

Open

Audit Committee

Agenda

6 pm
Monday 24th September 2012
The Earl Baldwin Suite
Duke House
Clensmore Street
Kidderminster



Audit Committee

Members of Committee:

	Chairman: Councillor D C H McCann	
	Vice-Chairman: Councillor M A Salter	
Councillor P Dyke		Councillor J A Hart
Councillor M B Kelly		Councillor N Knowles
Councillor J W Parish		Councillor C Rogers

Information for Members of the Public:

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

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

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

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

Information which is subject to any obligation of confidentiality.

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

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

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

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

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

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

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

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

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

For further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Sue Saunders, Committee/Scrutiny Officer, Civic Centre, Stourport-on-Severn. Telephone: 01562 732733 or email susan.saunders@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Monday, 24th September 2012

The Earl Baldwin Suite, Duke House, Clensmore Street, 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, notice of which has been given to the Director of Community Assets & Localism, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 25 th June 2012.	5
5.	Audit Update To receive an update from the Audit Commission.	9
6.	Annual Governance Report To receive a report from the Audit Commission detailing the findings of the audit of accounts for 2011/12.	20
7.	Annual Audit Letter Wyre Forest District Council 2011/12 To receive a draft Annual Audit Letter from the Audit Commission that summarises the results and findings from the 2011/12.	45

8.	<p>Statement of Accounts 2011/12</p> <p>To consider a report from the Director of Resources and the Financial Services Manager on the Statement of Accounts 2011/12 following changes required by the Audit Commission as a result of the audit and to consider and approve the letter of representation in respect of the audit for 2011/12.</p>	48
9.	<p>Internal Audit - Compliance with the CIPFA Code of Practice for Internal Audit</p> <p>To receive a report from the Director of Resources/Principal Auditor advising of the results of the Self Assessment exercise.</p>	64
10.	<p>Internal Audit Monitoring Report Quarter Ending 30th June 2012</p> <p>To receive a report from the S151 Officer/Principal Auditor which informs Members of the Internal Monitoring Report for the quarter ended 30th June 2012.</p>	76
11.	<p>Risk Management – Corporate Risk Register</p> <p>To receive a report from the Director of Resources providing an update on the Corporate Risk Register.</p>	100
12.	<p>To consider any other business, details of which have been communicated to the Director of Community Assets & Localism 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.</p>	
13.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“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”.</p>	

Part 2

Not open to the Press and Public

14.	<p>To consider any other business, details of which have been communicated to the Director of Community Assets & Localism 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.</p>	
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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,
KIDDERMINSTER

25TH JUNE 2012 (6 PM)

Present:

Councillors: D C H McCann (Chairman), G W Ballinger, P Dyke, J A Hart, M B Kelly, N Knowles, C Rogers, S J Williams.

AUD.1 Apologies for Absence

Apologies for absence were received from Councillors: M A Salter (Vice-Chairman) and J W Parish. Councillor N Desmond sent apologies as Cabinet Member for Resources.

AUD.2 Appointment of Substitutes

Councillor G W Ballinger was appointed as a substitute for Councillor J Parish. Councillor S J Williams was appointed as a substitute for Councillor M Salter. Councillor J-P Campion and Councillor H E Dyke attended as observers.

AUD.3 Declaration of Interests

No declarations of interest were made.

AUD.4 Minutes

The minutes were moved by Councillor P Dyke and seconded by Councillor C Rogers as a correct record of the meeting of 12th March 2012.

Agreed: The minutes of the meeting held on 12th March 2012 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.5 Audit Committee Update Report

The Committee considered a report from the Audit Commission in relation to audit progress and update for 2011/12. The paper was introduced by Gill Edwards from the Audit Commission.

Members were advised of the work that had been undertaken and of the emerging findings as detailed in the report. In response to questions asked by Members the Committee were advised of the following

- Substantive testing would be undertaken with regards to the journal controls at the end of the year. However any changes were internal controls that would not require Member approval.

- There were transitional issues following the transfer of the payroll services, and substantive testing of the system undertaken by Internal Audit would be reviewed at the end of the year.

Decision: The report be noted.

AUD.6 External Funding Position Statement – Quarters 3 & 4 2011/12

The Committee received a report from the Director of Economic Prosperity and Place, regarding the amount of external funding being attracted to the District during quarters 3 and 4 of the 2011/12 financial year, and of the variety of projects for which the funding was contributing towards.

Decision: The amount of External Funding being attracted to the District as attached at Appendix 1 of the report be noted.

AUD.7 Internal Audit Monitoring Report Quarter Ended 31st March 2012.

The Committee considered a report from the Section 151 Officer and the Principal Auditor informing Members of the Internal Audit Monitoring Report Quarter ended 31st March 2012. A brief overview of the report was given and Members were advised that contained with the report was a summary of each review that had been undertaken.

In response to a question Members were advised that in relation to the management of the Town and Civic Halls, and in particular, customer client receipts, the issues had been addressed which had related primarily to performing rights fees.

In response to a question regarding elections and electoral registration, Members were advised that there had been changes to the computer system which had resulted in the findings. Members were reassured that all issues had been addressed.

With reference to the Journals for 2011/12, Members were advised that improvements to the system had been identified and were being implemented.

Members were informed that invoices were paid promptly and not held back.

Decision: The Internal Audit Monitoring Report for the Quarter ended 31st March 2012 as detailed in the Appendix to the report be noted.

AUD.8 Annual Report from the Section 151 Officer – 2011/12

The Committee received the Annual report for 2011/12 from the Section 151 Officer. Members were advised that the personal opinion of the Section 151 Officer on the overall adequacy and effectiveness of the Council's internal control environment were satisfactory.

Questions ensued upon the investments made in Icelandic Banks and the new Council Head Quarters, and the processes that supported those decisions.

Agenda Item No. 4

The Leader of the Council reminded the Committee that Council had agreed the policy of how to deploy money as detailed in the Lending List Policy, and following a competitive tender process, the Council had engaged advisers, SECTOR, to help guide future policy and there were no concerns surrounding the investment process.

In response to a question regarding pension investment panel, Members were advised that the County Council administered the Pension Fund, this Council only deals with much smaller investments.

Members of the Committee endorsed the points raised by the Leader agreeing that the Council had undertaken a thorough investigation of the Icelandic investments.

Members debated the level of responses to the audit questionnaire and felt that more should be done to elicit a response. The Financial Services Manager agreed to review the questions contained within the questionnaire.

Decision: The Annual Report from the Section 151 Officer for 2011/12 as attached at Appendix 1 of the report be approved.

AUD.9 Annual Governance Statement

The Committee considered a report from the Director of Resources asking for approval of the Annual Governance Statement and Annual Governance Action Plan 2011/12 for inclusion within the Statement of Accounts.

The Director of Resources outlined the content of the report and Members attention was drawn to the main issues that were to be addressed in the forthcoming year. Members were reassured that there were no financial implications resulting from the Statement.

Decision: The Annual Governance Statement attached at Appendix 1 of the report and the Governance Statement Action Plan attached at Appendix 2 of the report be approved.

AUD.10 Report on Final Accounts

A report was received from the Director of Resources asking the Committee to consider a pre-audit copy of the Council's Statement of Accounts for the financial year 2011/12.

The Financial Services Manager drew Members attention to key points in the report; in particular the summary contained within pages 6 to 11 of the report. Members were further advised that post audit leaflet summarising the finding would be available at the Hub. Further that this was the second year of implementing the International Financial Reporting Standards which created an increased burden for the authority. Particular attention was drawn to the balance sheet which demonstrated that the Council owned more than owed and that the Council had received significant dividends from the Icelandic Banks. Members were advised of the variances contained within Appendix 2 of the reports, these were

Agenda Item No. 4

- Pay and General Administration savings of £415K
- Benefit Payments, a positive variance of £50K
- Property related savings in building maintenance, energy of £72K
- Savings in relation to the election function of £49K
- Additional costs of an increased bad debt provision of £17K
- Additional External Interest income received of £46K
- Net reduced income from Car Parking and Civil Enforcement pg £65K
- Reduced Trade Waste Income of £54K
- Additional Cemetery Income and lower repairs and maintenance of £47K
- Parks and Open Spaces positive variance of £65K

Members felt that the report was easy to understand and thanked the Director and her team for the clarity of information that had been provided. In response to a question raised by Member, the Committee were advised that the Audit Commission did not define the level of reserves that were needed and it was the decision of the Director.

Decision:

- 1. The pre-audit Statement of Accounts approved by the Director of Resources be endorsed.**
- 2. The Director of Resources be authorised to make minor changes to the copy of the Statement of Accounts prior to the statutory pre-audit deadline of 30th should it be necessary.**

There being no further business the meeting ended at 19.06.

Audit Committee update

Wyre Forest District Council

Audit 2011/12

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS foundation trusts), local police bodies and other local public services in England, and oversees their work. The auditors we currently appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Introduction

- 1 The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.
- 2 This paper also seeks to highlight key emerging national issues and developments that may be of interest to members of the Audit Committee. The paper concludes by asking a number of questions that the Committee may wish to consider in order to assess whether it has obtained sufficient assurance on emerging issues.
- 3 If you require any additional information regarding the issues included within this briefing, please contact me or your Audit Manager using the contact details at the end of this update.
- 4 Finally, please also remember to visit the Audit Commission's website (www.audit-commission.gov.uk) that now enables you to sign up to be notified of any new content that is relevant to your type of organisation.

Liz Cave

District Auditor / Engagement Lead

September 2012

Progress report

Financial statements

5 I have now concluded our audit of the financial statements in advance of the national deadline of 30 September 2012 and will issue an unqualified audit opinion.

