings was £63.9m, a net decrease of £5.4m from 2021/22 (£69.3m). The accounts reflect a £1.4m impairment to reflect that the buildings element of Worcester Street assets have been reduced to £nil to reflect that they are being demolished as part of the Worcester Street development.</p> <p>As part of our testing, we have considered assets where there has been a significant change in valuation.</p> <p>We noted that no changes were made to the assumptions or methodologies used in the previous year (per the valuer report) with the exception of Wyre Forest House, which has been valued this year adopting the depreciated replacement cost approach to the specialised areas (council chamber) and on a comparable basis for the remainder of the building, to reflect that much of the asset is leased or empty. This change has accounted for the majority of the reduction in value from £9m to £7.697m. Management has determined that this is change in estimate rather than an error in the prior year. The impact of this change in estimate is not material however due to the scale management should consider whether this should be disclosed as a critical judgement in the accounts.</p> <p>We also note that the car parks have decreased in value from £7.969m to £6.197m, in particular the Pike Mills car park and the Dog Lane car park – reflecting the reduction in revenues from these car parks and the increased costs of operation and the transfer of two car parks (£69.5k).</p> <p>We have yet to fully complete our work on these areas but will provide an update should matters arise from this work.</p>	<p>Our procedures included the following:</p> <p>Review of completeness and accuracy of the underlying information used to determine the estimate</p> <p>Consideration of the impact of any changes to valuation method</p> <p>Consistency of estimate against Auditor expert indices</p> <p>Consideration of the reasonableness of in decrease in estimate, based on our sample testing</p> <p>Review of the adequacy of disclosure of estimate in the financial statements</p> <p>No matters arose from that work</p>	tbc

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability £11.8m (revised) (PY £57m)	<p>The Council's net pension liability at 31 March 2023 is £11.8m (PY £57m) comprising the Local Government Pension Scheme. The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability small changes in assumptions can result in significant valuation movements. There has been a £50m net actuarial gain during 2022/23.</p>	<p>We have undertaken procedures in line with the audit plan. We are unable to finalise our work until we receive the IAS19 assurances letter from the pension fund auditor and undertaken any further procedures to respond to any matters raised:</p> <ul style="list-style-type: none"> • Assessment of management's expert • Assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach • Use of PwC as auditors expert to assess actuary and assumptions made by actuary – use table to compare with Actuary assumptions • Completeness and accuracy of the underlying information used to determine the estimate • Impact of any changes to valuation method • Reasonableness of the Council's share of LPS pension assets. • Reasonableness of increase/decrease in estimate • Adequacy of disclosure of estimate in the financial statements <p>A triennial valuation took place in March 2022 and our assurance request to the pension fund auditors includes assurances around membership data which have informed this valuation.</p> <p>PWC has confirmed that they are comfortable that the methodologies used to establish assumptions will produce reasonable assumptions as at 31 March 2023. They also indicate that no significant changes have been made since the prior year to the methodology adopted for calculating the asset and liability figures or the controls environment relating to the calculations.</p>	tbc

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments (continued)

Assessment

Net pension liability
(Continued)

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.8%	4.7-4.9%	●
CPI inflation	2.7%	2.7%	●
Salary growth	4.2%	5.2%	●
Life expectancy – Males currently aged 45/65	23.3 / 22	22.4-24.3 21.0-22.6	●
Life expectancy – Females currently aged 45/65	26.1 / 24.2	23.3-26.6 23.5-27.5	●

tbc

We will provide an update should any further matters arise from the Worcestershire pension funds review.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Grants Income Recognition and Presentation</p> <p>£41.6m (£43m prior year)</p> <p>Capital grants received in advance</p> <p>£14m (£3.8m prior year)</p>	<p>Management set out their approach to accounting for Government Grants and Contributions in accounting policy 1.9. The accounts reflect considerable revenue and capital grants. The accounting for some of these is judgemental, and includes considerations such as whether the council is acting as principle or agent (e.g. acting as agent for the Council Tax Energy Rebate scheme grant award of £5.9m) or whether to reflect grants received in year fully within the accounts or to account for unspent balances as receipts in advance (egg capital grants of £6.2m Future High Streets fund and £7.71m Levelling Up Fund, as creditors or as specific reserves.</p> <p>Further considerations include whether to account as service expenditure or within non-specific grant income within the CIES are also considerations</p>	<p>Our testing has included sampling of a number of the grants received in the year and we have not disagreed with the accounting judgements made by management.</p> <p>We have however yet to fully conclude our grants testing.</p> <p>We have requested that management include a separate note in the accounts to explain the capital grants receipts in advance £14m on the balance sheet as these are highly material and the receipt of significant capital grants is of interest to the users of the accounts.</p> <p>We note that there is reference in the note 5: <i>material items of income and expenditure</i>, however this is not sufficient in our view.</p>	

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates (continued)


Judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £1.3m (PY £1.2m)	<p>The MRP policy for 2022-23 was approved in line with the statutory guidance and included the discretion for the Chief Financial Officer to charge a Voluntary Revenue Provision (VRP)</p> <p>For outstanding debt liability incurred prior to the new guidance – i.e. pre 2008-09 then MRP is calculated based on the previous 4% reducing balance method</p> <p>From 1st April 2008 for all unsupported borrowing, the MRP will be based on the estimated life of the assets, in accordance with the proposed regulations.</p> <p>The Council approved MRP Policy Statement for 2022-23 includes the option of using the annuity method to calculate MRP under the Asset Life Method.</p>	<p>We are content that:</p> <ul style="list-style-type: none"> the Council's policy on MRP complies with statutory guidance There has been no significant change in approach this year The MRP charge is reasonable and calculated consistently with the prior year Based on benchmarking, the MRP appears reasonable relative to the CFR The CFR reconciles to the accounts as expected <p>We have yet to fully conclude on this area</p> <p>Government consulted (February 2022) on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. A subsequent survey indicated amended proposals to provide additional flexibilities for certain capital loans. Government has not yet issued a full response to the consultation</p>	tbc

Assessment





- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
Agresso	ITGC assessment (design and implementation effectiveness only)					The noted that the council does not carry out periodic reviews of user access rights, and only conducts such reviews when adding or removing users prompted by the starter/leaver form. Moreover, we were unable to find any evidence of such reviews, and there are no records documenting them.	During our risk assessment, we evaluated the list of users and their access rights in Agresso. Our review identified that five individuals had 'system' rights, comprising of two IT staff and three finance staff. While we concluded that it was necessary for these individuals to have system access as it was essential to their role, we recommend that the council conduct regular reviews of their activity and keep their access rights up-to-date.

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from management which are included in the Committee papers. We have requested a representation in relation to the reinforced aeriated concrete RAAC.
Confirmation requests from third parties	We requested from management permission to send confirmation request to organisations holding council investments and borrowings, and also the Council bankers. This permission was granted, and the requests were sent. All of these requests have now been returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Some amendments have been made as a consequence. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided. Management has as usual been supportive of the audit process and keen for the audit to be completed by the national deadlines. Management has also taken steps to address the matters raised in previous audits and clearly take the presentation of the accounts and the audit seriously. The revision to the IAS 19 report meant that some of our work had to be redone. We also experienced some delays in obtaining the responses to our questions on valuations as part of our PPE testing. The audit of the collection fund is once again an area which requires a disproportionate amount of audit time and management should consider whether there is scope to simplify / clarify the working papers – to support the incoming auditors. These factors have meant that there has been some increase in time taken to complete our work than in our original plans.

2. Financial Statements: other communication requirements



Our responsibility

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

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> 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 entity'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, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weakness. <p>We have nothing to report on these matters, although our value for money work is not yet complete. Any weakness will be reported in the Annual Audit Report and referenced in our certificate.</p>



2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA council audit instructions.</p> <p>Note that work is not expected to be required as the Council is not expected to exceed the relevant threshold.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2022/23 audit of Wyre Forest District Council in the audit report as our VFM work is incomplete.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



3. VFM: our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor’s Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor’s Annual Report by December 2023. This is in line with the National Audit Office’s revised deadline, which requires the Auditor’s Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risks set out in the table below. Our work on these risks is underway and an update is set out below.

Risk of significant weakness	Work performed to date
<p>Governance: capacity within the senior management team</p> <p>We consider that the there is a risk of significant weakness associated with management capacity within the organisation to both deliver the council priorities and to ensure that there is adequate operation of internal controls and measures in place to detect and prevent fraud.</p>	<p>We are currently considering whether the council has capacity issues which are impacting on its ability to deliver its economic development priorities, achieve its capital programme benefits and pursue its future commercial agenda. Our work to date indicates that this has been the case, however we have yet to fully conclude.</p> <p>We are also considering the adequacy of the Council’s risk management arrangements, performance and programme management arrangements, as these are areas that appear to have been underinvested and not effectively utilised in recent years.</p> <p>Delivery of the Internal Audit programme has been a particular challenge, however management (and the Audit Committee) has been aware of the gaps and associated risks and the Council is in the process of appointing external support to ensure that there is full coverage going forwards.</p>
<p>Governance and improving economy efficiency and effectiveness:</p> <p>We consider that the there is a risk of significant weakness associated with delivering the significant capital programme associated with the ongoing capital grants schemes</p>	<p>The Council has received considerable capital grant funding to help deliver its ambitions through both the Levelling Up Fund and the Future High Street Fund. The award of the grant funding was at the time that the council went through a major restructure. We are currently considering the slippage in the delivery of these programmes and to what extent this has been impacted by capacity issues within the council and whether there is appropriate management and governance capacity to support the successful delivery of these schemes.</p> <p>Again, we have yet to complete on our work and therefore are unable to conclude whether the risk has been mitigated.</p>

5. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to September 2023 as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	£15,000	Self-Interest (because this is a recurring fee)	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. In the prior year fees were £13,800 against an audit fee of £63,182, which again was not regarded as significant.
		Self review (because GT provides audit services)	To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management:	Changes to the Housing Subsidy return and the factual accuracy of our report will be agreed with informed management.

There were no non-audit related services.

5. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the 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.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. No non-audit services were identified which were charged from the beginning of the financial year to current date.

5. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the council or investments in the council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the council's board, senior management or staff that would exceed the threshold set in the Ethical Standard.

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 and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Audit opinion
- H. Audit letter in respect of delayed VFM work

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

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.

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified two recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>Access rights in Agresso</p> <p>During our risk assessment, we evaluated the list of users and their access rights in Agresso. Our review identified that five individuals had 'system' rights, comprising of two IT staff and three finance staff. While we concluded that it was necessary for these individuals to have system access as it was essential to their role, we recommend that the council conduct regular reviews of their activity and keep their access rights up-to-date.</p>	<p>Management should conduct regular reviews of individuals with system user rights and their activity and keep their access rights up-to-date.</p> <p>Management response</p> <p>Management consider that adequate controls are in place, particularly in view of the size of the team.</p>
	<p>Operation of controls</p> <p>We identified some areas where management has confirmed that they undertake reviews of data etc, and this review we have judged to be key controls. However, in some instances these reviews are not documented so we are unable to confirm that the controls are in place in practice.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Review of the data sent to the actuary – to confirm that management have checked the consistency of the IAS19 report with the underlying council data • Review of fully depreciated assets in the asset register (i.e. consultation with other parties to confirm that they are still in use) • IT user rights: we were provided with a list of all individuals with access to Agresso (as referenced above) along with what type of access. Management explained that they don't actually review the list on a regular basis, they only add or remove names as per their starter and leaver process. A review of the list occurs once a year (when we ask). but this review is not documented. 	<p>Management should initial or by some other means document that they have undertaken the review of data and information that are key checks and operate as key controls</p> <p>Management response</p> <p>Accepted. An email trail is generally retained for audit evidence, unusually this wasn't the case in 2022/23.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Wyre Forest District Council's 2021/22 financial statements, which resulted in two recommendations being reported in our 2021/22 Audit Findings report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Bank transfer journals: there are a large volume of manual bank journals which are not authorized prior to posting. It is our view that there is heightened risk associated with journals associated with the bank.</p> <p>We recommend that the Council prioritise allocation of resources to achieve a go-live in early 2023-24 of the new system where processing bank statements will be via the income management system as this will reduce the amount of manual intervention in the process and the need for journals.</p> <p>Management response Agreed</p>	2023/24 commitment
n/a	<p>Properties valued on the basis of depreciated replacement costs: We made specific enquiries of both management and the valuer on the basis of the valuation of Wyre Forest House, in view of our perception that some of the property is either currently vacant, is advertised for rental or is occupied by third parties. Discussion with management indicated that they were satisfied that the current valuation assumptions were appropriate in relation to the basis of valuation, however there is an intention to undertake further review.</p> <p>We are satisfied that management judgments are appropriate and in line with the code, however we consider that a disclosure within the significant estimates would be appropriate, reflecting management intention to review the use of the building in the coming financial year as such a review may impact on the valuation of the building.</p> <p>Management response Management does not consider that any review of the property portfolio would result in a material adjustment to the property valuations and thus do not consider such a disclosure is necessary.</p>	<p>The valuation of Wyre Forest House is a hybrid approach in 2022/23 to reflect that some of the building is leased. The valuation has reduced by £1.3m year on year of which the valuer has suggested that £873k relates to the changed approach.</p> <p>Management should consider whether this is a critical judgement to be included in note 4.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Error identified in the IAS 19 report from the Actuary and a revised report was supplied	2,456	(2,456)	2,456	
Re-measurement of the Net Defined Benefit Liability from £0.173m to £2.629m (CIES)				0
Net Pensions liability from £9.361m to £11.817m				
Overall impact	£2,456	(£2,456)	£2,456	£0

D. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Disclosure/issue/Omission	Adjusted?
Note 5: reference to Future high streets fund The following reference to be removed: 'no statutory accounting requirements apply until the extent that grant conditions have been met' as it is not judged to be meaningful to the user of the accounts	tbc
Balance sheet: capital grants received in advance At £14m this is a highly material balance and thus we recommend that a note setting out the grants is included in the accounts	tbc
Note 37: Trust funds narrative misleading – as it references retaining profits to offset gross expenditure – so wording will be made clearer	tbc
Note 3: critical judgements We do not consider the judgement meets the definition of a critical judgement because it is unlikely to have a material impact on the accounts.	tbc
Note 4: business rates retention and fair value references We do not agree that there is a material uncertainty to disclose here – this reference should be removed.	tbc
Note 14: There should be an explanation of the impairment (£1.4m) making clear what the asset is and the reason for the impairment.	tbc

D. Audit Adjustments (continued)



Impact of unadjusted misstatements

There are currently no unadjusted misstatements

Impact of prior year unadjusted misstatements (non-trivial)

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements. In view of the value and remeasurements undertaken in 2022/23, we do not consider the matter below to be a consideration for the 2022/23 audit.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
Pension Liability	(564)		not material
Cr remeasurements		564	
Dr pension liability			
There is no impact of this in 2022/23 as the liabilities have been re calculated following the triennial valuation			
Overall impact	(£564)	£564	

E. Fees and non-audit services

We confirm below our final fees charged for the audit . There were no fees for the provision of non audit services.

Audit fees	fee per agreed plan	Proposed fees – to be agreed
Scale fee	45,182	45,182
Value for Money audit – new NAO requirements – additional fee to reflect increased significant risks	9,000	10,000
ISA 540	2,100	2,100
Additional journals testing	3,000	3,000
Payroll change of circumstances	500	500
Collection Fund – reliefs testing	750	750
ISA 315	3,000	3,000
Overruns – repeated procedures Pension, collection fund and PPE valuations	0	tbc
Total audit fees (excluding VAT)	£63.532	tbc

E. Fees and non-audit services

Non-audit fees for other services	Proposed fee per plan	Final fee
Audit Related Services: Housing subsidy grant claims	15,000	*tbc
Total non-audit fees (excluding VAT)	£15,000	tbc

* The grant claims work has started and will be completed by the National deadline

None of the above services were provided on a contingent fee basis

This covers all services provided by us and our network to the council/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assessed and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	<p>The definition of engagement team when applied in a council audit, will include both the council auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for council audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the council auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

G. Audit opinion

Independent auditor's report to the members of Wyre Forest District Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Wyre Forest District Council] (the 'Authority') for the year ended 31 March 2023, which comprise the, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies . The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Head of Resources and S151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Head of Resources and S151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Head of Resources and S151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Head of Resources and S151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Head of Resources and S151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

G. Audit opinion (cont.)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Head of Resources and S151 Officer

As explained more fully in the Statement of Responsibilities [set out on page 26], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Resources and S151 Officer. The Head of Resources and S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources and S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Resources and S151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, the 2022/23 Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003

G. Audit opinion (cont.)

We enquired of management and the Audit committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on large and unusual journals, particularly at the year end,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings and valuation of the net pension fund liability.
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of control. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:

- the provisions of the applicable legislation
- guidance issued by CIPFA/LASAAC and SOLACE
- the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

G. Audit opinion (cont.)

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Wyre Forest District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

H. Audit Letter for delayed VFM

Cllr Nathan Desmond
Audit Committee Chair
Wyre Forest District Council
Wyre Forest House
Kidderminster
Worcestershire

25 September 2023

Dear Cllr Desmond

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 31 December 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Laurelin Griffiths
Director

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE REPORT****27TH SEPTEMBER 2023****STATEMENT OF ACCOUNTS 2022-23**

OPEN ITEM	
CABINET MEMBER:	Councillor David Ross Cabinet Member for Finance and Capital Portfolio
DIRECTOR:	Head of Resources and s151 Officer
CONTACT OFFICER:	Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 lisa.hutchinson@wyreforestdc.gov.uk Kathryn Pearsall Ext 2165 kathryn.pearsall@wyreforestdc.gov.uk
APPENDIX 1	Appendix 1 - Draft Letter of Representation 2022-23

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the changes that have been required to the Pre-Audit Statement of Accounts for 2022-23, so far, as a result of the ongoing audit undertaken by Grant Thornton UK LLP (Grant Thornton), and to provide an update on the current status of the external audit work.
- 1.2 The Council is also required to provide an updated version of the Letter of Representation to the auditors, before they will issue the audit opinion for 2022-23; the draft wording of this is attached for approval.

2. RECOMMENDATION

The Audit Committee is asked to **DECIDE** that:

- 2.1 The Audited Statement of Accounts for 2022-23 be approved and authorise the Head of Resources and s151 Officer to make any minor changes that are appropriate as part of resolution of the final external audit queries should this be necessary.
- 2.2 The draft Letter of Representation for 2022-23 attached at Appendix 1 be approved. To also authorise the s151 Officer (Head of Resources), and the Chair of the Audit Committee to make any minor changes that are appropriate as part of the resolution of the final external audit queries should this be necessary.

3. BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 have been incorporated into the Council's Financial Regulations. These regulations require the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 31st May and that the accounts are audited and published by 30th September. For this Council the Head of Resources is the Chief Financial Officer.
- 3.2 A consultation was undertaken to examine overriding the dates for 2022-23 accounts but no action was subsequently taken.
- 3.3 The 20th July 2023 Audit Committee report summarised the Outturn position based on extracts from the Pre-Audit Statement of Accounts that was endorsed by the Head of Resources and s151 Officer on 31st May 2023, when they were also shared with the Grant Thornton external audit team, for the formal start of the audit on the 3rd July 2023. A full copy of the Pre-Audit Statement of Accounts was made available on the Council's Intranet for Members' perusal on 31st May 2023.
- 3.4 The Council's Accounts were available for public inspection, as required by the regulations, for a period of 30 working days starting on or before the first working day of June 2023. The public inspection commenced 1st June 2023 and ran until 12th July 2023. The current legal requirements no longer include an appointed day when external auditors must be available for questions or queries. If any local government elector for the area has any questions on the Accounts for the external auditor an appointment should be made in advance, in writing.
- 3.5 The draft outturn position was reported to Cabinet on 13th June 2023 in the Budget and Performance Monitoring Fourth Quarter 2022-23 Report.
- 3.6 The audit of the accounts is substantially complete but, as a consequence of additional requirements for evidence the work in relation to the following areas of risk is still to be concluded:
 - Property valuations
 - The Council's pension liability, including receipt and review of the Worcestershire Pension Fund auditor's letter of assurance
 - Finalisation of work on grants
 - Completion of Collection Fund testing
- 3.7 The following outstanding matters also need to be completed
 - Receipt of the management representation letter (Appendix 1 to this report)
 - Review of the final set of financial statements
- 3.8 The Grant Thornton and Wyre Forest teams continue to work to finalise any outstanding issues to enable the Council to achieve sign-off of the Statement of Accounts by the statutory deadline; a further update on progress will be provided at the meeting. It is not anticipated that completion of the outstanding work will delay formal publication by the 30th September 2023 deadline.
- 3.9 A longer timeframe has been confirmed for the Value for Money audit sign off. Work on the Value for Money audit is well progressed and is expected to be concluded before the end of December 2023. It will be reported separately to Audit Committee.

- 3.10 During the audit the Worcestershire Pension Fund administrators notified the Council of an error that had been made in the IAS19 report from the Actuary. The error resulted in the net pension liability increasing from £9.361m to £11.817m and an adjustment to the remeasurement of the Net Defined Pension Liability from £0.173m to £2.629m.
- 3.11 During the course of the audit there were a number of issues below trivial levels of materiality and presentational points raised by the Auditors as set out in the Audit Findings Report (AFR) also on this agenda. The AFR sets out the detail in relation to each of these. They were changes to notes or additional disclosures that improve the presentation of the clarity of the financial statements for the users of the accounts; none of the presentational amendments have impacted on the Council's reported outturn position.
- 3.12 There continued to be a significant increase in auditor challenge requiring additional work to evidence the correct accounting this year, in particular, for Property, Plant and Equipment, Pensions, accounting for Grant Income and Business Rates Provisions.
- 3.13 Grant Thornton has not yet concluded its audit of the accounts. Subject to completing their remaining audit procedures, as set out on page 3 of the Audit Finding Report, receiving responses to outstanding queries and having regard to any further national guidance, they anticipate issuing an unqualified audit opinion following the receipt of the letter of assurance from the Worcestershire County Pension Fund auditor. A verbal update will be provided at the meeting.
- 3.14 A copy of the Statement of Accounts, incorporating the agreed changes, will be published on the Council's website following approval by the Audit Committee and receipt of the external Audit Opinion. It is anticipated that it will be made available by the end of September in accordance with the audit/publication deadline.
- 3.15 A draft Letter of Representation is attached at Appendix 1. Authority is sought for any final minor changes to the Letter of Representation to be signed off by the s151 Officer (Head of Resources), and the Chair of the Audit Committee once the Audit is complete, with a copy being circulated to all Audit Committee Members.
- 3.16 A full copy of the latest revised Statement will be emailed to all Audit Committee members before the meeting; a final copy will also be circulated prior to publication.

4. KEY ISSUES

- 4.1 The audit of the Statement of Accounts for 2022-23 has not yet been concluded. Key issues are presented in the draft Audit Findings Report and summarised below:
- Grant Thornton has not yet been able to confirm if it will issue an unmodified opinion. This is subject to outstanding queries being resolved and the finalisation of the audit.
 - The VFM audit has not yet concluded. This will be reported to the later timetable.

- A small number of adjustments were recommended to improve presentation and these adjustments were made. These adjustments are detailed in Audit Findings Report.

5. FINANCIAL IMPLICATIONS

- 5.1 This is a financial report identifying changes to the Statement of Accounts 2022-23 following the audit and seeking delegation for the finalisation of the Letter of Representation.
- 5.2 The Audit Findings Report refers to the national and local level of borrowing. The local debt position of the Council has increased substantially over the last 10 years, standing at £5m in 2014 rising to £34m in 2023. All of the capital expenditure was incurred to meet service objectives and much of the cost of this borrowing has been off-set by reduced service expenditure (leisure centre) or new revenue streams (capital portfolio fund), helping the council to meet Wyre Forest Forward service efficiency and income targets..
- 5.3 The Audit Findings Report also sets out additional work in respect of the revised approach required of Grant Thornton this year, along with the impact on the audit fee. The proposed additional fees will be subject to approval by Public Sector Audit Appointments Limited in line with the terms of appointment.
- 5.4 The VFM audit work will be undertaken and reported at a later date.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 It is a requirement of the Accounts and Audit Regulations 2015, as amended, that the audited Statement of Accounts for 2021-22 is published by 30th November 2022. The Statement of Accounts must comply with all the other requirements set out in the 2015 Regulations.

7. RISK MANAGEMENT

- 7.1 The principal risk to the Council is non-achievement of the revised statutory deadline, in respect of production and approval of the Statement of Accounts before 30th November 2022, and qualification of the Accounts by the Council's External Auditors. Officers continue to work in close liaison with Grant Thornton to response to queries or additional evidence requests to mitigate the risk of not meeting the deadline and will aim to publish as soon as is possible if the deadline is not met.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details the process for the finalisation of the Statement of Accounts for 2021-22 provides an update on the progress of the external audit.

10. CONSULTEES

- 10.1 CLT/Cabinet
- 10.2 Grant Thornton – External Auditors

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2015
- 11.2 Financial Strategy 2023-26
- 11.6 Cabinet 13th June 2023 - Report on Budget and Performance Monitoring Fourth Quarter (including Provisional Outturn 2022-23)
- 11.7 Audit Committee 20th July – Report on the Draft Final Accounts Outturn 2022-23



Wyre Forest
District Council

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

Helen Ogram
Head of Resources & S151 Officer
helen.ogram@wyreforestdc.gov.uk
01562 732100

Ref: HO/LH

Date: 29th September 2023

Dear Sirs,

Wyre Forest District Council
Financial Statements for the year ended 31st March 2023

This representation letter is provided in connection with the audit of the financial statements of Wyre Forest District Council for the year ended 31st March 2023 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and buildings and the pensions liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for Wyre Forest House and the valuation approach was changed to a hybrid to better reflect the use of the building. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.



- xiii. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
- a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

- xiv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

- xv. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters.
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
- a. management.
 - b. employees who have significant roles in internal control; or



- c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 27th September 2023. Minor amendments were approved by the Head of Resources and S151 Officer and the Chair of the Audit Committee on 29th September 2023 under the approved delegation.

Signed on behalf of the Council

Name: Helen Ogram
Position: Head of Resources and S151 Officer
Date: 29th September 2023

Signed on behalf of the Governing Body

Name: Councillor Nathan Desmond
Position: Chair of the Audit Committee
Date: 29th September 2023

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

27th September 2023

Risk Management – Corporate Risk Register progress update

OPEN	
CABINET MEMBER:	Councillor D Ross, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources and s151 Officer
CONTACT OFFICER:	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register latest update (31 st July 2023) Appendix 2 – Risk impact and likelihood Scoring Criteria Appendix 3 – Budget Risk Matrix 2023-26

1. PURPOSE OF REPORT

- 1.1 To review the current Corporate Risk Register with an update of progress against actions and the Budget Risk Matrix attached as Appendices 1 and 3.

2. RECOMMENDATIONS

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 31st July 2023 and the 2023-26 Budget Risk Matrix.**
- 3.1 Council's approved Risk Management policy statement and strategy requires that the risk register entries for the Council, are considered by the Audit Committee to provide an independent assurance of the adequacy of the risk management framework and the associated control environment. The current risk strategy was considered by Audit Committee in March 2023.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk register is held within the Pentana Performance system. Arrangements are in place to ensure that access is available to all officers who require it. Corporate risks are updated by CLT members monthly and rescored as appropriate.
- 3.3 Zurich Municipal are appointed as the Council's insurers and to provide specialist advice on Risk Management. The Risk Register is one of the key documents we provide to our insurers for the review of risk. We are also working with an Independent Specialist Insurance and Risk Management expert from Gallagher commissioned to work across the Insurance Consortium and this is proving beneficial to supplement the Zurich contract.