VFM conclusion

6 I will also issue an unqualified conclusion stating that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Update on outsourcing the work of the Audit Practice

7 At its July 2012 meeting, the Audit Commission Board confirmed the audit appointments for the audit of the accounts of all principal bodies from 2012/13. These appointments commence on 1 September 2012.

8 On 31 July 2012, the Director of Audit Policy and Regulation wrote to chief executives of all principal bodies to inform them of the Board's decision and to confirm their new audit provider.

9 Each firm has made its own arrangements for making initial contact with the audited bodies to which it has been appointed.

10 For our part, we remain committed to:

- fulfilling our remaining responsibilities to the high standards you expect and deserve; and
- managing a smooth transition from the Audit Practice to your new audit provider, Grant Thornton.

Audit Commission senior appointments

11 The Audit Commission is reducing and reshaping its workforce so that it can deliver its remaining core functions of audit regulation, contract management and sector support.

12 The Department of Communities and Local Government (DCLG) has advertised for a new Chairman of the Audit Commission to lead through the period of transition and downsizing, in advance of its proposed abolition. The new Chairman will take up post following the end of the term of office of the current Chairman in September 2012.

13 More recently, the Board of the Audit Commission has announced the appointment of Marcine Waterman as Controller of Audit with effect from

1 September 2012. Marcine is currently the Commission's Director of Audit Policy and Regulation.

Other matters of interest

Draft Local Audit Bill

14 In 2011 the Government consulted on its proposals for a new local public audit framework. It published its response in January 2012.

15 The draft Local Audit Bill was subsequently published in July 2012 for consultation and pre-legislative scrutiny.

16 This draft Bill sets out:

- the proposed new audit framework for local public bodies;
- the process for the appointment of auditors; and
- and the regulatory framework for local public audit.

The consultation closed on 31 August 2012. The Bill and consultation form can be found at

<http://www.communities.gov.uk/publications/localgovernment/draftlocalauditbill>

2012/13 National Fraud Initiative (NFI)

17 The NFI Team sent a request for data to all participants' directors of finance in June 2012 and also announced the launch of the Audit Commission's 2012/13 web application.

18 Participants are required to submit the required data sets, through the secure NFI web application, by 8 October 2012.

2010/11 local government claims and returns

19 The Audit Commission has recently published a report summarising the results of its certification work in 2010/11. Appointed auditors provided assurance to grant-paying bodies on 2,174 claims and returns for 2010/11, covering £51 billion of expenditure.

20 The report shows that auditors agreed amendments to claims and returns totalling £47.6 million and issued 509 qualification letters. Across all schemes, 23 per cent of auditors' certificates were qualified.

21 The housing and council tax benefit subsidy scheme continues to have high levels of amendments and qualification letters. Of the 2010/11 subsidy claims, 72 per cent were amended and 73 per cent had qualification letters.

22 Auditors reported examples of authorities that had reduced the number of errors, the number of issues requiring attention and certification fees.

They highlighted improved working papers, as well as the increased supervision and review of claims and returns.

Given the issues that auditors continue to identify, all authorities should review their arrangements against the Audit Commission's guidance 'Claims and Returns: Good Practice for Authorities', which can be found on the Audit Commission's website. Alternatively, the link can be found at <http://www.audit-commission.gov.uk/audit-regime/support-guidance/pages/certifyinggrantclaimsandreturns.aspx>

Localism Act – update on standards and conduct arrangements

23 On 28 June 2012, DCLG wrote to all principal authorities confirming that the new standards and conduct arrangements apply from 1 July 2012.

24 The new arrangements, set out in the Localism Act 2011, require authorities to:

- develop a local code of conduct dealing with the conduct of members and co-opted members. DCLG has provided an illustrative example of a local code of conduct;
- maintain and publish a register of interests; and
- appoint an independent person to provide advice to the authority on any allegations it may be considering and to members who may be the subject of the allegation(s). In the letter, DCLG confirms the transitional arrangements for the appointment of the independent person.

25 DCLG has stated that it also intends to publish a guide to members' pecuniary interests.

26 The illustrative code of conduct can be found <http://www.communities.gov.uk/publications/localgovernment/localcodeconduct> whilst further information on the localism act is <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

Public sector internal audit standards

27 We have previously advised you about the collaboration of the Chartered Institute of Internal Auditors (IIA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) on the development of public sector internal audit standards.

A draft set of standards has now been produced and have been issued for consultation. These can be found on CIPFA's website link <http://www.cipfa.org/Policy-and-Guidance/Consultations/Public-Sector-Internal-Audit-Standards>. The consultation exercise ended on 14 September 2012.

Key considerations

28 The Audit Committee may wish to consider the following questions in respect of the issues highlighted in this briefing paper

- Has the Council established a timetable to enable the provision of the NFI data by the deadline of 8 October 2012?
- Has the Council reviewed its arrangements against the Audit Commission's guidance 'Claims and Returns: Good Practice for Authorities'?
- Has the Council introduced the new standards and conduct arrangements required by the Localism Act 2011?

Contact details

29 If you would like further information on any items in this briefing, please contact either your District Auditor or Audit Manager.

30 Alternatively, all Audit Commission reports - and a wealth of other material - can be found at <http://www.audit-commission.gov.uk/Pages/default.aspx>

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- any director/member or officer in their individual capacity; or
- any third party.



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www.audit-commission.gov.uk

September 2012

Annual governance report

Wyre Forest District Council

Audit 2011/12



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Key messages

This report summarises the findings from the 2011/12 audit that is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

As at 24 September 2012 I expect to issue an unqualified audit opinion.

My audit did not identify any significant or material errors in the financial statements, but during the audit a few adjustments were made. The audit took place over a shorter time-frame than in previous years and this would not have been possible without the support of the finance team. Again, working papers supplied were good and the team worked hard to address all audit queries raised. I would like to express my thanks to the finance team.

Value for money (VFM)

I expect to conclude that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

The Council has robust systems and processes in place to manage effectively financial risks and opportunities and to secure a stable financial position that will enable it to operate for the foreseeable future. There are considerable challenges but I found that these are being managed appropriately. The Council is aware of the scale of change that is required and is prioritising its resources within tighter budgets through the achievement of cost reductions and improving efficiency and productivity.

I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or myself, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2011/12.

I ask the Audit Committee to:

- approve the letter of representation (appendix 2), on behalf of the Authority before I issue my opinion and conclusion;
- agree your response to the proposed action plan

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Uncorrected errors

There are no uncorrected errors.

Corrected errors

Some minor corrections were made to the financial statements. Most of these amendments were made to disclosures that improved the clarity of the financial statements for readers of the accounts. The Director of Resources will provide members with details of all changes to the accounts since the accounts were endorsed by the Audit Committee in June if required.

Significant risks and my findings

I reported to you in my March 2012 Audit Plan the significant risks that I identified relevant to my audit of your financial statements. In Table 1 I report to you my findings against each of these risks.

Table 1: Risks and findings

Risk	Finding
<p>Property, Plant and Equipment</p> <p>The Council had 2 major projects in the year. The building of the new HQ and the payment to Dignity Plc who have built the Wyre Forest Cemetery and Crematorium. Under FRS30 the Council also had to consider Heritage Assets. The identified risk arose around the classification and disclosure of these assets in the financial statements.</p>	<p>I evaluated the design and implementation of controls around payments for the new HQ as well as performing substantive testing around items of expenditure. I satisfied myself that you have recognised, valued and disclosed material capital expenditure in your financial statements. I have also evaluated the controls around the identification and disclosure of material heritage assets in the financial statements. Substantive testing undertaken on these assets has not identified any significant issues to bring to your attention.</p> <p>I evaluated the payments made and the form of the lease entered into for the Wyre Forest Cemetery and Crematorium as well as considering the treatment of the asset on the balance sheet. I have satisfied myself the Authority has accounted for this correctly and disclosure in the financial statements was in line with the requirements of IAS17 and the Code.</p>
<p>Payroll</p> <p>From April 2011 the payroll has been provided by Redditch BC. I identified a risk around the transfer of data and the processing of transactions.</p>	<p>I evaluated the design and implementation of controls put in place by the Authority, and reviewed the work of Internal Audit to satisfy myself the transfer of data was complete and accurate. A review of the controls in place over transactions for continuing Payroll processes identified several concerns with the operation of controls. These have been reported to those charged with governance (TCWG). As a result of control failures, I undertook substantive testing to provide myself with assurance that the payroll figures included within the financial statements are free from material misstatement. My testing has not identified any significant issues to bring to your attention.</p>
<p>Icelandic Investments</p> <p>The accounts contain some significant and specific accounting entries for Icelandic Banks' transactions. Errors in these assumptions could have a material impact.</p>	<p>I evaluated the accounting entries for the Icelandic Investments, and examined the implementation of the latest LAAP Bulletins. I reviewed the transactions for these investments to satisfy myself that your financial statements are materially stated in respect of recognising and measuring the recoverable amount from your investments in Icelandic banks. My testing has not identified any issues to bring to your attention.</p>

Significant weaknesses in internal control

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Authority has put satisfactory arrangements in place to satisfy itself the systems of internal financial control are both satisfactory and effective in practice.

I have tested the controls of the Authority only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

My audit has not identified any significant internal control issues but I have previously reported to TCWG some weaknesses including:

- failure of journal controls resulting in a requirement to undertake substantive testing of journals at year-end
- failure of controls around document authorisation within the payroll system again led to substantive testing undertaken at year-end.

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority's financial reporting process including the quality of your financial statements.