- 3.4 The Risk Register is reconsidered and updated at least annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Head of Resources in liaison with the Cabinet Member for Finance and Capital Portfolio with input from all Service Managers as appropriate.
- 3.5 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium-Term Financial Strategy and updated as part of the Quarterly Performance reports attached as Appendix 3.
- 3.6 A report was considered and noted by Audit Committee on the 20th July 2023 that reviewed the Corporate Risk Register and included revisions to reflect the current Strategic risks facing the Council.

4. KEY ISSUES

- 4.1 This report covers updates to the Council's corporate risk register for Quarter 1 updated to the 31st July 2023. The risk register includes those risks that could have a significant impact on the Council's ability to deliver its services and objectives. All reported risks score of 12 or above and are detailed below.

	Risk description	Risk owner or Manager	Latest score	Change from previous quarter
01	Adverse impact of Government legislation on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Chief Executive; CLT	20	No
03	High and sustained inflation, negative effect on council's finances and on service demand from residents	Head of Resources	20	No
05	Unable to deliver sustainable budget for the long term	Head of Resources	16	No
04	Unable to shift priorities to deal with demands from Government at short notice	Corporate Leadership Team	15	No
09	Vulnerability to cyber attacks	ICT Manager	15	No
02	Poor member behaviour undermines Council's reputation and performance	Chief Executive; Solicitor to the Council	12	Yes
06	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Chief Executive	12	No
08	Not having stable and effective managerial leadership	Chief Executive	12	No
12	Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Chief Executive	12	No
15	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Head of NWEDR	12	No

The risk score for all strategic risks are reviewed each quarter. One risk has been rescored during the quarter following a reassessment of the overall risk to the council by the risk owner. This risk is:

- **Poor member behaviour undermines Council's reputation and performance.** The training programme has now been delivered following the local elections in May. Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings is on-going. Group leaders are committed to promoting high standards and ensuring group discipline. However, code of conduct breaches could occur in certain circumstances and may happen occasionally and therefore the risk still remains likely. The likelihood of the risk occurring has been decreased from 4 probable to 3 likely. The risk of significant costs being awarded against the Council for poor decision-making by the Planning Committee has materialised, following the appeal in respect of a site at Habberley Lane, although the level of costs has yet to be agreed. The impact score has remained unchanged at 4.

4.2 The scores for all other risks remain unchanged from the last report. While the scores remain unchanged, the following risks are perceived to have notably changed:

- **Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce**, issues have been experienced in the year to date in respect of retention and recruitment. The problems of retention and recruitment are particularly acute in some specialised areas at professional grades. The mitigating measure put forward for and agreed by Council at its meeting on 21st September 2022 has successfully eased the pressures at the lower end of the pay scale. However, national pay awards that disproportionately favour the lowest paid exacerbate the problem for higher paid posts. Following 4 failed recruitment attempts the Internal Audit and Assurance service has now been successfully outsourced following a procurement exercise and the recruitment process is almost complete for the Health and Safety Officer, where previously problems had been encountered in finding a suitable candidate. This has eased the risk in these specialist areas, but the overall risk remains unchanged.
- **Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively**, cost pressures have resulted in revenue contingency sums being allocated to fund progression of the Future High Street Fund schemes. The levels held will need to be reviewed during preparation of the 2024-27 MTFS.

4.3 Information on how risk impact and likelihood are assessed is included at Appendix 2 to help the audit committee interpret the scores.

4.4 In general good progress has been made in progressing the mitigating actions under each risk.

4.5 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Members includes a Risk Management Section

and in addition to this, specific registers are maintained and monitored separately for significant individual projects.

- 4.6 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Performance Reports to Cabinet.
- 4.7 The inability to deliver a balanced budget is one of the Council's key corporate risks. The Risk Register for 2023-24 is regularly reviewed by CLT to ensure it is up to date and appropriate mitigating actions are in place.
- 4.8 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of July 2023, and agreed by CLT. The Corporate Risk Register will continue to be reported on a six-monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015, state that:
"A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk."
- 6.2 In addition, Regulation 4 of the Accounts and Audit Regulations 2015 also state that:
"The financial control systems determined must include measures to ensure that risk is appropriately managed".
- 6.3 The Council's corporate Governance Framework includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

- 7.1 The consideration and management of risk is good practice. Risk Management processes are required to effectively manage and evidence the management of key risks as an aid to achieving the Council's corporate objectives and demonstrating good Corporate Governance allowing Managers to manage their risks and bring to a corporately acceptable level.
- 7.2 Financial risk continues to be one of the most significant risk facing this Council and many others and this is increased significantly due to ongoing uncertainty cause by the COVID-19 pandemic, high inflation and the cost of living crisis plus continuing

supply chain issues caused by the war in Ukraine and other geo political events such as Brexit and climate change. Sections 25-27 of the Local Government Act 2003 require the Section 151 Officer to report on the robustness of the estimates and the adequacy of its proposed financial reserves and this is included as an Appendix to the MTFS Council report approved by Council each year.

- 7.3 Ongoing good governance is key to managing new and emerging risks. Our constitution underpins good governance, it is kept under review and updated as required.

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. CONCLUSION

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

10. CONSULTEES

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

11. BACKGROUND PAPERS

Medium Term Financial Strategy Report 2023-26

Risk Management – Review of Corporate Risk Register – Audit Committee 20th July 2022

Corporate Risk Register 2023/24



Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

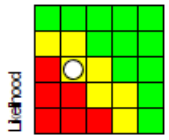

CORPRISK01

Risk:	Adverse impact of Government legislation or policy on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Almost Certain		20
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Keep abreast of legislative programme	Regular assessment of implications of government policy announcements/legislation	Chief Executive; Solicitor to the Council	31-Mar-2024	On going horizon scanning and review of policy announcements/legislation.	40%	
Networking/training	To share knowledge and work in conjunction with peers to share expertise and assessment of implications on the sector. All officers encouraged to	Corporate Leadership Team; HR and OD Manager	31-Mar-2024	Actively promote and encourage officers to participate in appropriate networking and training events in their specialist field Imminent roll out of iLearn structured learning	50%	





	participate in networking events within their individual professionalisms. Participate in government consultations and participate in seminars and training as appropriate.			modules in year 1 and 2 for managers and staff.		
Influencing – through DCN/LGA. Submitting responses to consultation	To be a visible and regular contributor to the DCN special interest group and the LGA in order to influence lobbying of Government.	Chief Executive	31-Mar-2024	Ongoing activity. Chief executive is one of W Midlands representatives on DCN Chief executives' group & lead chief executive for finance & investment workstream	40%	▶
Suspension of lower priority activities, meetings and projects	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	WF20 service managers	31-Mar-2024	Ongoing activity. Approach to localism changing in line with new administration's approach, some workstreams ended as agreed at July meetings of Cabinet and Council. Revised localism strategy agreed at Cabinet in September 2023.	40%	▶

CORPRISK02

Risk:	Poor member behaviour undermines Council's reputation and performance	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Likely	 	12
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MITIGATING ACTIONS

Action	Description	Managed By	Due Date	Progress		
Ethics & standards regime	The Ethics and Standards Committee promotes and seeks to maintain high standards of conduct by councillors and co opted members and assists them to	Solicitor to the Council	31-Mar-2024	Complete	100%	✓

	observe the Code of Conduct including provision of training on matters relating to the Code of Conduct. Member training continues to be the primary means of addressing the risk with an annual programme being prepared. Terms of reference of the Committee kept under review					
Register of interests	The Monitoring Officer maintains the register of interests to record financial and other interests to provide openness and transparency. The register is maintained as a current record and is available on the council's website.	Solicitor to the Council	31-Mar-2024	Complete	<div><div>100%</div></div>	
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline.	Chief Executive	31-Mar-2024	Ongoing activity	<div><div>40%</div></div>	
Continue to lobby Government to change legislation to provide stronger sanctions for standards committees	Continue to lobby Government to change legislation to provide stronger sanctions in respect of serious incidents of bullying and harassment or disruptive behaviour.	Chief Executive; Solicitor to the Council	31-Mar-2024	Raised with DLUHC again 6th September.	<div><div>0%</div></div>	
Adopt the Members' Planning Code of Good practice as part of the	Poor or reckless planning decisions taken contrary to officer recommendation risk costly appeals or judicial review which could ultimately result in planning decisions being removed from local authority control. The Members' Planning	Head of Strategic Growth; Solicitor to the Council	31-Mar-2024	Ongoing	<div><div>50%</div></div>	

constitution and actively promote its significance in member training.	Code of Good practice sets clear expectations for appropriate behaviour by members in respect of planning matters.					
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CORPRISK03

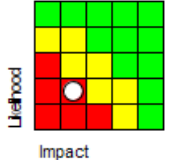

Risk:	High and sustained inflation leads to increased service demand from residents and additional cost pressures that can't be met from approved budgets or reserves	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Almost Certain		20
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MITIGATING ACTIONS




Action	Description	Managed By	Due Date	Progress		
Increase minimum reserves	The Council has adopted the general principles of CIPFA guidance on Local Authority Reserves and balances. The Council holds a working balance of £1.65m (increased from £1.5m during final accounts closedown 2022-23) as an additional risk mitigation measure given the high inflation, low growth environment. The size of the balance will continue to be kept under review and will be reassessed as part of the budget setting process ahead of the Head of Resources S25 report.	Head of Resources	31-Mar-2024	The current level of reserves at the end of the approved 2023-26 MTFS is above the minimum level considered appropriate. Level of reserves reviewed and reported to Overview and Scrutiny and Cabinet at Q1. Formal consideration by Section 151 Officer will be presented to Council in February 2024 following a comprehensive review and assessment.	41%	▶
Make adequate contingencies in project costing	Standard inflation factors and PWLB rates will be kept under review and assessed for appropriateness when each business case is prepared. External advice will be sought as appropriate to	Head of Resources	31-Mar-2024	On-going, PWLB rates monitored daily. Latest assessments included in business plans. Contingency sum requirements reviewed for each business case prepared. Regularly discussed with our Treasury Advisors (Link Group) and interest rate forecasts	41%	▶


	ensure that any project contingencies are adequate given the prevailing environment.			reviewed. Further consideration of the adequacy of project contingencies will be given as part of the revised budget process.		
Preventative activity – early provision of assistance e.g. financial inclusion and homeless prevention	Capacity kept under review within all service teams and, subject to business case, requests to recruit will be viewed positively by CLT to provide the necessary resources within teams to deliver early intervention or provision of advice	Chief Executive; Benefits and Customer Service Head of Revenues; Head of Strategic Growth	31-Mar-2024	Financial Inclusion Team capacity increased – now 1.8 FTE - to support financially vulnerable residents to maximise their income. Preventative activity continues with close working relationships between financial inclusion officers and housing team members.	50%	▶
Review levels of reserves in 2024-27 MTFS to deal with short term shocks and make appropriate provision in service budgets for embedded inflation	The impact of price and wage inflation and other cost pressures will be closely monitored during 2023-24 and the impact on the current year and future years' budgets will be reflected in the MTFS. Further mitigating actions will be proposed to address any widening of the budget gap as a result.	Head of Resources	31-Mar-2024	Ongoing review of new and emerging budget pressures and consideration given to allocations from general risk reserve by CLT. Quarterly budget and performance reports capture latest projections.	41%	▶

CORPRISK05

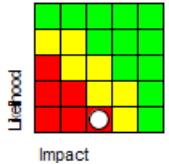

Risk:	Unable to deliver sustainable budget for the long term with a detrimental impact on ability to deliver Corporate Plan Priorities	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Probable	 	16
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MITIGATING ACTIONS					
Action	Description	Managed By	Due Date	Progress	

Progression of the Transformation Programme including exploring shared services and to secure the transfer of assets under localism to reduce the net cost of services	The Medium-term financial Strategy is prepared annually but is forecast to be balanced by a transfer from reserves for each year in the MTFs. The strategy reviews progress against savings targets to close the funding gap. The interventions introduced to close the funding gap include the service transformation programme, Wyre Forest Forward savings and the localism agenda. Progress is monitored and managed by CLT with regular Cabinet/CLT meetings focussed on change. The programme of service reviews will ensure that resources are aligned to the Council's priorities and are operating efficiently. There will be a continuation of the work stream to secure future joint service delivery agreements with Town and Parish Councils and other public sector partners. Progress is monitored and reported regularly to Cabinet in quarterly performance reports.	WF20 service managers	31-Mar-2024	The programme continues to be progressed and regular reports and progress are considered by CLT and shared with managers. The latest position was reported to Cab/CLT at the September away day.	41%	
Implementing a robust local plan to achieve sustainable housing development	The Local Plan was adopted at Council on 26/04/2022. Having a robust local plan enables the council to control where development happens. Implementing a robust local plan will lead to sustainable housing development which will meet demand and help to grow council tax. The plan is supported by supplementary planning documents.	Head of Strategic Growth	31-Mar-2024	Housing SPD will shortly go out for consultation. Conservation area appraisal for Stourport underway to be completed March 2024.	50%	
Continue to grow income	Continue to grow income by: - implementing development proposals to meet council priorities and to generate new revenue streams - reviewing proposals to establish new	Head of Community and Environment; Head of North Worcestershire	31-Mar-2024	Some areas of positivity around commercial growth for example in trade waste, garden waste and parking income. Leisure centre has returned to full management fee but income reduced by increased cost of utilities.	25%	




	income streams - increasing council tax every year increasing fees & charges every year (subject to any legal requirements and business case for not implementing increases)	Economic Development and Regeneration; Head of Resources; Head of Strategic Growth		However, there are some areas that do present issues notably from recruitment and the employment market and reduced demand for services and visits to our carparks. Q1 position £152k below target.		
Support DCN/LGA in lobbying for local government finance reform and fair and equitable funding for new government policy decisions e.g. waste strategy	On-going contact with MP, DCN, West Midlands Chief Executives, LGA and directly with ministers to promote role of district councils to achieve the best possible outcome from reform.	Chief Executive	31-Mar-2024	Chief Executive continues to lead DCN workstream on finance; other opportunities for lobbying undertaken when they arise. Government announcement on Waste Strategy awaited 2 years after close of consultation.	40%	

CORPRISK04

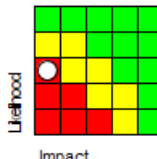
Risk:	Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Moderate Likelihood: Almost Certain	 Likelihood Impact		15
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MITIGATING ACTIONS

Action	Description	Managed By	Due Date	Progress
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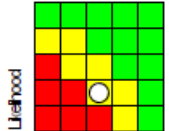

Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive; HR and OD Manager	31-Mar-2024	Ongoing	50%	
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.	Chief Executive; HR and OD Manager	31-Mar-2024	Learning and Development under review to establish full strategy with mandatory requirements both e-learning and support by face to face training as aligned to the MDR. Training form being made available on COLIN - to be sent to managers with deadline of mid August for completion. Training requests will then be reviewed.	25%	
Regular review of service priorities	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	WF20 service managers	31-Mar-2024	Ongoing activity	40%	


CORPRISK09



Risk:	Vulnerability to cyber attacks results in disruption in service delivery. Threats may originate both inside and outside the organisation	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Catastrophic Likelihood: Likely		15
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Maintain and enhance ICT Security and Governance	ICT Security and Governance is key to maintaining high levels of Cyber Security and ICT Security in general to protect the Council ICT Infrastructure and Data from malware, hacking and data breaches. This is particularly important with the increase in home/remote working, rise in sophisticated cyber-attacks and use of mobile devices. Mitigation of the risks doesn't just involve the use of technology such as firewalls, virus software etc but user training and awareness of Council's ICT Security policies. The ICT policy in place is regularly reviewed, the ICT security perimeter is regularly tested and a cycle is in place to ensure all system versions are patched and up to date.	ICT Manager	31-Mar-2024	Continue to update and improve security. New phishing / training platform being implemented along with o-going patching and upgrades. Internal and external penetration test performed in July, awaiting for reports.	<div><div></div>25%</div>	

CORPRISK06

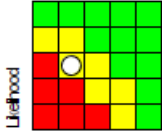

Risk:	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Moderate Likelihood: Probable			12
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Deliver the OD strategy action	The OD strategy sets out what is required of staff and councillors in terms	Chief Executive; HR and OD	31-Mar-2024	Ongoing	<div><div></div>50%</div>	

plan	of leadership, behaviour and engagement in order to deliver the Council's vision. It explains expectations of staff and the support the council will provide to further develop skills and commitment. The actions arising from the strategy will provide the framework for developing and maintaining a skilled, balanced and motivated workforce. It underpins the council's commitment to its workforce, ensuring that working practices make WFDC an employer of choice enabling the council to attract and retain high quality employees.	Manager				
The pay policy and pay strategy that delivers a pay system that is effective, fair and transparent is regularly reviewed and refreshed.	The use of pay ranges to form grades enables the council to recognise elements of loyalty, competence, experience or scarcity. The council recognises the importance of managing pay fairly and in a way that motivates staff to make a positive contribution. The pay and grading review implemented in July 2021, underpinned by job evaluation ensures fairness and equality of opportunity. The review was based on a clear and rational process for setting and reviewing pay, levels of remuneration which are sufficiently flexible and reasonably competitive. The pay policy is reviewed annually.	Chief Executive	31-Mar-2024	April 2023 national pay increase to be implemented after national negotiations concluded.	30%	
Flexible employment policies including use of market supplements for recruitment	The Council offers flexible employment policies including hybrid/homeworking to successfully deliver day to day services and projects. In order to retain a flexible and committed workforce service managers can offer market supplements at the discretion of the Head of Paid	Chief Executive	31-Mar-2024	Ongoing mitigation available subject to approval of Head of Paid service for consideration when proposals are received.	40%	

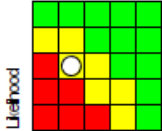

and retention	Service.					
Apprenticeship programme	To maximise usage of apprenticeship schemes. To continue considering the suitability of apprenticeships as part of the approval to recruit to all vacant posts and to increase development opportunities internally by supporting staff to access suitable apprenticeships to maximise the opportunity to grow internal talent to develop a skilled and motivated workforce.	HR and OD Manager	31-Mar-2024	Ongoing	50%	
To maintain and promote the Leadership & development programmes	To maintain, promote and further develop training and development opportunities to capture, nurture and retain emerging talent	Chief Executive; HR and OD Manager	31-Mar-2024	Work continues on aligning this with the ongoing Learning and Development review.	25%	
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental wellbeing encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Chief Executive; HR and OD Manager	31-Mar-2024	Review and change of provision with regular communication in Wyred Weekly. 30% of staff are now signed up to the new service.	100%	
Listening to staff feedback and responding positively	To develop and enhance existing two way communication channels. Gauging satisfaction through the staff suggestion scheme and responding positively to feedback, developing regular communication channels to engage hard to reach teams and develop initiatives to support staff through organisational change.	Corporate Leadership Team	31-Mar-2024	The Wyre Forest Forward vision has been issued to staff. A working group meets every 6 weeks to drive the agenda for change. Currently looking into health and wellbeing activities, employee benefits, induction process and rewards and recognition.	0%	


CORPRISK08






Risk:	Not having stable and effective managerial leadership	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Likely	 Likelihood Impact		12
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline.	Chief Executive	31-Mar-2024	Ongoing activity	<div>40%</div>	

CORPRISK12

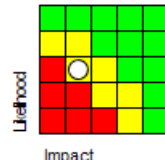

Risk:	Inability to enforce relevant legislation effectively e.g., environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Major Likelihood: Likely	 Likelihood Impact		12
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Participation in Worcestershire Regulatory Services shared service	Continue participation in the shared service working collaboratively to support initiatives to improve efficiency and service delivery. Working together as part of a larger shared service enhances resilience and capacity of individual staff members sharing knowledge, experience	Chief Executive	31-Mar-2024	WFDC continues to participate in this shared service playing an active role in management committee, including request from another partner to reduce its financial contribution.	<div>40%</div>	

	and best practice.					
PSPOs reviewed	To stop behaviour in a particular area that is making life worse for the local community the use of Public Spaces Protection Orders to be reviewed in good time before October 2023, to decide whether there is a need to change or amend including a wider range of behaviours and locations.	Head of Community and Environment	31-Oct-2023	Consultation period launched 11th July to 8th August.	33%	
Maintain good links with other enforcement agencies	The benefits of knowledge sharing with other agencies is recognised. We continue to pursue and promote new and existing opportunities.	Head of Community and Environment	31-Mar-2024	Good networking in place Maintain close links with Keep Britain Tidy, DEFRA, the Environment Agency and locally with all district partners and WCC through the Senior Waste Officers Group.	25%	
Data sharing including National Fraud Initiative	Continued participation in the data-matching exercise to identify fraud and non-compliance with regulations.	Audit Manager; Head of Resources; Benefits and Customer Service Head of Revenues	31-Mar-2024	The 2022/23 National Fraud Initiative Mandatory Exercise which commenced in October 2022 with data submitted in respect of Payroll, Accounts Payable, Taxi Driver Licences, Council Tax Reduction Scheme, Housing Benefits, Council Tax Single Person Discount and Electoral Register continues to be reviewed as the Cabinet Office refresh the data sets matched. Progress on the outcomes to date will be recorded in the annual counter fraud report to the Audit Committee and contribute to Cabinet Office reports on the national fraud landscape which will include errors and overpayments as identified during the review of identified matches.	45%	
Issuing fixed penalty notices and taking court action where appropriate	To keep under review the appropriate use of fixed penalty notices and taking court action for enforcing regulations.	Chief Executive; Head of Community and Environment	31-Mar-2024	A review of current environmental FPNs is underway. Report to go to Cabinet. Some issues around recruitment and resilience.	25%	
Fraud and compliance officers	Compliance Officers within the Revenues & Benefits Section are responsible for protecting and increasing the tax base	Head of Resources; Benefits and	31-Mar-2024	The Compliance Officers continue to undertake reviews to protect and increase the tax base. The team continue to review NFI matches. They are	50%	




	through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Internal Audit continue to undertake ad hoc compliance and assurance work including post payment assurance work on all government funded support payments.	Customer Service Head of Revenues		currently undertaking a review of small business rates relief and empty property reviews as well as routine reviews of exemptions and discounts.		
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Head of Strategic Growth	31-Mar-2024	Work on the Cost of Living Plan homeless prevention and domestic abuse ongoing.	50%	
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer term. To include financial inclusion officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.	Benefits and Customer Service Head of Revenues; Head of Strategic Growth	31-Mar-2024	Financial Inclusion Officers are reaching out to residents via community networking events, establishing strong links with partners and providing support to those who are struggling financially. The teams are delivering direct support following the launch of the Household Support Fund 4. Cost of living event planned for the 27th September 2023.	50%	
Risk-based hierarchy to enforcement (Strategic Growth)	A risk-based approach to regulation to introduce a more agile approach aimed at minimising harm rather than solely focussing on technical compliance to ensure that finite resources achieve maximum public value.	Head of Strategic Growth	31-Mar-2024	Risk based approach in Planning Enforcement now in operation.	50%	

CORPRISK15

Risk:	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Corporate Plan Priority:	Supporting a successful local economy	Risk Scores:	Impact: Major Likelihood: Likely	 	12
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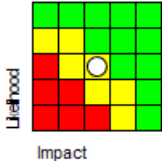

MITIGATING ACTIONS




Action	Description	Managed By	Due Date	Progress		
Governance arrangements: programme board in place	The governance structures include the Programme Boards, chaired by the Head of North Worcestershire Economic Development and Regeneration (NWEDR) who is also a member of WFDC Corporate Leadership Team (CLT) and includes WFDC Leader of the Council and Cabinet Member for Economic Regeneration, Planning and Localism; Solicitor to the Council; Head of Resources (S151 Officer); Worcestershire County Council Assistant Director Economy; Worcestershire LEP Director of Operations and Re-Wyre Public-Private Regeneration Partnership member. Regular meetings of the boards provide senior officer oversight. The programme Board monitors progress, receives financial reports and considers risk and issue logs. Grant funding agreements in place with LUF partners	Head of North Worcestershire Economic Development and Regeneration; Head of Resources; Solicitor to the Council	31-Mar-2024	Structure in place and on-going attendance and participation in LUF and FHSF board meetings. Robust arrangements maintained for budgetary control and governance. Audit plan provides resource for contract audit assurance. Report to Government on quarterly basis. Risk registers are updated at each board meeting.	100%	✓
Project management including delivery managers in place and	A programme team leads the delivery of the LUF programme and a separate team leads on FHSF. The teams are chaired by the Head of North Worcestershire Economic Development and Regeneration (SRO) and led by	Head of North Worcestershire Economic Development and Regeneration	31-Mar-2024	Programme team report to Interim Regeneration Manager who reports to Head of NWEDR. Structure in place and reflecting needs currently. More external resource may come in to reflect the project need.	100%	✓



project specific issues and risk registers maintained	dedicated Programme Delivery Managers who manage a multi-disciplinary team (architects; quantity surveyors; structural and highways engineers; planning consultants; contractors).					
External advice including procurement support	Use of procurement frameworks to access external project support/ advice	Head of North Worcestershire Economic Development and Regeneration; Solicitor to the Council	31-Mar-2024	Various procurement frameworks have been used and have been chosen to meet the requirements of the project.	<div><div>100%</div></div>	
Financial contingencies	Revenue contingencies established/held and proposal progressed to meet the funding shortfall for the repurposing (levelling up fund) from the capital portfolio fund. Revenue cost limitation during design and development mitigated by commissioning external experts where appropriate to progress claims with VOA.	Head of North Worcestershire Economic Development and Regeneration; Head of Resources	31-Mar-2024	2-6 Worcester Street, VOA agreed to delete properties from rateable list, effective from 19th February 2022 (2017 and 2023 lists) Council no longer has liability since purchase of the building and all payments made will refunded. Revenue contingencies have been allocated to fund cost pressures. The levels held will need to be reviewed during preparation of the 2024-27 MTFS	<div><div>50%</div></div>	
Formal reporting of spend and forecast spend	Actual spend and forecast spend against the programme and delivery progress is subject to formal reporting and monitoring at each Kidderminster LUF and FHSF Board meetings (held every six weeks) and that actual spend and forecast spend is reported as part of regular quarterly budgetary control reporting to Cabinet. Actual spend and forecast spend is also reported at Monthly Treasury Management Review meetings, the minutes of which are circulated to the Cabinet Member with responsibility for Finance. In addition, written monitoring reports on progress	Head of North Worcestershire Economic Development and Regeneration; Head of Resources	31-Mar-2024	Reporting to Board, CLT and Cabinet in line with expectation and quarterly reporting to DLUHC submitted to timetable. Scheme spend projections captured in Treasury Management meetings to inform cashflow planning. Additional capital approvals considered for approval by Council as appropriate.	<div><div>41%</div></div>	

	are presented to regular meetings of Cabinet and the Corporate Leadership Team.					
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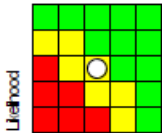
CORPRISK10






Risk:	Unable to sustain mental health & wellbeing of staff having a negative impact on service delivery and achieving Corporate Plan Priorities	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Moderate Likelihood: Likely			9
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental wellbeing encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Chief Executive; HR and OD Manager	31-Mar-2024	Review and change of provision with regular communication in Wyred Weekly. 30% of staff are now signed up to the new service.	<div><div>100%</div></div>	
Worcestershir e Works Well accreditation	To actively seek to improve the health and well being of staff by meeting and maintaining the criteria of the scheme.	Chief Executive; HR and OD Manager	31-Mar-2024	In the last quarter, a new Health and Wellbeing working group has been established. The Worcestershire Works Well Scheme has been changed and there is no longer an accreditation route. Commitment remains to improve health and wellbeing of staff and ongoing review of future offering for staff.	<div><div>0%</div></div>	
Mental health first aiders	To maintain commitment to mental first aiders who provide a first point of contact for colleagues, providing guidance and support.	Chief Executive; HR and OD Manager	31-Mar-2024	Training is still in place and will be refreshed as and when required.	<div><div>50%</div></div>	