The financial statements prepared were of a good quality. I found the accounting policies as stated to reflect the practices adopted by the Council. Accounting estimates as described in the accounts included material items and accurately reflected the approach adopted. All required financial disclosures were included within the accounts and accounting practices adopted are good. The statements themselves were supported by good quality working papers and the finance team were professional and quickly resolved any matters that arose during the audit.

Some amendments were made to the accounts. Most were minor and were corrected to improve the accuracy of the statements. Some amendments were made to improve readers' understanding of the accounts. More text was added to Note 12 to more fully explain the Council's treatment of the new municipal Crematorium/Cemetery and the implications of this treatment for Council land and buildings.

The accounts themselves, while Code compliant are rather detailed. The Comprehensive Income and Expenditure Statement has more disclosure than required by the guidance and consequently is not easy to read. If nothing exceptional arises, then consideration should be given to rationalising the entries below the cost of services line. I would be happy to provide examples of good practice in this area.

I would like to thank all staff involved in the final accounts process and particularly to the Acting Director of Resources and Principal Accountant for their support and assistance during the year.

Whole of Government Accounts

Alongside my work on the financial statements, I have also reviewed and reported to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report were specified by the National Audit Office. I have no matters to report.

Recommendation

- R1** The Director of Resources should ensure there is clear monitoring of budgets against each service line as well as of the achievement of cabinet proposals agreed for 2012-13. This is essential for Members' understanding of the financial position and to demonstrate the effectiveness of budget setting within the Council.

Value for money

I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my March 2012 Audit Plan I reported to you the significant risks that were relevant to my conclusion. I have set out below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified.

I intend to issue an unqualified conclusion stating the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

Table 2: **Value for money conclusion criteria and my findings**

Criteria	Risk	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>There is a risk that the Council's financial planning may not be robust and that the Council's savings plans are not being properly managed and delivered.</p>	<p>The Council's Medium Term Financial Plan (MTFP) is based on reasonable assumptions, and is robust for the foreseeable future. The savings built into the plan are underpinned by detailed plans and are being monitored through the budget monitoring process. Planned increases in fees and charges have been realised in the year. Improvements have also been made to profiling of income budgets. Clear savings plans were identified at the start of the year and partly delivered. Close scrutiny of all spending decisions has resulted in an under</p>

Criteria	Risk	Findings
<p>2. Securing economy efficiency and effectiveness</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2011/12:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>There is a risk that the Council's Benefits service transformation is not being properly managed and delivered.</p>	<p>spend against the budget of £555k. Moving forward, the base budget for 2012-13 has reduced by £1.6m. This includes reductions in service expenditure already achieved as a result of re-engineered services for revenues and benefits and waste management. There are also increased cost savings through use of shared services.</p> <p>Monitoring and reporting of progress against all savings proposals could be clearer. The Council must also ensure there is clear monitoring of budgets against each service line as well as of the achievement of cabinet proposals agreed for 2012-13. This is essential for Members' understanding of the financial position and to demonstrate the effectiveness of budget setting within the Council.</p>
<p>I reviewed the outcome of the systems thinking review for Revenues and Benefits and it is clear that the savings have been achieved as staff have left. Other staff have been transferred to the Hub to seek ways to develop the lean thinking approach and to further streamline processes. While this is still early days, initial feedback has been positive and potential further savings have been identified.</p> <p>The Revenue and Benefits service transformation was the first part of the Wyre Forest Forward Programme (WFF). A number of issues arose from the LGA peer review of the</p>		

Criteria	Risk	Findings
		<p>WFF. I considered the findings of the follow-up visit undertaken as well as the Council response to points raised. I am satisfied the Council has addressed all points raised and there is now greater clarity on the future direction of the Council. WFF is the clear strategic document incorporating all change and transformation programmes and projects.</p>

I am required to consider the Authority's arrangements to secure economy, efficiency and effectiveness.

For 2011/12 the Commission has determined the scope of my work on value for money at the Authority is limited to:

- reviewing the Annual Governance Statement (AGS);
- reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there is any impact on my responsibilities; and
- other risk-based work as suitable.

As I reported in my March 2012 Audit Plan:

- I am not aware of any relevant work of other relevant regulatory bodies or inspectorates; and
- I have not identified any significant risks requiring specific risk-based work.

I have reviewed your AGS and I have no matters that I need to report.

Fees

I reported my planned audit fee in the March 2012 Audit Plan.

I will complete the audit within the planned fee.

Table 1: Fees

	Original scale fee (£)	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	107,246	107,246	107,246
Claims and returns	20,283	20,283	20,283
Non-audit work	N/A	N/A	N/A
Total	127,529	127,529	127,529

The Audit Commission has paid a rebate of £8,568 to reflect attaining internal efficiency savings, reducing the net amount payable to the Audit Commission to £98,678.

Appendix 1 – Draft independent auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF Wyre Forest District Council

Opinion on the Authority financial statements

I have audited the financial statements of Wyre Forest District Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes. 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 2011/12.

This report is made solely to the members of Wyre Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources Responsibilities, the Director of Resources 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, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of

significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Wyre Forest District Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

[Signature]

[Name]

District Auditor / Officer of the Audit Commission

[Address]

[Date]

Appendix 2 – Draft letter of management representation

Wyre Forest District Audit - Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other Directors of Wyre Forest, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

The effects of uncorrected financial statements misstatements are below triviality and are not material to the financial statements, either individually or in aggregate.

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

For each assumption I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the method;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority, where relevant to the accounting estimates and disclosures;
- the disclosures relating to the accounting estimate are complete and appropriate under the Code; and
- that no subsequent event requires the Authority to adjust the accounting estimate and related disclosures included in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Wyre Forest District Council

I confirm that the this letter has been discussed and agreed by the Audit Committee on [date]

Signed

Name

Position

Date

Appendix 3 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement

within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.

Appendix 4 – Action plan

Recommendations

Recommendation 1

The Director of Resources should ensure there is clear monitoring and reporting of all elements of service expenditure as well as cabinet proposals under the WFF umbrella to demonstrate the effectiveness of the budget setting process within the Council.

Responsibility	Director of Resources
Priority	High
Date	September 2012
Comments	Agreed

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0844 798 7070

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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2012

September

24 September 2012

Members
Wyre Forest District Council
Civic Centre
Stourport-on-Severn
DY13 8UJ

Direct line 0844 798 7552
Email l-cave@audit-
commission.gov.uk

Dear Member

Wyre Forest District Council Annual Audit Letter 2011/12

I am pleased to present my Annual Audit Letter that summarises my 2011/12 audit of Wyre Forest District Council.

The results of my audit

Draft pending audit committee on 24 September 2012

On 24 September 2012 I presented my Annual Governance Report (AGR) to the Audit Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I have not reproduced those findings in this letter.

Following the Audit Committee on 24 September 2012 I:

- issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources;
- certified completion of the audit.

Financial Statements

There were no significant or material errors in the accounts and only minor audit adjustments were made. Working papers supplied were good and the finance team worked hard to address all audit queries raised.

Value for Money

The Council has arrangements in place to effectively manage financial risks and acts to secure a stable financial position which will enable it to operate for the foreseeable future. Resources are being prioritised within tighter budgets and the Council is managing considerable challenges as appropriately. The Wyre Forest Forward Programme provides clear strategic direction by drawing together all strategic documents under the one umbrella. There is scope to provide more visibility over the achievement of savings identified in the medium term financial strategy.

Key Issues for the Council in 2012-13

Wyre Forest Forward

I am pleased to note the Council has acted on recommendations made in last year's Letter. The Council is preparing to move into its new HQ Wyre Forest House in September 2012, a move planned to generate savings of £500k a year in building and staff running costs.

Previously there was no coherent link between the many Council documents, including the corporate Plan, community strategy and Wyre Forest Forward Programme (WFF). In addition cabinet proposals identified for 12-13 seemed to sit outside the WFF programme yet are vital to ensuring growth and delivery. This has been addressed through including all change projects, initiatives and planned budget savings underneath WFF. The WFF annual plan is now the strategic programme of work that will enable a clearer understanding of all projects and how they collectively ensure the programme of transformation is achieved.

The Wyre Forest Forward Plan for 2012-13 sets out the Council's programme of work for the coming year with measures in place to monitor progress as well as financial savings to be achieved. Adding corporate risks to the Wyre Forest Forward annual plan will ensure members have a clear understanding of risks to achieving corporate priorities and clear lines of accountability. Using Wyre Forest Forward as the banner for all change and transformation programmes should provide clear direction for staff, members and the local community.

Financial Outlook

A number of current and future challenges exist for the Council to consider. The main issue is how to continue to respond to the decrease in public expenditure to produce a sustainable financial position while continuing to deliver core services. There are continuing challenges for the Council to improve the economic prosperity of the district while continuing to stimulate growth to support economic recovery

The Council needs to achieve planned savings targets outlined in the WFF Plan to ensure the budget is sustainable from 2015 onwards. Localisation of Council Tax Benefit and Business Rate retention will pose significant changes to the main funding streams which could adversely affect the Council. The Council has already been proactive regarding Localism. Timely decisions have been made and the consultation process is well under way. This risk and the challenge of identifying further savings must be carefully managed.

Alternative ways of delivering services to the local community including the continued development of shared services must continue to be explored if efficiencies and savings are to be delivered. The management of the community's expectations will also be important as the Council continues to move through rapid change and reorganisation. Communication will also be vital to preserve a committed and motivated workforce. The Council's plans to deliver savings identify that majority of savings will be achieved through job losses, with a planned reduction of 24 full time equivalents (FTE) throughout the next three years.

I have discussed and agreed this letter with the Chief Executive and Director of Finance. While this has been another challenging year for the Authority I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and cooperation during the audit.