Health and safety plan	Ensures appropriate Corporate Health and Safety arrangements are in place including regular reviews of health and safety in practice, risk assessments and lone working procedure. Employee induction includes focus on health and safety and all employees provided with health and safety guidance.	Chief Executive; Head of Community and Environment	31-Mar-2024	Health and Safety Officer position currently vacant. HoS currently reviewing service options.	<div>0%</div>	
OD strategy: succession planning Implement a refreshed Organisational Development strategy Sept 2022	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and seek to ensure the long term viability of the District Council It also explains expectations of staff and the support the council provides to further develop skills and commitment. Succession planning is addressed in the action plan developed to deliver the strategy	Chief Executive; HR and OD Manager	31-Mar-2024	Ongoing	<div>50%</div>	

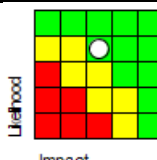

CORPRISK11

Risk:	Unable to secure effective delivery of wide range of significant projects	Corporate Plan Priority:	A safe, clean and green living environment Supporting a successful local economy Internal corporate issues	Risk Scores:	Impact: Moderate  Likelihood: Likely
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive; HR and OD Manager	31-Mar-2024	Ongoing	50%	
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.	Chief Executive; HR and OD Manager	31-Mar-2024	Learning and Development under review to establish full strategy with mandatory requirements both e-learning and support by face to face training as aligned to the MDR. Training form being made available on COLIN - to be sent to managers with deadline of mid August for completion. Training requests will then be reviewed.	25%	
Effective governance mechanisms	Major projects are closely monitored by CLT and Cabinet members, effective risk registers and issue logs, robust budgetary control and effective Financial Regulations and contract procedure rules.	Chief Executive; Head of Resources; Solicitor to the Council	31-Mar-2024	Ongoing	50%	
Use of external support/advice	Use of procurement frameworks to access external resources, project support or advice	Head of Resources	31-Mar-2024	On-going review of requirements, external support accessed via frameworks, or otherwise as permitted by contract procedure rules	41%	
Adequate contingencies	Business and budget planning aligned to ensure adequate contingencies are held, project specific held outside programme budgets and balance of general risk reserve and minimum level of reserves	Head of Resources	31-Mar-2024	Contingencies are reviewed and assessed for adequacy at each stage of the project and formally reported to respective board meetings or CLT as appropriate. Level of reserves will be formally reassessed by the CFO during the budget setting	41%	


	kept under review.			process.		
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CORPRISK07

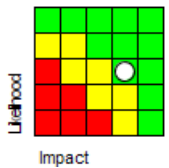

Risk:	Members lack skills and knowledge necessary for effective discharge of their Committee responsibilities	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Moderate Likelihood: Possible	 	6
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MITIGATING ACTIONS

Action	Description	Managed By	Due Date	Progress		
Member induction & training programmes including members' forum	Comprehensive suite of training modules through in person, I-learn and Human Library sessions provide and updated on a rolling basis Bespoke additional training provided according to circumstances Annual regulatory training Individual Member training records reviewed at annual Council	Solicitor to the Council	31-Mar-2024	Ongoing	50%	
LGA training programme & support from LGA political groups, including events and eLearning	Leaderships Essentials is a series of programmes and workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available. Specific training tailored to Planning Committee members.	Solicitor to the Council	31-Mar-2024	Ongoing activity.	50%	
Corporate governance framework	The Council has adopted the SOLACE/CIPFA corporate governance framework and reviews its compliance	Head of Resources; Solicitor to the	31-Mar-2024	The draft AGS was presented to Audit Committee in May 2023. the final report will be presented alongside the Statement of Accounts to Audit Committee in	40%	

	with it regularly, including through the annual governance statement and the annual report of internal audit.	Council		September.		
Cabinet system	Wyre Forest District Council has adopted the Strong Leader and Cabinet Model. This concentrates responsibility into one decision-making body on most issues while still allowing a cross cutting perspective across the Council. Cabinet members offer a clear point of contact and strategic decisions can be taken in a swifter, more co-ordinated way. There is a strong scrutiny system that provides a means of ensuring all councillors can have a role in the development of council policy and review specific areas of concern, and many items are considered in pre-decision scrutiny by the overview and scrutiny committee. The scrutiny committee receives quarterly reports on performance which, for 2022-23 onwards, will also include budget information. In addition, the Cabinet uses cross-party advisory panels on specific issues such as the green agenda. The Cabinet system enables the targeting of developmental opportunities to raise skills and knowledge swiftly if the need arises.	Chief Executive; Head of Resources; Solicitor to the Council	31-Mar-2024	Position unchanged. Q1 performance and budget report considered at September meetings of Cabinet and Scrutiny.	40%	

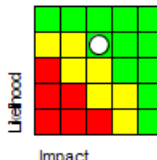

CORPRISK13

Risk:	Unable to achieve balanced housing market to meet need	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Minor Likelihood: Likely	 <small>Likelihood</small> <small>Impact</small>		6
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MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Head of Strategic Growth	31-Mar-2024	Work on the Cost of Living Plan homeless prevention and domestic abuse ongoing.	50%	
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer term. To include financial inclusion officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.	Benefits and Customer Service Head of Revenues; Head of Strategic Growth	31-Mar-2024	Financial Inclusion Officers are reaching out to residents via community networking events, establishing strong links with partners and providing support to those who are struggling financially. The teams are delivering direct support following the launch of the Household Support Fund 4. Cost of living event planned for the 27th September 2023.	50%	
Partnerships with registered providers in respect of affordable housing and delivery of Local Authority Housing Fund to secure units to meet demand	Work continues with registered providers to bring forward new units or sites including land transfers to increase supply.	Head of North Worcestershire Economic Development and Regeneration; Head of Strategic Growth	31-Mar-2024	Regular registered provider development meetings and partnership working to ensure opportunities for new build development are acted upon.	50%	
Direct provision of	The construction phase of the temporary accommodation units at Castle Road	Head of Strategic Growth	31-Mar-2024	RIBA stage for designs received and out to the market for pricing.	50%	


temporary accommodation	likely to commence this autumn, with units available for use in 2024-25.					
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CORPRISK14

Risk:	Lack of effective governance and oversight of local authority trading company (if operating)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	Impact: Moderate Likelihood: Possible	 	6
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MITIGATING ACTIONS

Action	Description	Managed By	Due Date	Progress		
External advice commissioned	External advice will be commissioned and taken to ensure the Council acts within current legislation on individual proposals as appropriate.	Solicitor to the Council	31-Mar-2024	External advice from Mazars including Anthony Collins Solicitors confirms ability for Council to act within current legislation	0%	
Appropriate due diligence of financial transactions between Council and LATC	Any financial transactions between the Council and the LATC will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken	Head of Resources	31-Mar-2024	Company registered but currently not expected to be active in 23/24. No resulting action required.	0%	
Business Plan	Through the shareholder agreement and through the establishment of the business plan within which the LATC operates, the Council will be able to ensure that all governance as well as financial arrangements are appropriate/viable	Head of Resources; Solicitor to the Council	31-Mar-2024	Company registered but no transactions taken place yet	0%	
Exit strategy to collapse LATC	In the event that a catastrophic event requires it the LATC will be closed down	Solicitor to the Council	31-Mar-2024	Company registered but inactive 21/22. No resulting action required.	0%	

implemented	- an exit strategy will be considered as a contingency plan to protect the Council against unknown events in the future.					
Directors and board	The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Solicitor to the Council	31-Mar-2024	No change to appointments required at present	0%	
Monitoring of individual projects	Governance arrangements for oversight of activity established using the external advice from Mazars. Individual projects will be monitored as the LATC business progresses.	Solicitor to the Council	31-Mar-2024	Company registered but no transactions taken place yet. So far the work that has been done has been to confirm the LATC was not the right vehicle to use for property proposals.	0%	
Knowledge development	Further training and guidance will be taken to ensure sufficient knowledge is developed. The PWC VAT Helpline the Council already subscribes to will be used and other specialist advice taken as appropriate.	Corporate Leadership Team	31-Mar-2024	Company registered but currently not expected to be active in 23/24. No resulting action required.	0%	
Response to legislative change	The LATC or the Council amends or introduces new policy to reflect legislative changes.	Corporate Leadership Team	31-Mar-2024	As company registered but not yet used the company secretary scans for any relevant changes in legislation.	75%	

Risk Analysis and Scoring

Once risks have been identified they need to be assessed. This process requires risk owners to assess the level of risk by considering:-

- The probability of an event occurring - “likelihood”; and
- The potential severity of the consequences should such an event occur – “impact”.

The following tables provide Impact and Likelihood descriptors to assist with this process:

Likelihood

Score	Description	Draft Indicative guidelines
5	Almost certain	<ul style="list-style-type: none"> • Is expected to occur in most circumstances. • Will undoubtedly happen, possibly frequently e.g. annually or more frequently. • Imminent/near miss
4	Probable	<ul style="list-style-type: none"> • Will probably occur in many circumstances. • Will probably happen, but not a persistent issue. • Has happened in the past.
3	Likely	<ul style="list-style-type: none"> • Could occur in certain circumstances. • May happen occasionally. • Has happened elsewhere
2	Possible	<ul style="list-style-type: none"> • May occur only in exceptional circumstances. • Not expected to happen, but is possible. • Not known in this activity.
1	Rare	<ul style="list-style-type: none"> • Is never likely to occur. • Very unlikely this will ever happen

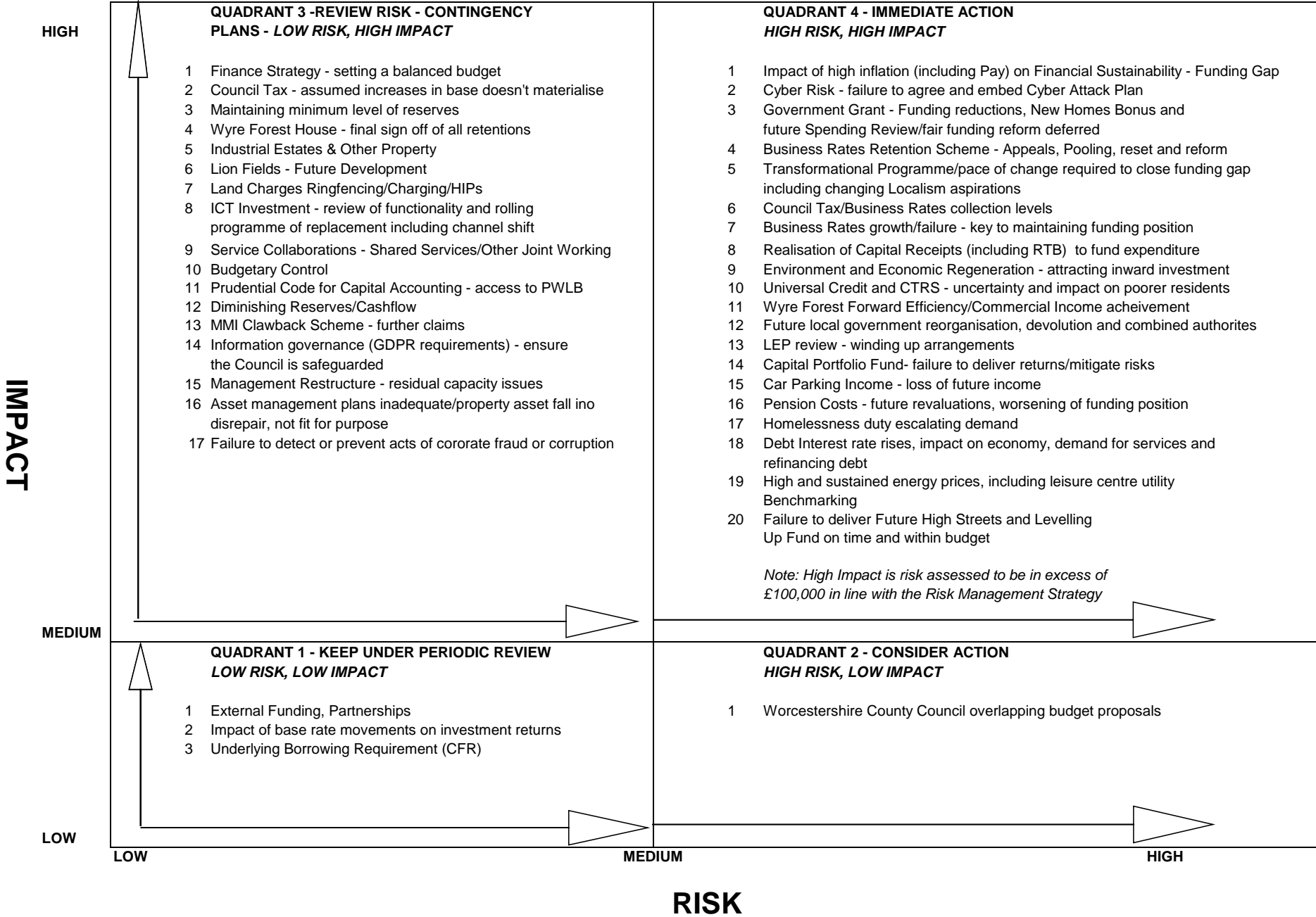
Impact

Score	Description	Draft Indicative guidelines
5	Catastrophic	<p>Risks which can have a catastrophic effect on the operation of the Council or service. This may result in critical financial loss, severe service disruption or a severe impact on the public, for example:</p> <ul style="list-style-type: none"> • Unable to function without aid of Government or other external Agency. • Inability to fulfil obligations. • Medium to long-term damage to service capability. • Severe financial loss - supplementary estimate needed which will have a catastrophic impact on the Council's financial plan and (>£200k uninsured loss). • Death. • Adverse national publicity - highly damaging, severe loss of public confidence. • Litigation certain and difficult to defend. • Breaches of law punishable by imprisonment.
4	Major	<p>Risks which can have a severe effect on the operation of the Council or service. This may result in major financial loss, major service disruption or a significant impact on the public, for example:</p>

Agenda Item No. 8 Appendix 2

		<ul style="list-style-type: none"> • Significant impact on service objectives. • Short to medium-term impairment to service capability. • Major financial loss - supplementary estimate needed which will have a major impact on the Council's financial plan (>£100k uninsured loss). • Extensive injuries, major permanent harm, long-term sick. • Major adverse local publicity, major loss of confidence. • Litigation likely and may be difficult to defend. • Breaches of law punishable by fines or possible imprisonment.
3	Moderate	<p>Risks which have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget, for example:</p> <ul style="list-style-type: none"> • Service objectives partially achievable. • Short-term disruption to service capability. • Significant financial loss - supplementary estimate needed which will have an impact on the Council's financial plan (>£50k uninsured loss). • Medical treatment required, semi-permanent harm up to one year. • Some adverse publicity needing careful public relations. • High potential for complaint, litigation possible. • Breaches of law punishable by fines only.
2	Minor	<p>Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences, they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. For example:</p> <ul style="list-style-type: none"> • Minor impact on service objectives. • No significant disruption to service capability. • Moderate financial loss - can be accommodated at service level (>£10k uninsured loss). • First aid treatment, non-permanent harm up to one month. • Some public embarrassment, no damage to reputation. • May result in complaints/litigation. • Breaches of regulations/standards.
1	Insignificant	<p>Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences, they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. For example:</p> <ul style="list-style-type: none"> • Minimal impact, no service disruption. • Negligible impact on service capability. • Minimal loss - can be accommodated at service level (<£5k uninsured loss). • No obvious harm/injury. • Unlikely to cause any adverse publicity, internal only • Breaches of local procedures/standards.