Yours sincerely

Elizabeth Cave
District Auditor

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
24TH SEPTEMBER 2012**STATEMENT OF ACCOUNTS 2011/12**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN PRIORITY:	Delivering Together with Less
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Director of Resources
CONTACT OFFICER:	Joanne Wagstaffe Ext. 2100 Joanne.wagstaffe@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Summary of changes required to Statement of Accounts 2011/12 Appendix 2 – Draft Letter of Representation 2011/12 Appendix 3 - Statement of Accounts Overview

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the changes that have been required to the Statement of Accounts for 2011/12 following the audit undertaken by the Audit Commission.
- 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 2011/12; the wording of this is attached for approval.

2. RECOMMENDATION

The Audit Committee is asked to DECIDE that:-

- 2.1 **The Revised Statement of Accounts for 2011/12 be approved.**
- 2.2 **The Letter of Representation for 2011/12 attached at Appendix 2 be approved.**

3. BACKGROUND

- 3.1 The draft Statement of Accounts was certified as a true and fair view by the Director of Resources, and endorsed by Audit Committee at the meeting held on June 25th 2012.
- 3.2 During the course of the audit there were a number of issues raised by the Auditors and the Accounts were amended accordingly. A summary of the main changes agreed is attached at Appendix 1. The majority of these were changes to disclosures that improve the presentation of the clarity of the financial statements for the users of the accounts. The Director of Resources has now re-certified the amended Statement of Accounts, prior to the consideration by the Audit Committee.

- 3.3 The Audit Commission has now concluded their audit of the accounts and has indicated they will be providing an unqualified opinion.
- 3.4 Incorporating the changes identified at Appendix 1, the Statement of Accounts will be published by 30th September 2012, and this will also be made available on the Council's web-site.
- 3.5 The Letter of Representation is attached at Appendix 2. This letter is in line with the requirement of the Audit Commission as detailed within their Annual Governance Reports. This letter is to be signed by the S.151 Officer (Director of Resources), and the Chair of the Audit Committee.
- 3.6 A revised Statement of Accounts overview is attached at Appendix 3. A full copy of the Statement has been emailed to all Audit Committee members; paper copies will be made available at the meeting on request.

4. KEY ISSUES

- 4.1 The audit of the Statement of Accounts for 2011/12 has been concluded and the Audit Commission have indicated they will issue an unqualified Opinion.

5. FINANCIAL IMPLICATIONS

- 5.1 This is a financial report identifying changes to the Statement of Accounts 2011/12 following the audit, and presentation of the Letter of Representation.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 It is a requirement of the Accounts and Audit Regulations 2011 that the Statement of Accounts is published by the 30th September following the end of the financial year.

7. RISK MANAGEMENT

- 7.1 The accounts must be published by the 30th September 2012, if they are not approved this would mean the Council has not complied with Accounts and Audit Regulations. The risk of a qualified audit report has also been managed as part of this process.

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 The Council is required to prepare and approve the draft Statement of Accounts by 30th June 2012, and for these to be audited and published by 30th September 2012. This report highlights the changes to the Accounts, required as a result of the audit.
- 9.2 The report also seeks approval of the Letter of Representation which is required to be signed before the Audit Commission can provide their opinion in relation to the 2011/12 Statement of Accounts.

10. CONSULTEES

- 10.1 Corporate Management Team/Cabinet
- 10.2 Audit Commission

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2011
- 11.2 Audit Committee Report 25th June 2012
- 11.3 Code of Practice of Local Government Accounting 2011/12

Main Amendments to the Draft 2011/12 Accounts

The following amendments were identified and agreed during the audit, and managers have made the necessary adjustments. They are brought to your attention to aid you in fulfilling your governance responsibilities. This table only includes the most significant items. The Chairman and Vice Chairman of the Audit Committee have been provided with a full list of amendments.

2011/12 Agreed Audit Amendments		Comprehensive Income and Expenditure Account (CI&E)		Balance Sheet	
Amendments	Nature of adjustment *	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Capital Grants applied to fund capital expenditure	Capital Grants Unapplied Capital Adjustment Account			20	20
External Funding brought forward from 2010/11 incorrectly classified	Environment and Regulatory Services – expenditure Environment and Regulatory Services – income	30	30		
Amendment to presentation of Impairment of Assets Held for Sale in CI&E	Expenses incurred on investment properties Impairment of Assets Held for Sale	741	741		

* The only change to impact the Balance Sheet was the capital grant transaction. All other amendments listed above were for presentational purposes.

In addition to the above, there were some presentational changes that provide clarity to the reader of the Accounts. The main changes were:

- More text added to Note 12 to more fully explain the Council's treatment of the new Municipal Crematorium/Cemetery and the implications for the Council land and buildings
- Clarification in Note 8 that the Revenue Financing Reserve for Capital purposes was fully utilised in 2011/12
- Other minor presentational amendments

Mrs Elizabeth Cave
Audit Commission
West Mercia Police Authority HQ
Room 24
Hindlip Hall
PO Box 55
Worcester
WR3 8SP

Agenda Item No. 8
Appendix 2
Joanne Wagstaffe
Director - Resources
tel: 01562 732100
fax: 01562 732104
email: joanne.wagstaffe@wyreforestdc.gov.uk
my ref: JW/JHL

24th September 2012

Dear Liz

Wyre Forest District Audit - Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other Directors of Wyre Forest, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

The effects of uncorrected financial statements misstatements are below triviality and are not material to the financial statements, either individually or in aggregate.

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Resources Directorate
Duke House
Clensmore Street
Kidderminster
Worcs DY10 2JX

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

For each assumption I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the method;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority, where relevant to the accounting estimates and disclosures;
- the disclosures relating to the accounting estimate are complete and appropriate under the Code; and
- that no subsequent event requires the Authority to adjust the accounting estimate and related disclosures included in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

/continued.....

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

.....

Signed on behalf of Wyre Forest District Council

I confirm that the this letter has been discussed and agreed by the Audit Committee on 24th September 2012

SIGNED:

NAME : JOANNE WAGSTAFFE

POSITION: DIRECTOR - RESOURCES

DATE 24TH SEPTEMBER 2012

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2011/12 – OVERVIEW

1. INTRODUCTION

Each year the Council has to produce a set of accounts just like any other organisation. The formal document is the Statement of Accounts (Statement) which sets out the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The full Audited Statement will be published on the Council's web-site by 30th September 2012. The purpose of this overview document is to provide a summary of key aspects of the more detailed Statement to aid understanding and assist with the scrutiny process.

2. APPROVAL PROCESS

The deadline for approval of the 2011/12 Statement of Accounts was 30th June 2012 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Cabinet – 19th June 2012 (Major Variations only); and then
- : Director of Resources approval/Audit Committee – 25th June 2012
- : Audit Committee – 24th September 2012 (revised version)

The Accounts are audited by the Audit Commission who are the Council's external auditors. Regulations require that the Statement of Accounts is published by 30th September 2012.

3. BASIS OF ACCOUNTS

The Chief Financial Officer, the Director of Resources, Joanne Wagstaffe, is responsible for the preparation of the Statement in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12. This includes full compliance with the International Financial Reporting Standards (IFRS).

The Accounts present a true and fair view of the financial position of Wyre Forest District Council for the year ended 31st March 2012. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in the detailed Statement. In addition, the Chief Executive and Leader of the Council are required to confirm the Council's Governance arrangements can be relied upon to produce an accurate Statement of Accounts; again this is contained in the main Statement within the Annual Governance Statement.

4. KEY COMPONENTS

The Council's accounts for the financial year ended 31st March 2012 mainly comprise:-

(a) **The Comprehensive Income and Expenditure Statement**

This account brings together income and expenditure relating to all of the Council's functions. It excludes Capital, accounted for separately. Many of the activity descriptions are similar to those in the budget book, but are grouped into Standard Expenditure Analysis Areas for interauthority comparisons. Income from the Council's precept on the Collection Fund is included in this account. It represents the gains and losses that contribute to the changes in financial resources and is the accounting position rather than the bottom-line to taxpayers.

(b) **The Movement in Reserves Statement**

This account shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves.

(c) **The Collection Fund Income and Expenditure Account**

This reflects the statutory requirement to maintain a separate Collection Fund. This account records income received from the Council Tax and Business Rates. It also shows the distribution of that income to precepting authorities, such as Worcestershire County Council, West Mercia Police Authority, and The Hereford and Worcester Fire and Rescue Authority, along with the payment to the National Non Domestic Rate pool.

(d) **The Balance Sheet**

This relates to the Council's year end financial position, covering both Capital and Revenue. It shows the balances and reserves at the Council's disposal, summarised information on the fixed assets held, the current assets employed in its operations and its long term indebtedness.

(e) **The Cash Flow Statement**

This statement summarises major movements of the Council Funds over the period of the financial year.

5. FINANCE STRATEGY

The Council continues to implement the three year Finance Strategy, endeavouring to balance service priorities against resources available. The increasing needs of the Community were recognised within the Strategy by taking advantage of Council Tax Freeze Grant for a second year in 2012/13, then setting a target Council Tax increase for the District of 2.5% per annum thereafter and by undertaking a Budget Consultation exercise. The Corporate Plan sets out the three priorities for 2011 to 2014 as reflected in the Finance Strategy. The Strategy also supported these corporate priorities for 2011/2012 being securing the economic prosperity of the district, delivering together, with less and improving community well-being.