BUDGET RISK MATRIX 2023-26



WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
27th SEPTEMBER 2023**COUNTER FRAUD ARRANGEMENTS 2022~23**

OPEN	
CABINET MEMBER	Cllr David Ross, Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Extension 2907 Head of Resources helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 Audit Manager cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES	Appendix A ~ Fraud Response Plan Appendix B ~ Strategy for Dealing with Theft, Fraud & Corruption

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members on the Counter Fraud arrangements in place for 2022~23 and into 2023~24.

2. RECOMMENDATION

The Audit Committee is asked to consider and note: -

- 2.1 **This report on the counter fraud arrangements within the Council.**

3. BACKGROUND

- 3.1 The Council have in place a Fraud Response Plan and Strategy for Dealing with Theft, Fraud and Corruption. Resource for counter fraud arrangements within the Council rely primarily on the work of the Compliance Officers within the Revenues & Benefits Team, and the Corporate Fraud resource aligned to the Internal Audit Team. Service Managers also have a responsibility for ensuring appropriate procedures are in place to prevent and detect fraud.
- 3.2 The Council continues to commit these resources to tackling fraud to protect the public purse. With the knowledge that the Council continues to face significant financial challenges, it is therefore important that the Council minimises losses caused by fraud. All sectors are at an increasing risk of fraud and corruption and these risks are growing as fraudsters become more aware of the possibilities for committing fraud against public sector bodies. Councils are finding smarter ways of working, often embracing new technologies, enhanced digital access potentially provides gateways to more sophisticated fraud techniques, so more awareness, training and mitigation is vital.

- 3.3 There is a continuing programme on raising awareness to demonstrate the commitment of the Council to tackling fraud and protecting the public purse. The focus of the awareness campaign is to improve understanding of the effects of fraud.

4. KEY ISSUES

- 4.1 The Revenues Teams and Internal Audit continue to be vigilant to the risks in place as criminal activity continues to target Councils and public funds, with a proactive corporate fraud rolling plan of work in place. There were no confirmed frauds detected within the Council during 2022~23 or 2023~24 to date. The Council will continue to work on prevention and deterrence and to demonstrate commitment the Council regularly reviews its own arrangements in accordance with the Fighting Fraud & Corruption Local Government Agenda updated for the 2020's.
- 4.2 The aim of the Fighting Fraud & Corruption Locally Agenda remains to increase the prevention and detection of fraud and aid the recovery of funds to help ease the constant financial pressures on Councils.
The core principles for the 2020~2025 strategy are: -
➔**Govern:** having robust arrangements and corporate leadership support to ensure anti-fraud, bribery and corruption measure are embedded throughout the Council.
➔**Acknowledge:** acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to demonstrate and maintain a robust anti-fraud response.
➔**Prevent:** preventing and detecting more fraud in making better use of information and technology enhancing fraud controls and processes and developing a more effective anti-fraud culture.
➔**Pursue:** punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.
➔**Protect:** protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. For the council this will also cover protecting public funds, protecting the council from fraud, cybercrime and future frauds
- 4.3 The Council continues to ensure a culture is maintained where fraud and corruption is unacceptable with zero tolerance and where everyone, including Members and Employees have a part to play in its eradication. As well as the potential for financial loss caused by fraud, there can also be adverse reputational impact.
- 4.4 Having an embedded anti-fraud approach across the Council is critical to its success. The Council already have adequate effective counter fraud arrangements in place. These are continually under review, to allow for the Council to improve on the effectiveness of counter fraud arrangements and keep them updated to reflect new, particularly technology-based challenges and provide a deterrent to fraudsters by evidencing the Council's commitment to identify fraud and take proactive action.
- 4.5 Internal Audit review fraud risks as part of the annual audit plan for which material findings are brought to the attention of Management. Where fraud or potential for fraud is identified as a risk, Management responds satisfactorily to recommendations made by Internal Audit.

- 4.6 All public bodies are at risk from fraud in one form or another, and to acknowledge this is essential in developing an effective anti-fraud response, with services understanding where the risk of fraud lies and the consequences of fraud. This ensures an effective counter fraud culture that reinforces the Council's zero tolerance toward fraud, and for individuals to identify and report potential fraud.
- 4.7 The detection and recovery of fraudulently obtained finances and assets is important and costly, there is no guarantee that the losses can be recovered. Therefore, all reasonable steps are taken to prevent fraud from entering the Council's systems in the first place.

5. OUTCOMES TO DATE

5.1 CORPORATE FRAUD

- 5.1.1 Current and emerging risks are identified from a number of sources including the National Anti-Fraud Network {of which the Council is a member}, the National Fraud Intelligence Bureau, and other third-party agencies e.g. Neighbourhood Watch. There are regular information alerts in the staff e-magazine Wyred Weekly to further embed an anti-fraud culture across the Council.

OUTLINE OF FRAUD ALERTS
2-step verification {often shortened to 2SV} provides a way of 'double checking' that you really are the person you are claiming to be when you're using online services
Energy Rebate Scam ~ emails claim that the recipient is due a rebate payment as part of a government scheme and provides links for the recipient to follow in order to apply for the rebate. {Exploitation of the Cost-of-Living Crisis}
Fake Texts ~ Claiming to be from OFGEM offering a rebate from the Government as part of an Energy Support Scheme and requesting personal and financial information.
Suspicious Emails ~ "Phishing" impersonating official organisations ~Guidance on How to Protect yourself and your information Suspicious Texts ~ "Smishing" impersonating official organisations ~Guidance on How to Protect yourself and your information
Scams to Watch Out for During the Festive Period: Headline "Never Click the Link"
Parcel Delivery Scam ~ Emails and texts claiming to be from Royal Mail, DPD, Evri and other popular delivery companies will typically claim to have attempted delivery and include a link directing you to a site where your payment details are captured to cover delivery costs.
E Greetings With A Gift ~ Scams involving gift cards are increasingly popular at this time of year. Marketing surveys sent via email promise gift cards of up to £100 for high-street shops but these are often phishing scams designed to extract personal and payment details from you.
Food For Thought ~ Vouchers for big supermarkets circulate on email and social media around Christmas, enticing people to click a link to claims their festive food shop for less.

- 5.1.2 Specific teams are advised where the fraud alert is service specific for example, fraud cases reported nationally where there is potential for fraud and error within the Council. Criminal activity continues to target Councils often around bank mandate fraud and specific attempts to divert public funds to fraudulent bank accounts. The Finance Team have robust procedures in place to ensure detailed validation checks are undertaken before amending any bank account details for payments. Independent verification of requests to amend supplier accounts are also captured by internal audit/corporate fraud resource with testing ensuring that the changes requested have been actioned and verified by a second employee and that bank account details have been corroborated from an independent source.
- 5.1.3 For the financial year 2022~23, Corporate Fraud dealt with **44** potential attempted frauds. This was a lower figure than the **95** reported for 2021~22 where there was a marked increase in the number of phishing/scam emails in circulation during the

Covid19 pandemic as many businesses moved to remote and/or digital methods of working. The majority of these related to suspicious emails received in various council email accounts from unknown/unidentifiable sources.

For the first 5 months of 2023~24, there have been **13** reports to the Corporate Fraud Mailbox of suspicious activity, all emails from unknown sources compared with the **21** reported early in 2022~23. Many fraudulent emails are stopped before they reach users mailboxes by an email gateway that filters suspicious emails as evidence of enhanced security in place by the ICT Manager and his Team.

It is considered that the reduction in the number of reports filtering through to the Corporate Fraud Mailbox can, in part, be attributed to the Council's commitment to protecting its Members, Employees, systems and data and having in place a continuous programme of training and guidance supported by weekly updates on the potential scams and cyber activity. To continually promote awareness around cyber security and the growing sophistication of the fraudsters, phishing security campaigns are run by the ICT Team to ensure Employees and Members remain vigilant and able to identify phishing emails which may lead to individuals inadvertently providing sensitive information or the download of malicious software.

- 5.1.4 All Members and Employees receive appropriate training and guidance on cyber security to help prevent cybercrime/attacks, mandatory training is provided for all network system users via the Council's nominated service provider {KnowBe4 until August 2023, Phriendly Phishing from September 2023} providing Security Awareness Training.

Schedule of KnowB4 Training	
Mandatory	
Date	Title of Course
17.10.22	Security Awareness Proficiency Assessment

Schedule of Phriendly Phishing Training	
Mandatory	
Date	Title of Course
04.09.23	S.C.A.M 101 {Sender, Content, Action, Manage} ~ Phishing concepts

Additional optional training has also been provided on Social Engineering Red Flags, and optional one-minute educational videos have been made available as aid memoirs to help protect the Council and Individuals lives against cybercrimes.

Security Snapshot Videos			
No 5	Clean Desk Policy	No 15	Reporting Incidents
No 6	Cloud Sharing {Security & Privacy}	No 16	Following Policy
No 7	Passwords	No 17	Safe Web Surfing
No 8	Public Wi-fi	No 18	Smishing {SMS Messaging Scams}
No 9	Ransomware	No 19	Pretexting {Telephone Calls}
No 10	Mobile Devices	No 20	Mobile Safety
No 11	Portable Storage Devices	No 21	Wire Transfer Fraud
No 12	Insider Threat	No 22	Disinformation
No 13	QR Codes	No 23	Reusing Passwords
No 14	Travel Security	No 24	Human Firewall

- 5.1.5 In addition, the ICT Manager and his Team have maintained an active campaign in respect of raising awareness around Cyber Crime with regular updates in the corporate Wyred Weekly e-magazine with more individuals and businesses continuing to operate away from their standard place of work. The weekly Cyber Crime Sentinel Newsletter is shared by the ICT Team as part of the Wyred Weekly update. This newsletter is collated by the West Midlands Regional Cyber Crime Unit and distributed within the West Midlands Region to raise awareness among both businesses and the public. This weekly update highlights current trends around cybercrime and fraud, providing steps that can be taken for individuals and businesses to protect themselves against the ever-increasing sophisticated scams and cyber-attacks.

DATE	SOURCE	HEADLINE
07.09.22	Cyber Crime Newsletter	Highlighting HMRC phishing scams & Account Hacking
05.10.22	ICT Internal Update	Phishing Attacks ~ Don't Take the Bait {ONS}
05.10.22	Cyber Crime Newsletter	Cyber criminals are sniffing to steal your data
12.10.22	Cyber Crime Newsletter	Don't Get Complacent about Cybercrime & 5 Cyber Myths
16.11.22	ICT Article	Christmas Cyber Aware Campaign ~ Shop Securely online & update from the NCSC Website on protecting your accounts
30.11.22	ICT Internal Update	Upsurge in Phishing Emails!
30.11.22	Cyber Crime Newsletter	Be Cyber Savvy Online this Christmas
01.03.23	West Mercia Police	Fraud and Scam Bulletin ~ February 2023
22.03.23	ICT Internal Update	Cyber Security Training Phishing Campaigns
07.06.23	ICT Article	Update on Cyber Attacks in the News {BBC Article}
09.08.23	ICT Article	New Way to Report Phishing Emails
30.08.23	ICT Article	Introducing Phriendly Phishing

5.2 NATIONAL FRAUD INITIATIVE

- 5.2.1 The Council continues to contribute to the National Fraud Initiative which involves national data matching using a range of council data sets including payroll, accounts payable, licences, insurances, the local council tax reduction scheme which is supported by housing benefit data provided by the DWP {Department for Work & Pensions} as well as the electoral register and single person discount awards.
- 5.2.2 The Cabinet Office is responsible for the National Fraud Initiative. The exercise is undertaken every 2 years. Data sets required from the Council were submitted in line with the Cabinet Office requirements by December 2022 as follows: -

DATA SET DESCRIPTION
Trade Creditors {Accounts Payable}
Taxi Drivers
Payroll
Council Tax Reduction Scheme
Housing Benefit {submitted directly by the DWP}

With annual checks on the following data sets: -

DATA SET DESCRIPTION
Council Tax ~ Single Person Discount
Electoral Register

The release of any data matches by the Cabinet Office for the Council are risk assessed with a requirement to review those identified as significant. Initial outcomes are released for review in early 2023. It is a resource intensive exercise, especially as the Cabinet Officer continually refresh the data matched. Previously resource has been aligned to reviewing those matches involving housing benefit cases to national data sets and completed by the Compliance Officers within the Revenues & Benefits Team. These matches result in potential outcomes for action and recovery of public money where fraud and/or error have occurred where a review of the matched data identifies individuals who are no longer entitled to housing benefit or a reduction in their council tax.