6. SUMMARY OF THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT, MOVEMENT IN RESERVES STATEMENT

2010/11 Net Expenditure/ (Income) £000's	Service Area	2011/12 Net Expenditure/ (Income) £000's
1,280	Central Services to the Public	1,397
5,039	Cultural and Related Services	3,832
3,615	Environment and Regulatory Services	4,065
1,569	Planning Services	1,038
1,175	Highways and Transport Services	335
1,632	Housing Services	1,471
2,618	Corporate and Democratic Core	2,160
95	Non Distributed Costs	474
(5,557)	Exceptional Items	-
11,466	Net Cost of Services	14,772
459	Parish Precepts	459
(196)	Other Net Operating (Income)/Expenditure	121
(358)	Net Investment Income	(318)
3,983	Other Accounting Adjustments*	(714)
15,354	Amount to be met by Government Grant/Council Tax	14,320
	Funded by:	
(7,044)	NNDR Re-distribution	(4,769)
(1,023)	Revenue Support Grant	(1,474)
(7,382)	Council Tax	(7,455)
(327)	Area Based Grant/Local Services Support Grant	(293)
(422)	Movement in Revenue Fund Balance	<u>329</u>

* This takes into account entries required to reflect issues including depreciation, reduction in market value of assets and the position of this Council's Pension Fund

7. OVERALL BUDGET VARIATIONS

Major revenue variations between the revised budget and actual were shown in Appendix 1 to the main report to Cabinet on 19th June 2012. This demonstrated a saving of £407,590 compared to the revised budget; this saving will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2013/2016 Budget Process.

A further analysis of actual compared to the original budget used for 2011/12 is contained in the full Statement.

8. WHAT DO WE OWN (NUMBER OF ASSETS)?

Civic & Administrative Buildings	4
Car Parks	29
Asset under Construction	1
Trading Estates & Enterprise Centres	5
Public Conveniences	14
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3
Museums	1
Farms	2
Sports, Social Clubs, Fields & Parks	26
Nature Reserves	3
Other Land & Buildings	37
Vehicles	78
Heritage Assets	Various
Play Equipment /Systems Software/Open Spaces Equipment	Various
Note: The Council also owns a number of assets below the de minimis level of £10,000 which are not shown in these figures	

9. SIMPLIFIED BALANCE SHEET

31/03/11 £000's	What the Council owns and is owed	31/03/12 £000's
	What we own:	
48,966	Buildings, Land, Vehicles and Equipment	51,121
86	Inventories	88
17,274	Cash Invested	9,109
2,499	Money owed to the Council	3,835
(5,759)	What we owe:	
(38,529)	Money owed by the Council	(4,361)
	Pension Fund Liability	(46,309)
24,537	Total Value of what we own	13,483
	Financing:	
	Usable Reserves	
10,104	Capital Expenditure Reserve	5,484
2,688	Earmarked Reserves	4,003
3,418	General Reserves	3,096
885	Capital Grants Unapplied	796
	Unusable Reserves	
46,028	Capital Financing Reserves	46,550
(38,529)	Pensions Reserve	(46,309)
(57)	Short-term Accumulated Absences Account	(137)
24,537		13,483
Notes:		
General Reserves include a Collection Fund revenue balance of £27,000 in 2011/12, £20,000 in 2010/11. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.		

10. WHAT ARE OUR RESERVES?

31/03/11 £000's	General Fund Reserves:	31/03/12 £000's
2,796	At beginning of the year	3,398
422	Movement in Revenue Fund Balance	(329)
3,398	Balance at the end of the year	3,069
The Council has a duty in law to keep an appropriate (prudent) level of General Reserves. It is our policy to keep a minimum working balance of £700,000. The approved budget has agreed to use £322,400 in our budget for 2012/13, to use £329,870 for 2013/14 and £656,840 for 2014/15.		

	Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:	
	The savings and money set aside for the future are :-	
10,104	Capital Expenditure Reserve	5,484
2,688	Earmarked Reserves	4,003
885	Capital Contributions Unapplied (Grants)	796
13,677	Total Reserves and Provisions	10,283

11. HOW WELL HAVE WE PERFORMED?

Finances:

Borrowing Money - average interest rate: not relevant since the Council is debt free
Investing Money - average interest rate 0.87%

Payment of what we owe:

Prompt Payment – we paid 98.19% of all invoices within 30 days

Collection of what is owed to us:

Council Tax - we collected 97.27%

Performance against national and local measures:

In October 2010 Central Government abolished the collection of the National Indicator set (NI's). In April 2011, the Government published a single list of all the data that will be required from local authorities by central government. However, it is stated that this list will not be used to set targets or manage the performance of local authorities.

Each year we show the results of how we performed against a range of reduced number of national and local performance measures (performance indicators).

In addition to the single list data set, the Council also collects a number of locally set performance indicators. Local indicators monitor services not included in the data set and are set by each Directorate to measure and monitor the performance of their services.

Wyre Forest Forward (WFF) launched in 2011, is a review of all aspects of the council to ensure we continue to deliver a balanced budget by 2014. However, it is not just about saving money, it is a comprehensive programme of transformation. This includes changing our ways of working and culture, to ensure that despite a reduced budget, we are still capable of delivering services of real value to our residents.

Many of the projects are underpinned by the principles of 'Systems Thinking' to which a commitment has been made in this year; this focuses on delivering exactly what the customer wants and at the first point of contact. This approach empowers staff to transform their whole service around the customer and thereby improve performance and eliminate waste. Significant work has been completed, led by the Corporate Management Team, on the redefinition of the purposes of the council, measures for checks on the successful delivery of these purposes and leadership of the purposes and values. Progress against these measures will be reported for future years.

12. SUMMARY

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31st March 2012, showing:-

- How we raised income during the year
- How we spent money during the year
- How we performed against our budget
- How we performed in looking after the money
- How much money we have at 31st March 2012 (reserves)
- How the money is invested at 31st March 2012 (buildings, equipment and cash)

13. FINANCIAL TERMS EXPLAINED

We have tried to avoid using too many financial terms in this Overview, but here are a few of them explained for you:-

Assets: Buildings, land, vehicles and money in the bank.

Borrowing: Money we have borrowed to pay for fixed assets and are repaying over a number of years.

Capital Expenditure: Spending on new assets and the refurbishment of old ones like buildings and vehicles.

Capital Expenditure Reserve: Allocated usable capital receipts.

Capital Financing Reserve: Capital accounting reserve "backed" or balanced within balance sheet by fixed assets - not a funding resource available to spend.

Creditors: Those to whom we owe money.

Debtors: People or organisations who owe us money.

Depreciation: Some assets lose their value as they get older; this is called depreciation.

Earmarked Reserves: Savings or money set aside for the future for a specific purpose.

Fixed Assets: Things that will last more than one year.

International Financial Reporting Standards (IFRS): an international framework to ensure common approach to the production of Statement of Accounts across the world.

Inventories: Things we have bought but have not yet used.

Reserves: Savings or money set aside for the future.

Revenue Expenditure: Spending (and income) on day to day running costs, for example, employees. day to day running expenses including items like premises costs and supplies and services.

14. **DIRECTOR OF RESOURCES ENDORSEMENT**

The purpose of this overview is to help with the overall understanding of the Council finances and accounts. This is an on-going process; if you have any comments in relation to how we can improve this understanding please let me know.

The Council continues with its strong financial performance and due to decisions to reduce expenditure in previous years is in a relatively healthy position in meeting the challenges of reduced government funding. During 2011/12 the Council has been able to take a reduced contribution from reserves; however, over the next four years the Council is expecting government support to reduce significantly. These valuable reserves will enable the Council to make the necessary adjustments to spending in a planned manner rather than having to make knee-jerk decisions.

To ensure that the Council is ready to meet future challenges, a number of initiatives are currently being undertaken including Wyre Forest Forward, the Corporate Plan, significant service review and transformation work and the imminent move to the new HQ.

In addition to the transformation programme and service reviews mentioned above the Council has also been seeking the recovery of the deposits with "Icelandic Banks". The Council had £9m invested in these banks and has been working over the last three and half years to secure their recovery. Full details are provided within the Financial Instruments section of these statements, however, as at 31st March over £4.71m had been recovered and the Council is confident of improved overall returns.

The Council was successful in maintaining its "priority" status with Landsbanki as confirmed in October 2011 by the Icelandic Court. This is excellent news and two dividend repayments have now been received totalling over £1.2m with close to full recovery predicted.

As highlighted above, these remain challenging times for the Council as we come to grips with an environment where funds will be reducing. The Financial Strategy 2012/15 approved by Council in February provides a stable financial platform to move forward with. For the current year, Council approved a freeze in Council Tax which released an additional grant from government, however, in each of the following two years annual increases of 2.5% have been assumed, along with further reductions of 13.65% in 2012/13 and 6% pa thereafter, in Government Grant.

If you have any questions or would like further explanation of our financial position, please contact either myself, or a member of the Accountancy team.

A full copy of the Statement of Accounts will be published on the Council's website by the 30th of September 2012.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
24th SEPTEMBER 2012**Internal Audit - Compliance with the
CIPFA Code of Practice for Internal Audit**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN PRIORITY:	Delivering Together with Less
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Director of Resources
CONTACT OFFICER:	Joanne Wagstaffe Ext. 2100 joanne.wagstaffe@wyreforestdc.gov.uk Cheryl Ellerton, Ext 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Internal Audit ~ Compliance with CIPFA Code of Practice for Internal Audit

1. PURPOSE OF REPORT

- 1.1 To inform members of how the Internal Audit section complies with the CIPFA Code of Practice for Internal Audit, attached as Appendix 1.

2. RECOMMENDATION

The Audit Committee is asked to NOTE and APPROVE:

- 2.1 **The completed checklist showing Internal Audit – Compliance with the CIPFA Code Practice for Internal Audit, as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The Council is required to comply with the Accounts and Audit (England) Regulations 2011. These require that the Council must “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 3.2 The guidance accompanying the legislation states that the proper internal control practice for internal audit are those contained within the CIPFA Code of Practice for Internal Audit 2006.
- 3.3 The Code sets out the definitions and principles which establish how a professional internal audit service should operate in the modern local government context. The code also mentions that “Internal audit has to be judged not just by its adherence to the Code, but also by its contribution to the organisation that it serves”.

4. KEY ISSUES

- 4.1 Legislation requires that the CIPFA Code of Practice for Internal Audit is complied with and procedures are monitored to ensure that the internal audit section procedures remain compliant.
- 4.2 If the section is not compliant with the Code of Practice then the council's external auditors would be unable to place reliance on the work of the internal audit section which would necessitate additional work to be undertaken by them resulting in additional cost to the Council.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit (England) Regulations 2011 section 6 require that:

“A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”

7. RISK MANAGEMENT

- 7.1 In order to comply with the appropriate legislation the internal audit section operates in accordance with the CIPFA code. The arrangements are continually monitored to ensure compliance. If the section is not compliant then the council's external auditors would be unable to place reliance on the work of the internal audit section which would necessitate additional work to be undertaken by them resulting in additional cost to the Council.
- 7.2 The Internal Audit service is one element of the Council's assurance/internal control framework.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the six equality strands.

9. CONCLUSION

- 9.1 The Internal Audit section complies with the CIPFA Code of Practice for Internal Audit. These requirements are monitored to ensure continual compliance.

10. CONSULTEES

- 10.1 Corporate Management Team.

11. BACKGROUND PAPERS

CIPFA Code of Practice Checklist ~ Audit Committee 29th June 2009.
Updated Audit Terms of Reference ~ Audit Committee 29th June 2011.
Accounts and Audit (England) Regulations 2011 (SI 817).

**INTERNAL AUDIT
– COMPLIANCE WITH THE CODE OF PRACTICE
FOR INTERNAL AUDIT IN LOCAL GOVERNMENT**

Key

Y = Yes, P = Partial, N = No.

Ref	Adherence to the Standard	Y	P	N	Evidence
1	Scope of Internal Audit				
1.1	Terms of Reference				
1.1.1	Do terms of reference:				
	(a) establish the responsibilities and objectives of Internal Audit?	✓			APPROVED TERMS OF REFERENCE FOR INTERNAL AUDIT (TOR)
	(b) establish the organisational independence of Internal Audit?	✓			TOR
	(c) establish the accountability, reporting lines and relationships between the Head of Internal Audit and:	✓			TOR
	(i) those charged with governance?				
	(ii) those parties to whom the Head of Internal Audit may report?	✓			TOR
	(d) recognise that Internal Audit's remit extends to the entire control of environment of the organisation?	✓			TOR 4.1
	(e) identify Internal Audit's contribution to the review of the effectiveness of the control environment?	✓			TOR 4.1
	(f) require and enable the Head of Internal Audit to deliver an annual audit opinion?	✓			TOR 7 (7.3)
	(g) define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?	✓			TOR 5.3/5.5
	(h) explain how Internal Audit's resource requirements will be assessed?	✓			TOR 3.2/3.3
	(i) establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			TOR 5.1
1.1.2	Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference?	✓			JUNE 2011 AUDIT COMMITTEE
1.1.3	Have the terms of reference been formally approved by the organisation?	✓			JUNE 2011 AUDIT COMMITTEE
1.1.4	Are terms of reference regularly reviewed?	✓			UPDATED JUNE 2011
1.2	Scope of Work				
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated?	✓			ANNUAL PLAN PREPARATION – RISK ASSESSED
1.2.2	Where services are provided in partnership has the Head of Internal Audit identified:				CONTRACTUAL ARRANGEMENTS INCLUDED IN AUDIT PLAN
	(a) how assurance will be sought?	✓			
	(b) agreed access rights where appropriate?	✓			SLA's/COLLABORATION AGREEMENTS
1.3	Other Work				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:				AUDIT PLAN
	(a) skills, and	✓			
	(b) resources	✓			
	to do this?				

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Ref	Adherence to the Standard	Y	P	N	Evidence
1.3.2	Do the terms of reference define Internal Audit's role in:				TOR 5.5 / 3.3 AUDIT PLAN
	(a) fraud and corruption?	✓			
	(b) consultancy work?	✓			
1.4	Fraud and Corruption				
1.4.1	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	✓			TOR 5.5
2	Independence				
2.1	Principles of Independence				
2.1.1	Is Internal Audit:				TOR 6
	(a) independent of the activities it audits?	✓			
	(b) free from any non-audit (operational) duties?	✓			
2.1.2	Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	✓			WORK SUBJECT TO PEER REVIEW
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	✓			ORGANISATIONAL STRUCTURE
2.2.2	Does the Head of Internal Audit have direct access to:				TOR 6.10
	(a) officers?	✓			
	(b) members?	✓			
2.2.3	Does the Head of Internal Audit report in his or her own name to members and officers?	✓			QUARTERLY AUDIT REPORTS TO CORPORATE MANAGEMENT TEAM, CABINET MEMBER AND TO AUDIT COMMITTEE
2.2.4	(a) Is there an assessment that the budget for Internal Audit is adequate?	✓			SECTION 151 OFFICER CONSULTS ON ADEQUATE BUDGET IN ACCORDANCE WITH AUDIT PLAN.
	(b) Does any budget delegated to service areas ensure that:				
	(i) Internal Audit adherence to the Code is not compromised?	✓			
	(ii) the scope of Internal Audit is not affected?	✓			
	(iii) Internal Audit can continue to provide assurance for the Statement on Internal Control?	✓			
2.3	Status of the Head of Internal Audit				
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	✓			CHIEF EXECUTIVE/SECTION 151 OFFICER
2.4	Independence of Internal Audit Contractors				
2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	✓			N/A
2.5	Declaration of Interest				
2.5.1	Do audit staff make formal declarations of interest?	✓			IN LINE WITH CORPORATE ARRANGEMENTS. COMPLIANCE WITH EMPLOYEES CODE OF CONDUCT & CODE OF CONDUCT FOR INVESTIGATORS
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	✓			RECOGNISED WITHIN AUDIT PLAN
3	Ethics for Internal Auditors				
3.1	Purpose				
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	✓			INTERNAL AUDIT EMPLOYEES - EMPLOYEE DEVELOPMENT REVIEW (EDR). CPD.

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3.2	Integrity				
3.2.1	Has the internal audit team established an environment of trust and confidence?	✓			WELL RESPECTED. ADVICE SOUGHT ON NEW INITIATIVES AND ONGOING.
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	✓			EDR; PEER REVIEW PROCESS
3.3	Objectivity				
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	✓			TOR 6 – INTERNAL AUDIT/ADVICE SOUGHT ON NEW INITIATIVES AND ONGOING.
3.3.2	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	✓			MINIMUM OF ONE YEAR.
3.3.3	Are staff rotated on regular/annually audited areas?	✓			SMALL TEAM. AUDITS ROTATED TO WIDEN EXPERIENCE. EDR PROCESS
3.4	Competence				
3.4.1	Does the Head of Internal Audit ensure that staff have sufficient knowledge of:				CORPORATE PLAN/WYRE FOREST FORWARD PLAN EDR. INDUCTION PROCESS PREPARATION OF AUDIT BRIEF. PEER REVIEW MENTORING & COACHING ARRANGEMENT. SMALL TEAM
	(a) the organisation's aims, objectives, risks and governance arrangements?	✓			
	(b) the purpose, risks and issues of the service area?	✓			
	(c) the scope of each audit assignment?	✓			
	(d) relevant legislation and other regulatory arrangements that relate to the audit?	✓			
3.5	Confidentiality				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	✓			OFFICE PRACTICE, THROUGH RECRUITMENT & INDUCTION PROCESS. ICT SECURITY POLICY EDR PROCESS EMPLOYEE CODE OF CONDUCT.
4	Audit Committees				
4.1	Purpose of the Audit Committee				
4.1.1	Does the organisation have an independent audit committee?	✓			CONSTITUTION. TERMS OF REFERENCE OF AUDIT COMMITTEE
4.2	Internal Audit's Relationship with the Audit Committee				
4.2.1	Is there an effective working relationship between the audit committee and Internal Audit?	✓			THROUGH AUDIT COMMITTEE TOR
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	✓			AUDIT COMMITTEE TOR STRATEGIC AUDIT PLAN AND ANNUAL PLAN REPORTED.
4.2.3	Does the committee approve the internal audit plan and monitor progress?	✓			AUDIT COMMITTEE TOR
4.2.4	Does the Head of Internal Audit:				AUDIT COMMITTEE AGENDAS AND MINUTES MEMBER TRAINING
	(a) attend the committee and contribute to its agenda?	✓			
	(b) participate in the committee's review of its own remit and effectiveness?	✓			
	(c) ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives?	✓			
	(d) report on the outcomes of internal audit work to the committee?	✓			
	(e) establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?	✓			
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?	✓			AS REQUIRED – INTERNAL AUDIT TOR 6.10 AND 8.4