- 5.2.3 Matches arising from the submission of the payroll and creditors {Accounts Payable} as part of the National Fraud Initiative will be independently reviewed by the Internal Audit Team.

➔ Payroll data matches will be cross checked to identify employees with “live” records on two or more employer data bases as potential employment fraud.

➔ Creditor data matches include a review of business names, address and bank accounts to identify possible duplicate records.

⇒ Payment amounts are also “matched” as a potential for duplicate payments.

⇒ Matched amounts may cover different payment periods i.e. {monthly/quarterly/annually}.

- 5.2.4 Following the submission of the required data sets for the 2022~23 exercise, **446** cases were identified requiring review, to include updates when refreshed by the Cabinet Office. Within this case load the matches are categorised to assist with review and a risk score allocated {**High**, **Medium**, **Low**, **Nil**} with the aim of high scoring matches to be prioritised for review. The focus for Wyre Forest District Council remains those matches in respect of the Council Tax Reduction Scheme, Housing Benefit Claimants and Payroll. As at 31st August, of the 446 matches, 176 had been reviewed in detail and cleared requiring no further action, with the remaining cases “open” for review. Whilst there have been no fraud cases identified, the review of a Student Loan identified an overpayment which is currently being recovered.

- 5.2.5 The National Fraud Initiative is a mandatory exercise for which the Council are required to participate and contribute to the national statistics for detecting and preventing fraud and error. Any actions or investigations that arise from these matches are formally reported via the National Fraud Initiative website following the completion of the exercise as these statistics from the national picture of the fraud landscape. The national exercise is undertaken to collate the information and identify potential matches which may be because of fraud or input error. In the main, most case matches are because of timing differences in the data matching process.

- 5.2.6 The Cabinet Office in its report issued January 2023, confirmed that, the data matching service has been able, with participating organisations to include Wyre Forest District Council, to prevent and detect £2.4 billion in fraud and error since the initiative began in 1996, monies prevented or recovered from fraudsters and reinvested in public services. Fraud is estimated to account for 40% of all crime committed across the UK and is a long-standing threat to public funds and service delivery. During the period April 2020 to March 2022 {core years of the pandemic}, the initiative prevented, detected and/or recovered £443m in fraud and error.

The main categories of fraud, error and overpayment identified across the UK are: -

Data Set	£
Pension	£250 million
Council Tax Single Person Discount	£44.7 million
Housing Waiting List	£21.8 million
Housing Benefit	£14.4 million

5.4 CYBER CRIME

5.4.1 As the public sector becomes more digital in terms of service delivery, cybercrime becomes a growing challenge with hacking the main method of attempting to infiltrate networks. It is acknowledged that cyber incidents both nationally and internationally continue to rise at an alarming rate.

➔Mandatory training continues around security awareness with specific training modules provided by a third party {5.1.4 refers}. Phishing tests are run regularly, with articles in the e-magazine to remind all employees to remain vigilant as over 90% of cyber-attacks {crime and fraud} start with a phishing email. The ICT team have made it easier to report fraudulent emails by a Phishing Alert button incorporated into emails, that alerts both ICT and Corporate Fraud thus ensuring they are reported to the correct bodies and enables the ICT team to maintain/update required security systems e.g., email gateway rules.

5.4.2 Annual penetration tests are undertaken by the ICT Team using security specialists to ensure that the Council networks {both internal and external} cannot be hacked and the Council remain compliant with the Government Public Service Network. The ICT Team continue to monitor and manage the existing IT security arrangements, parameters, and firewalls to reduce the risk of cyber-attacks, ensuring vulnerabilities identified within the infrastructure are promptly addressed. This work is of even greater importance with the council having implemented a hybrid and home working footprint following the pandemic.

➔A weekly email from KnowBe4 to the ICT team highlights a particular scam of the week that is currently being used by fraudsters to assist the ICT team in ensuring these are prevented at source from reaching employee mailboxes.

No	Date	Title of Scam Notification
1	25.08.22	Callback Phishing Scams
2	01.09.22	Malicious Monkeypox Scams
3	08.09.22	Malicious Activity in the Metaverse
4	15.09.22	Queen Elizabeth II Related Scams
5	22.09.22	Zelle Fraud Alert Scams {Zelle is a mobile payment application}
6	29.09.22	Healthcare Reimbursement Phishing Scams
7	06.10.22	Fake Cryptocurrency Job Openings on Linked IN
8	13.10.22	Disaster Relief Scams
9	20.10.22	Watch Out for Bank Phishing Scams
10	27.10.22	Google Translate Phishing Scams
11	03.11.22	Email Scams from University Domains
12	10.11.22	Student Loan Relief Scams
13	17.11.22	Twitter Blue Scams
14	24.11.22	Cryptocurrency Wallet Scams

No	Date	Title of Scam Notification
15	01.12.22	Clone Phishing Scams
16	08.12.22	Homoglyph and Unicode Phishing Scams
17	15.12.22	TikTok Filter Scams
18	22.12.22	Is Your Grandma Really Selling Furniture On Social Media?
19	29.12.22	Smishing Is 50% Off!
20	05.01.23	Real Facebook Page, Fake Facebook Support
21	12.01.23	Fraudulent Funds Transfers
22	19.01.23	Single Sign-on Smishing
23	26.01.23	Blank Image Phishing Scams
24	02.02.23	EkiNet Ticket Scams
25	09.02.23	Watch Out for Scams This Tax Season
26	16.02.23	Scams Related to the Turkey-Syria Earthquake
27	23.02.23	r/Cybercriminals Spear Phishing
28	02.03.23	IT or Cyber Criminal?
29	09.03.23	Is ChatGPT Your Next Financial Advisor?
30	16.03.23	Hiding Behind Namecheap
31	23.03.23	New Alert! Cybercriminal at Your Door
32	30.03.23	Watch Out for Silicon Valley Bank Scams
33	06.04.23	Real Products, Fake Payments#
34	13.04.23	Interview with a Cybercriminal
35	20.04.23	AI Phishbait
36	27.04.23	Linktree Link Scam
37	04.05.23	Watch Out for Coronation-Related Scams
38	11.05.23	Watch Out for FedNow Scams
38	18.05.23	Smishing for Bank Information
40	25.05.23	PayPal Payment Ploy
41	01.06.23	Permission to Hack
42	08.06.23	Obscured, Obfuscated Links
43	15.06.23	Summer Phishing Trips
44	22.06.23	Getting Chummy with Pretexting
45	29.06.23	Call 800-Cybercriminal
46	06.07.23	Phishing with Images
47	13.07.23	You've Been Served by a Cybercriminal
48	20.07.23	Threads or Threats?
49	27.07.23	Watch Out for .zip Domains

5.4.3 As with all public services, whilst attempts were made to access the networks from unknown sources, none was successful. As part of the National Cyber Security Centre {NCSC} Pathfinder Initiative, Senior Managers attend Cyber Seminars to raise the awareness and mitigate against cyber fraud/attacks. Cyber Security Standards have been introduced for Service Managers and Data Owners to help protect the Council from threats posed by Cyber-attacks. Business Continuity Plans are reviewed to ensure that Cyber Crime {Fraud} is included as a key threat. In addition, the ICT Team successfully trialled the NCSC Exercise in a Box with the Housing Team rolling this out corporately to other service teams with members of the ICT team attending several team meetings to discuss cyber security and run through the exercise.

The Cyber Security Group and Information Governance Sub-Group actively support the ICT Strategy Board, working with the Corporate Leadership Team and Service Managers to ensure that the Council have in place a robust Corporate Cyber Attack Response Framework which complements and sits alongside the Cyber Security Strategy. Funding received from the Department for Levelling Up, Housing and Communities {DLUHC} assists in upgrading/enhancing certain areas of the Council's security infrastructure and systems, to include event and log management, additional backups and 2 factor authentication.

- 5.4.4 A previous cyber risk assessment undertaken by the Council's insurers recognised that overall, the arrangements in place for the Council were very good. A recommendation was a refresh of the ICT Security Policy and Data Protection Training both of which have been addressed through the training portal {5.1.4 refers}.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no additional financial implications arising directly from this report. The resources specifically devoted to anti-fraud activity are summarised in Section 3. The resource allocation for managing the Counter Fraud activity across the Revenues & Benefits Team and Internal Audit coupled with ICT network security will continue to be monitored to ensure this area is appropriately resourced.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 Counter fraud work may have legal implications depending upon actions taken or decisions made.
- 7.2 The Head of Resources and the Council's Insurance Officer keep the Council's Cyber Insurance options under review in liaison with Zurich Municipal (our insurers) and Gallaghers our Insurance Risk Management advisors.
- 7.3 The Cyber Security and Information Governance Group report directly to the ICT Strategy Board, keeping under continuous review the Cyber Response Plan to sit alongside side other ICT/Cyber Security policies.

8. RISK MANAGEMENT

- 8.1 Participation in national data matching exercises, such as the National Fraud Initiative, and compliance with best practice help to manage the risk of fraud across the Council. Working with third parties, the sharing of data and contributing to national surveys allows for the identification of fraud and error and emerging risks within the public sector. This will continue to form the basis of the work for the Corporate Fraud Resource aligned to the Internal Audit function.
- 8.2 The Compliance Officer posts within the Revenues and Benefits Team will ensure compliance across Council Tax and Business Rates to maximise income and minimise losses thus reducing the risk of error and fraud. The Compliance Officers also fulfil the requirement for a "Single Point of Contact" between the Council and the DWP.

- 8.3 In addition, the Council's 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. Internal Audit do not have responsibility for the prevention and detection of fraud or corruption. Managers are responsible for ensuring appropriate procedures are put in place to prevent and detect fraud. Internal Audit will cover fraud risk within the risk-based audit plan and be aware within their work of risks and exposures that could lead to or indicate fraud and corruption. Internal Audit as the Corporate Fraud resource will investigate any instances of fraud and corruption being perpetrated by any employee of the Council. Where relevant, the Internal Audit Service will advise and assist Managers in any investigation.
- 8.4 The ICT Manager actively manages cyber risk to mitigate the potential for fraud. Work to strengthen the Council's cyber defences by raising awareness with employees and members continues with advice and support from external organisations. All Service Managers and data owners have a responsibility to meet minimum cyber security standards and ensure systems and data are only accessible at the appropriate level to those authorised to access them.

9. CONCLUSION

- 9.1 Whilst it is acknowledged that there will always be a risk of fraud and error within the Council, the outcomes outlined within this report demonstrate the Council's continuing commitment to a zero tolerance to fraud; and to maintaining an environment where fraud and corruption will not be tolerated. The Council will continue to manage the risk of fraud and further updates will be presented to the Audit Committee in due course.

10. CONSULTEES

- 10.1 Corporate Leadership Team
Cabinet Member for Finance & Capital Portfolio
ICT Manager

11. BACKGROUND PAPERS

- 11.1 Fighting Fraud & Corruption Locally ~ A strategy for the 2020s
11.2 Cabinet Office ~ National Fraud Initiative Report 2022 {Issued January 2023}

FRAUD RESPONSE PLAN



OCTOBER 2015

**Reviewed January 2018
Refreshed 2022**

The Fraud Act 2006 describes the following three methods of committing fraud:

- fraud by misrepresentation
- fraud by failing to disclose information
- fraud by abuse of position

This plan outlines what an individual should do should they suspect **Theft, Fraud or Corruption**. It is the duty of every employee, member and citizen of the Wyre Forest to report suspected fraudulent activities.

Reporting Suspect Fraud:

1. If you suspect someone of theft, fraud or corruption, the Council will investigate it promptly and fully. The policy applies equally to all councillors, employees and any other person involved in Council work.
2. If you suspect a council employee, contractor (in their business dealings with the Council) or a member of the public of theft, fraud or corruption and you have information which may be helpful, please ring Head of Resources on 01562 732100, or any member of the Internal Audit Section.
3. If your suspicion is about a Councillor, you should contact the Chief Executive on 01562 732700.
4. All allegations are treated as confidential and will be thoroughly investigated and reported appropriately.
5. If you do not feel able to contact the Head of Resources, your Director or your senior manager, then contact Human Resources, the Solicitor to the Council or the Chief Executive.
6. The Council has adopted a Confidential Reporting (Whistleblowing) Policy regarding an employee's disclosure to an outside body of what he/she considers being malpractice within the Council. The Confidential Reporting (Whistleblowing) Policy is intended to encourage and enable employees to raise serious concerns within the Council rather than ignoring a problem or raising their concerns outside.

The Confidential Reporting Policy is intended to provide employees with an avenue within the Council to raise concerns. The Council hopes employees will be satisfied with any action taken. If this is not the case, an employee is entitled to take the matter outside the Council; the following are possible contact points:

- External Auditors
- Police
- Relevant Professional Bodies or Regulatory Organisations
- Relevant Voluntary Organisation
- Chief Executive
- Chair of the Audit Committee
- Trade Union

If you do take the matter outside of the Council, you should ensure that confidential information is not disclosed.