5 Relationships					
5.1 Principles of Good Relationships					
5.1.1	Is there a protocol that defines the working relationship for Internal Audit with:				CONTAINED WITHIN INTERNAL AUDIT LEAFLET AVAILABLE ON INTRANET
	(a) management?	✓			
	(b) other internal auditors?	✓			
	(c) external auditors?	✓			
	(d) other regulators and inspectors?	✓			
	(e) elected members?	✓			
5.2 Relationships with Management					
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	✓			MEETINGS WITH CHIEF OFFICERS. RECEIVE AND FOLLOW-UP QUERIES.
5.2.2	Is the timing of audit work planned in conjunction with management?	✓			THROUGH AUDIT BRIEF AGREEMENT. SEE AUDIT FILES
5.3 Relationships with Other Internal Auditors					
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	✓			COMPUTER AUDIT ~ LIAISE WITH THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE
5.4 Relationships with External Auditors					
5.4.1	Is it possible for Internal Audit and External Audit to rely on each other's work?	✓			MANAGED AUDIT APPROACH. EXTERNAL AUDIT RELIES ON INTERNAL AUDIT. IA RELY ON EXT AUDIT AS USED IN PREPARATION OF AUDIT PLAN.
5.4.2	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	✓			EXTERNAL AUDIT ATTENDS AUDIT COMMITTEE. S151 OFFICER MEETS EXTERNAL AUDIT REGULARLY THROUGHOUT EXTERNAL AUDIT PROCESS
5.4.3	Are the internal and external audit plans co-ordinated?	✓			ABSOLUTELY. TO ENSURE NO DUPLICATION & MAXIMISE AUDIT RESOURCE AVAILABLE TO WFDC
5.5 Relationships with Other Regulators and Inspectors?					
5.5.1	Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?	✓			EXTERNAL AUDITORS
5.6 Relationships with Elected Members					
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate?	✓			REPORTING LINES DEFINED THROUGH INTERNAL AUDIT TOR 6
5.6.2	Does the Head of Internal Audit maintain good working relationships with members?	✓			THROUGH AUDIT COMMITTEE. BRIEFINGS HELD WITH CHAIR & VICE CHAIR & PORTFOLIO HOLDER
6 Staffing, Training and Continuing Professional Development					
6.1 Staffing Internal Audit					
6.1.1	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	✓			PLAN PREPARED ON NEEDS ASSESSMENT, ESTABLISHMENT, EDR
6.1.2	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	✓			WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE
6.1.3	Is the Head of Internal Audit professionally qualified and experienced?	✓			QUALIFIED ACCOUNTANT IPFA, MAAT
6.1.4	Does the Head of Internal Audit have wide experience of internal audit management?	✓			BOTH INTERNAL & EXTERNAL
6.1.5	(a) Do all internal audit staff have up-to-date job descriptions?	✓			JOB DESCRIPTIONS.
	(b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	✓			INCLUDED WITH JOB DESCRIPTIONS

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6.2 Training and Continuing Professional Development					
6.2.1	(a)	Has the Head of Internal Audit defined the skills and competencies for each level of auditor?	✓		WITHIN EACH JOB DESCRIPTION & PERSON SPEC
	(b)	Are individual auditors periodically assessed against these predetermined skills and competencies.	✓		THROUGH EMPLOYEE DEVELOPMENT REVIEW (EDR) PROCESS
	(c)	Are training or development needs identified and included in an appropriate ongoing development programme?	✓		THROUGH EDR PROCESS
	(d)	Is the development programme recorded, regularly reviewed and monitored?	✓		THROUGH EDR PROCESS
6.2.2		Do individual auditors maintain a record of their professional training and development activities?	✓		HELD CENTRALLY AS WELL AS OWN CPD REQUIREMENTS.
7 Audit Strategy and Planning					
7.1 Audit Strategy					
7.1.1	(a)	Is there an <i>internal audit</i> strategy for delivering the service?	✓		THREE YEAR STRATEGIC AUDIT PLAN 2012-15 APPROVED AUDIT COMMITTEE MARCH 2012 INTERNAL AUDIT - TOR
	(b)	Is it kept up to date with the organisation and its changing priorities?	✓		ON-GOING REVIEW IN YEAR AND PRIOR TO EACH FINANCIAL YEAR.
7.1.2		Does the strategy include:			
	(a)	Internal Audit objectives and outcomes?	✓		AS FOR 7.1.1A
	(b)	how the Head of Internal Audit will form and evidence his or her opinion on the control environment?	✓		INTERNAL AUDIT TOR JUNE 2011
	(c)	how Internal Audit's work will identify and address local and national issues and risks?	✓		AS FOR 7.1.1A
	(d)	how the service will be provided, ie internally, or externally a mix of the two?	✓		3 YR STRATEGIC AUDIT PLAN 2012-15 AND ANNUAL AUDIT PLANS
	(e)	the resources and skills required to deliver the strategy?	✓		3 YR STRATEGIC AUDIT PLAN 2012-15 AND ANNUAL AUDIT PLANS
7.1.3		Has the strategy been approved by the audit committee?	✓		APPROVED AUDIT COMMITTEE MARCH 2012. AS FOR 7.1.1A
7.2 Audit Planning					
7.2.1		Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	✓		3 YR STRATEGIC PLAN 2012-15 AND ANNUAL PLANS AUDIT COMMITTEE MARCH 2012.
7.2.2		Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process?	✓		3 YR STRATEGIC PLAN 2012-15 AND ANNUAL PLANS AUDIT COMMITTEE MARCH 2012
7.2.3		Are stakeholders consulted on the audit plan?	✓		S151 OFFICER DISCUSSED REQUIREMENTS WITH EACH DIRECTOR. OVERALL PLAN REPORTED TO CMT FEBRUARY 2012.
7.2.4		Does the plan demonstrate a clear understanding of the organisation's functions?	✓		S151 OFFICER DISCUSSED REQUIREMENTS WITH EACH DIRECTOR. OVERALL PLAN REPORTED TO CMT FEBRUARY 2012.
7.2.5		Does the plan:			
	(a)	cover a fixed period of no longer than one year?	✓		AUDIT 3YR STRATEGIC AND ANNUAL PLANS WITHIN
	(b)	outline the assignments to be carried out?	✓		WITHIN THE 3YR STRATEGIC PLAN AND ANNUAL PLAN
	(c)	prioritise assignments?	✓		HIGH PRIORITY GIVEN TO FUNDAMENTAL FINANCIAL SYSTEMS UNDERTAKEN EVERY YEAR.

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	(d) estimate the resources required?	✓			ANNUAL PLANS WITHIN THE 3YR STRATEGIC PLAN MARCH 2012~15
	(e) differentiate between assurance and other work?	✓			ANNUAL PLANS WITHIN THE 3YR STRATEGIC PLAN MARCH 2012~15
	(f) allow a degree of flexibility?	✓			AUDIT 3YR STRATEGIC PLAN
7.2.6	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	✓			ANNUAL PLANS WITHIN THE 3YR STRATEGIC PLAN MARCH 2012~15
7.2.7	Has the plan been approved by the audit committee?	✓			3 YR STRATEGIC PLAN 12~15 MARCH 2012
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	✓			PROGRESS REPORTED QUARTERLY TO AUDIT COMMITTEE
8	Undertaking Audit Work				
8.1	Planning				
8.1.1	(a) Is a brief prepared for each audit?	✓			BRIEF PREPARED FOR EACH AUDIT ASSIGNMENT/ AGREED WITH HEAD OF SERVICE.
	(b) Is the brief discussed and agreed with the relevant managers?	✓			
8.1.2	Does the brief set out:				AUDIT MANUAL. SEE EACH REVIEW
	(a) objectives?	✓			
	(b) scope?	✓			
	(c) timing?	✓			
	(d) resources?	✓			
	(e) reporting requirements?	✓			
8.2	Approach				
8.2.1	Is a risk-based audit approach used?	✓			AUDIT PLAN
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	✓			INTERNAL AUDIT TOR
8.2.3	Does the audit approach include a quality review process for each audit?	✓			PEER REVIEW PROCESS SEE EACH REVIEW.
8.3	Recording Audit Assignments				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	✓			SEE AUDIT MANUAL LOCAL GOVERNMENT CLASSIFICATION SCHEME/EDRMS
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	✓			PEER REVIEW PROCESS SEE EACH REVIEW
8.3.3	Are working papers such that an experienced auditor can easily:				
	(a) identify the work that has been performed?	✓			AUDIT MANUAL
	(b) re-perform it if necessary?	✓			SEE EACH REVIEW
	(c) see how the work supports the conclusions reached?	✓			PEER REVIEW PROCESS
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	✓			CORPORATE DOCUMENT RETENTION PERIODS LOCAL GOVERNMENT CLASSIFICATION SCHEME NATIONAL ARCHIVES
8.3.5	Do all retention and access policies conform to appropriate legislation, ie Data Protection Act, Freedom of Information Act, etc and any organisational requirements?	✓			
8.3.6	Is there an access policy for audit files and records?	✓			
9	Due Professional Care (Note no 9.1)				
9.1	Responsibilities of the Individual Auditor				
9.1.1	Are there documents that set out the requirements on all audit staff in terms of:				
	(a) being fair and not allowing prejudice or bias to override objectivity?	✓			JOB DESCRIPTIONS REFER TO COMPLIANCE WITH THIS CODE OF PRACTICE.