7. When you become aware of any possible malpractice you **should not** attempt to investigate yourself and in particular:

- | |
|---|
| <u>Do not</u> approach the person, people or organisation you suspect – tell only the people identified in this plan |
| <u>Do not</u> attempt to collect evidence or question anyone. |
| <u>Do</u> retain any document you already have that you think are relevant, secure them safely; |
| <u>Do</u> make a note of the time and date and of the details if you hear or see anything that you think is relevant; |
| <u>Do</u> seek advice in confidence from internal or external audit if you are unsure about what you have seen or heard. |
| <u>Do not</u> ignore your concerns or be afraid of raising them. You will not suffer recrimination as a result of voicing a reasonably held suspicion. |

STRATEGY FOR DEALING WITH THEFT, FRAUD AND CORRUPTION



STRATEGY FOR DEALING WITH THEFT, FRAUD AND CORRUPTION

1. Introduction

- 1.1 The Council has established a policy on theft, fraud and corruption which embodies the General Principles in Public Life and the Nolan Principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. This policy will be widely publicised.
- 1.2 Where there is a suspicion or complaint that the policy has been violated, the Council will use the existing mechanisms to investigate and deal with the problem. This strategy brings the mechanisms together, and makes the relationships between them explicit. It describes how the Council implements its Policy for dealing with theft, fraud and corruption.
- 1.3 The Council's objective is to make rational decisions which will allow it to operate in ways that make theft, fraud and corruption difficult to commit, likely to be detected, and then certain to be punished.
- 1.4 The procedures referred to in this Strategy are subject to continuous review to ensure that change in the organisation does not make the guidance irrelevant or unhelpful over time.
 - ➔ **Theft** a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving them of it.
 - ➔ **Fraud** is the intentional distortion of financial statements and accounting records and/or misappropriate of assets.
 - ➔ **Corruption** is the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person to act against the interest of the organisation.

2. Responsibilities

- 2.1 Each individual member of the Council and Council employee is responsible for his/her own conduct, and for playing a part in the safeguarding of corporate standards. This policy applies to all Council employees which include self-employed contractors of the Council, agency workers, individuals on work experience or vocational training schemes. This means that:
 - (i) their own behaviour should be above reproach.
 - (ii) where they are aware of, or suspect, that others may be behaving improperly, or have reason to believe that the Council's systems (including those systems involving money or financial systems) may be unsound, they have a duty to report this to an appropriate officer being one of the following officers: Head of Resources {S151 Officer}, Audit Manager, Monitoring Officer or the Chief Executive.



- 2.2 The Council recognises that real-life problems do not always fit neatly into pigeonholes. The roles and responsibilities form a continuum and can overlap. This means that something being investigated as a financial matter may turn out to be purely a personnel issue, and vice versa – the Council relies on the professionalism of its employees to discuss and resolve such issues as they arise.

3. Prevention & Detection

- 3.1 The Council will take all reasonable steps to ensure that theft, fraud and corruption are difficult to perpetrate. This will be achieved through:

→**Sound systems:** the Council's overall control culture is defined in its Standing Orders and Financial Regulations and procedures. For individual financial systems these are supplemented by detailed guidance provided by the Internal Audit Section. The guidance has the intention to make it relatively difficult for systems to be bypassed and promote the inclusion of internal controls and satisfactory separation of duties in order to prevent and detect errors and frauds. In case of difficulty the Internal Audit Section has an advisory role.

→**Good employee selection:** the Council takes care to employ individuals who are both honest and competent, by taking up references in all cases, and using a methodical and thorough approach to shortlisting and interviewing. This is set out in the Recruitment and selection roles provided by the Human Resources Team. A policy on Equal Opportunities has been adopted by the Council.

→**Members' and Employee Codes of Conduct:** The Council expects both its members and employees to lead by example. The Codes of Conduct set out the standards which elected members and employees are expected to meet in conducting Council business and working relationships. Employees who fail to live up to the standards are liable to disciplinary action. There are different mechanisms that apply to members.

Registers of members' pecuniary interests and non-pecuniary interests are maintained by the Solicitor to the Council as Monitoring Officer.

Registers of employee's pecuniary interests and non-pecuniary interests are maintained within each Directorate as directed by the Corporate Leadership Team.

Guidance on gifts is contained within the Code of Conduct.



- 3.2 At **Wyre Forest District Council**: there is an expectation that employees will do things right, even where formal controls are absent as they understand their responsibility to the community at large. We have adopted guiding principles and values within the Corporate Plan that all employees are expected to adhere to.
- 3.3 **Employee training**: the Council views appropriate training as necessary to get the job done professionally and effectively. As well as receiving appropriate training in post, employees are encouraged to seek guidance when there is any doubt about what to do. This is supported by the advisory role of the Internal Audit Section.
- 3.4 **Monitoring of financial systems**: to ensure that they are operating properly is carried out by budget holders and the Accountancy Section. Combined with periodic system review by the Internal Audit Section, this ensures that system operation problems are likely to be detected and corrected swiftly.
- 3.5 **System shortcomings**: it will be very helpful to the prevention of theft, fraud and corruption if members, employees and other citizens report potential for something to go wrong because of evident weaknesses in systems, as well as actual occurrences. They should report weaknesses or failures in systems to the Internal Audit Section.

4. Investigation

- 4.1 The Council will act promptly on any information about theft, fraud or corruption, in order to protect its assets and good name. All allegations, particularly anonymous ones, will be treated with care and discretion, because of the risk of misunderstanding of circumstances for which there is a reasonable explanation, and the risk of malicious allegations. All allegations and evidence will be properly investigated and reported upon and that where appropriate, losses are recovered for the Council. The Council have committed resources to tackle the risk of fraud contactable corporatefraud@wyreforestdc.gov.uk
→All investigations must have regard to the Human Rights Act, Regulation of Investigatory Powers Act, Data Protection Act and other specific legislation advised by Legal Services.
- 4.2 It is important that only properly trained officers carry out investigation work. Employees should report their suspicions or concerns using the guidance in the Fraud Response Plan and should not attempt any form of investigation of their own.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
27th September 2023**INTERNAL AUDIT POSITION STATEMENT AS AT 30TH SEPTEMBER 2023**

OPEN	
CABINET MEMBER	Councillor David Ross: Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources And {S151 Officer} Extension 2907 helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk

1. PURPOSE OF REPORT

- 1.1 To provide members with an update on work completed by Internal Audit as a contribution towards the completion of the approved 2023~24 Internal Audit Plan.

2. RECOMMENDATION

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

- 2.1 The outline of work completed by Internal Audit as a contribution against the approved 2023~24 Internal Audit Plan.

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 2023~24 in March 2023.
- 3.3 It is acknowledged that the core structure of the Internal Audit Team remains fit for purpose, however, both the position of Senior Auditor and Auditor became vacant during 2022-23 and the Internal Audit Manager position will be vacant from 1st October 2023. A detailed report was presented to the Audit Committee at its meeting of 17th July to advise of the review of the Internal Audit Service with consideration of alternative delivery models to ensure that a robust Audit Plan can be delivered for the 2023~24 financial year.
- 3.4 To support the review of alternative service delivery models, Cabinet had

3.4.1 Agreed that the procurement of a service contract to secure the delivery of the approved 2023-24 audit plan should commence and **approved** the evaluation criteria in Appendix 2, in order to provide an internal audit opinion for 2023-24.

3.4.2 Delegated authority to award the services contract to the Head of Resources and s151 officer in consultation with the Solicitor to the Council and the Cabinet member for Finance and Capital Portfolio.

3.5 The procurement exercise is currently in progress for which an update is included on the Agenda.

3.6 The aim of the position statement is to capture and advise the Committee on work undertaken by internal audit to include contributions against the approved plan as of 30th September 2023. Progress Updates have been issued for those audits commenced to advise of detailed testing undertaken and any matters that may have arisen from the work completed to date as outlined in the work in progress table. This is supported by summaries of other work for which time is allocated within the approved audit plan.

4. CONCLUSION

4.1 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 and details for completeness the work undertaken as of 30th September 2023.

5. CONSULTEES

5.1 Corporate Leadership Team

6. BACKGROUND PAPERS

6.1 20th July 2023 ~Audit Committee Charter {Refresh}
20th July 2023 ~ Position Statement {Work Completed to 30th June 2023}
24th March 2023 ~ Audit Committee ~ Internal Audit Annual Plan 2023~24
28th November 2018 ~ Audit Committee ~ Quality Assurance & Improvement Programme
Accounts and Audit Regulations 2015 {SI 234}

INTERNAL AUDIT POSTIION STATEMENT @ 30TH SEPTEMBER 2023

FINAL AUDIT REPORTS ISSUED AS AT 30th SEPTEMBER 2023	
	ASSURANCE
CORE FINANCIAL SYSTEM REVIEWS	
Key Systems (Annual Assurance Reviews)	
2022~23 Council Tax ~ Reconciliations	F
2022~23 Housing Allowances & Local Council Tax Scheme ~ Reconciliations	F
2023~23 NNDR ~ Reconciliations	F

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

Agenda Item No. 11

A number of other reviews are currently in preparation in respect of the 2023~24 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 30 TH SEPTEMBER 2023		Status	Action Plans/Progress Report			
RISK ASSESSMENT	AUDIT REVIEW	As At 30.09.23	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	POSITION @ 31.03.24
RA40	<u>Accounting Cash To Bank</u> Bank Reconciliation Income To Bank {BSU Depot} Income To Bank {Hub} Income To Bank {Wyre Forest House}	Stage 1 Stage 3 Stage 3 Stage 3	- - - -	- 31.07.23 31.07.23 31.07.23		
RA55	<u>Benefits (Inc Council Tax Discounts (Local Scheme))</u> Council Tax Reduction {Local Scheme} ~ Compliance Housing Benefit {Allowances} Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 1 Stage 1 Stage 1	- - -	- - -		
RA21	<u>Council Tax</u> Ctax Reconciliations ~ {To include Gross Debit 2023~24} Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control} Ctax Compliance/Recovery	Stage 6 Stage 1 Stage 3	28.06.23 {FR} - -	N/A - 14.08.23		
RA44	<u>Creditors (Accounts Payable)</u> Creditors {Accounts Payable} ~ Compliance Creditors {Accounts Payable} ~ Reconciliation	Stage 1 Stage 1	- -	- -		
RA51	<u>Debtors (Accounts Receivable)</u> Debtors {Accounts Receivable} ~ Compliance Debtors {Accounts Receivable} ~ Reconciliations	Stage 1 Stage 1	- -	- -		
RA82	<u>Establishment</u> Establishment Reconciliation	Stage 1	-	-		
RA21	<u>National Non-Domestic Rates</u> NNDR ~ Reconciliations ~ {To include Gross Debit 2023~24} NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control} NNDR ~ Compliance	Stage 6 Stage 1 Stage 1	28.06.23 {FR} - -	N/A - -		
RA51	<u>Payroll (Including Mileage & Subsistence Claims)</u> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) Payroll ~ Reconciliations {WFDC Accountancy Team}	Stage 3 Stage 1	- -	31.07.23 -		
RA29	<u>Treasury Management {Strategy, Reporting & Reconciliations}</u> → Reconciliation Procedures → Compliance {Investments Placed/Recalled & Borrowing} → Strategic Reporting	Stage 1 Stage 1 Stage 1	- - -	- - -		
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 ~ Under Review {Audit Manager} Stage 5 ~ Draft Report Issued Stage 6 ~ Final Report Issued {FR}		

Additional Assurance Work Undertaken by Internal Audit

Internal Audit Team have continued to undertake work in other areas for which a formal report is not issued; however, time has been set against allocations within the 2023~24 Internal Audit Annual Plan approved by the Audit Committee in March 2023 as summarised below: -.

Information Communications Technology (ICT) Governance, Advice & Assistance

- 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.

- ➔ Demolitions of Commercial Properties in Worcester Street, Kidderminster

- ❖ **This work was commenced in June 2023, with monthly Interim Payment Certificates submitted by the Agent for the Council, and subject to scrutiny prior to release of payment. Three payments have been made to date against the approved contract sum.**

- ➔ Kidderminster Future High Street ~ {Former Magistrates Court} Design & Build Contract Construction of Creative Hub

- ❖ **This work was commenced in April 2023, with monthly Interim Payment Certificates submitted by the Agent for the Council, and subject to scrutiny prior to release of payment. Six payments have been made to date against the approved contract sum.**

The audit reviews are undertaken to enable the detailed monitoring of payments drawn with each verified against the Interim Valuations and Certificates provided by the Agents appointment to monitor the contract{s} on behalf of the Council. As part of the testing, a monitoring spreadsheet is maintained to monitor the actual cumulative spend against the contract sum. Where it has been necessary to vary the contract sum, all documentation is sighted as evidence of authorised employers' instruction with approval from the S151 Officer. This process ensures adherence to the Councils Contract Procedure Rules and Financial Regulations. Invoices received for payment are reviewed for arithmetic accuracy including the calculation of retention.

As part of the allocated days for contract review, a random sample of purchase orders were reviewed to ensure that where applicable, the Contract Procedure Rules {as amended in May 2023}, Codes of Conduct and Financial Regulations had been adhered to.. Business details were independently reconciled to Companies House, HMRC as applicable.

Corporate Issues

National Fraud Initiative

Internal Audit continue to support 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 and is captured as part of the annual report to the audit committee outline the councils counter fraud arrangements.

Advice & Consultancy

- Internal audit has continued to provide ad-hoc consultancy advice during this second quarter of 2023~24 to capture general one-off issues as confirmation of procedures and process for: -

- ❖ Compliance with the Employee Code of Conduct
- ❖ Updating Authorised Signatory Lists
- ❖ Responding to Freedom of Information Request

➤ In addition, more detailed advice has been provided in respect of the: -

- ❖ UK Shared Prosperity Fund and the internal controls to be in place for the awarding of grants.
- ❖ Assurance Certification for funding secured for phase two of the Home Upgrade Grants2 scheme.

➤ To support a review of operational risk registers, an overview of the ongoing process and system review by the Community & Environment Strategic Manager at the Depot was undertaken in this period. This included establishing work completed to date in respect of the service reviews for Commercial Waste, Garden Waste and the MOT Station and identifying good practice as part of the streamlined processes being put in place to mitigate any risks that are being identified as the process/system reviews continue.

Cheryl Ellerton
Audit Manager

Helen Ogram
Section 151 Officer

27th September 2023