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	(b)	declaring interests that could be perceived to be conflicting or could potentially lead to conflict?	✓			COUNCIL POLICY ON GIFTS AND HOSPITALITY
	(c)	receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?	✓			FRAUD & CORRUPTION CHECKLISTS COMPLETED ON AUDIT REVIEWS.
	(d)	using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?	✓			JOB DESCRIPTIONS REFER TO COMPLIANCE WITH THIS CODE OF PRACTICE. PEER REVIEW PROCESS
	(e)	being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?	✓			EMPLOYEES CODE OF CONDUCT
	(f)	having sufficient knowledge to identify indicators that fraud or corruption may have been committed?	✓			EDR PROCESS
	(g)	disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?	✓			EMPLOYEE'S CODE OF CONDUCT. JOB DESCRIPTIONS
	(h)	disclosing any non-compliance with these standards?	✓			EMPLOYEE'S CODE OF CONDUCT. JOB DESCRIPTIONS
	(i)	not using information they gain in the course of their duties for personal use?	✓			EMPLOYEE'S CODE OF CONDUCT. JOB DESCRIPTIONS
9.2	Responsibilities of the Head of Internal Audit					
9.2.1		Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	✓			ALLOCATION OF WORK. PEER REVIEW PROCESS. SIGN OFF BY S151 OFFICER
9.2.2		Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conducted?	✓			CONFIDENTIAL REPORTING PROCEDURE JOB DESCRIPTIONS
10	Reporting					
10.1.	Principles of Reporting					
10.1.1		Is an opinion on the control environment and risk exposure given in each audit report?	✓			SEE EACH REVIEW
10.1.2		Has the Head of Internal Audit determined the way in which Internal Audit will report?	✓			IA – TOR SEE EACH REVIEW
10.1.3		Has the Head of Internal Audit set out the standards for internal audit reporting?	✓			INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE
10.1.4		Are there laid-down timescales for reports to be issued?	✓			WITHIN ANNUAL PLAN IN ACCORDANCE AUDIT STRATEGY.
10.2	Reporting on Audit Work					
10.2.1	Do the reporting standards include:					
	(a)	format of the reports	✓			INCLUDED WITHIN THE AUDIT MANUAL SEE EACH REVIEW SEE INTERNAL AUDIT EXPLANATORY LEAFLET (INTRANET)
	(b)	quality assurance of reports	✓			
	(c)	the need to state the scope and purpose of the audit?	✓			
	(d)	the requirement to give an opinion?	✓			
	(e)	process for agreeing reports with the recipient?	✓			
	(f)	an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	✓			
10.2.2		Does the audit reporting process include discussion and agreement of reports?	✓			SEE INTERNAL AUDIT EXPLANATORY LEAFLET
10.2.3		Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	✓			QUARTERLY AUDIT REPORT IA TOR
10.2.4		Are areas of disagreement recorded appropriately?	✓			WITHIN EACH REVIEW
10.2.5		Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	✓			QUARTERLY AUDIT REPORT REPORTED TO AND MONITORED BY CORPORATE MANAGEMENT TEAM . ALSO REPORTED TO AND MONITORED BY THE AUDIT COMMITTEE

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10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	✓			AUDIT BRIEF AGREED WITH RELEVANT DIRECTOR WHO ALLOCATED KEY CONTACT FOR THE INTERNAL AUDIT REVIEW AND RECIPIENTS OF REPORTS
10.2.7	(a) Does the reporting process include details of circulation of that particular audit report?	✓			
	(b) Is this included in the brief for each individual audit?	✓			SEE EACH AUDIT REVIEW
10.2.8	Does the Head of Internal Audit have mechanisms in place to ensure that:				
	(a) recommendations that have a wider impact are reported to the appropriate forums?	✓			AUDIT TERMS OF REFERENCE QUARTERLY AUDIT REPORTS TO CORPORATE MANAGEMENT TEAM AND AUDIT COMMITTEE
	(b) risk registers are updated?	✓			EACH AUDIT REVIEW
10.3	Follow-up Audits and Reporting				
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	✓			THREE MONTH FOLLOW UP UNDERTAKEN AFTER EACH FINAL AUDIT REPORT INTERNAL AUDIT RISK ASSESSMENTS UPDATED AFTER EACH REVIEW
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	✓			RECOMMENDATIONS MADE WITHIN AGREED FINAL REPORTS. THREE MONTH FOLLOW UP REVIEWS UNDERTAKEN ON POSITION OF IMPLEMENTING RECOMMENDATIONS. INTERNAL AUDIT RISK ASSESSMENTS UPDATED AFTER EACH REVIEW WHICH ARE TAKEN INTO ACCOUNT AT PREPARATION OF INTERNAL AUDIT PLAN DIRECTORS RESPONSIBLE FOR THE INTERNAL CONTROLS WITHIN THEIR AREAS OF RESPONSIBILITY.
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	✓			RESULTS FROM THREE MONTH FOLLOW UP REVIEWS REPORTED IN THE QUARTERLY AUDIT REPORT TO CMT AND AUDIT COMMITTEE. AUDIT COMMITTEE HAVE SIGHT OF ALL THOSE THREE MONTH FOLLOW UP REVIEWS WHERE SIGNIFICANT RECOMMENDATIONS NOT YET IMPLEMENTED
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	✓			INTERNAL AUDIT RISK ASSESSMENTS PREPARED AFTER EACH REVIEW AND INFORM FUTURE AUDIT PLANS
10.4.	Annual Reporting and Presentation of Audit Opinion				
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement of Internal Control?	✓			INTERNAL AUDIT TERMS OF REFERENCE AUDIT COMMITTEE MINUTES
10.4.2	Does the Head of Internal Audit's annual report:				INTERNAL AUDIT TERMS OF REFERENCE AUDIT COMMITTEE MINUTES
	(a) include an opinion on the overall adequacy and effectiveness of the organisation's control environment?	✓			
	(b) disclose any qualifications to that opinion, together with the reasons for the qualification?	✓			
	(c) present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?	✓			

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	(d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control?	✓			
	(e) compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets?	✓			
	(f) comment on compliance with the standards of the Code?	✓			
	(g) communicate the results of the internal audit quality assurance programme?	✓			
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	✓			INTERNAL AUDIT TERMS OF REFERENCE
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				
11.1.1	Is there an audit manual?	✓			SEE AUDIT MANUAL (ELECTRONIC)
11.1.2	Does the audit manual provide guidance on:				
	(a) carrying out day-to-day audit work?	✓			
	(b) complying with the Code?	✓			
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	✓			UPDATED AS REQUIRED
11.1.4	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of:				
	(a) each individual audit?	✓			PEER REVIEW BY AUDIT MANAGEMENT SIGNED OFF BY S151 OFFICER
	(b) the internal audit service as a whole?	✓			SERVICE REVIEW WITHIN BUSINESS PLAN; REPORTS TO CORPORATE MANAGEMENT TEAM AND AUDIT COMMITTEE; SURVEY OF USERS
11.2	Quality Assurance of Audit Work				
11.2.1	Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	✓			SMALL SECTION EMPLOYEE DEVELOPMENT REVIEWS. PEER REVIEW MENTORING AND COACHING.
11.2.2	Does the Head of Internal Audit have a process in place to ensure that all staff are supervised appropriately throughout all audits?	✓			STRUCTURE OF INTERNAL AUDIT SECTION SMALL SECTION PEER REVIEW EMPLOYEE DEVELOPMENT REVIEW
11.2.3	Does the supervisory process cover:				
	(a) monitoring progress?	✓			STRUCTURE OF INTERNAL AUDIT SECTION
	(b) assessing quality of audit work?	✓			SMALL SECTION PEER REVIEW
	(c) coaching staff?	✓			EMPLOYEE DEVELOPMENT REVIEW
11.3	Performance and Effectiveness of the Internal Audit Service				
11.3.1	Does the Head of Internal Audit have a performance management and quality assurance programme in place?	✓			S151 OFFICER REGULARLY MEETS WITH AUDIT MANAGEMENT QUARTERLY AUDIT REPORT STATISTICS PEER REVIEW SURVEY TO USERS EMPLOYEE DEVELOPMENT REVIEW
11.3.2	Does the performance management and quality assurance framework include as a minimum:				

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	(a) a comprehensive set of targets to measure performance:			
	(i) which are developed in consultation with appropriate parties?	✓		IN CONSULTATION WITH CORPORATE MANAGEMENT TEAM, AUDIT COMMITTEE, USERS & EXTERNAL AUDIT
	(ii) which are included in service level agreements, where appropriate?	✓		WHERE APPROPRIATE AS (I)
	(iii) against which the Head of Internal Audit measures, monitors and reports appropriately on progress?	✓		QUARTERLY AUDIT REPORTS TO CORPORATE MANAGEMENT TEAM & AUDIT COMMITTEE
	(b) user feedback obtained for each individual audit and periodically for the whole service?	✓		MEETINGS WITH CORPORATE MANAGEMENT TEAM USER QUESTIONNAIRES
	(c) a periodic review of the service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?	✓		MONTHLY, ANNUALLY AND AS REQUIRED IN YEAR.
	(d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?	✓		STRUCTURE OF INTERNAL AUDIT SECTION SMALL SECTION PEER REVIEW EMPLOYEE DEVELOPMENT REVIEW
	(e) an action plan to implement improvements?	✓		ITEMS ARE IDENTIFIED AND ACTIONED AS NECESSARY
11.3.3	Does the Head of Internal Audit compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	✓		REPORTS TO AUDIT COMMITTEE ANNUAL EXTERNAL AUDIT REVIEW AND ASSESSMENT
11.3.4	Do the results of the performance management and quality assurance programme evidence that the internal audit service is:			STRUCTURE OF INTERNAL AUDIT SECTION SMALL SECTION PEER REVIEW EMPLOYEE DEVELOPMENT REVIEW
	(a) meeting its aims and objectives?	✓		QUARTERLY MONITORING REPORT TO CORPORATE MANAGEMENT TEAM AND AUDIT COMMITTEE ANNUAL REPORT TO AUDIT COMMITTEE
	(b) compliance with the Code?	✓		AS 11.3.1 (a)
	(c) meeting internal quality standards?	✓		AS 11.3.1 (a)
	(d) effective, efficient, continuously improving?	✓		AS 11.3.1 (a) NETWORKING VIA MIDLAND DISTRICT CHIEF AUDITORS GROUP
	(e) adding value and assisting the organisation in achieving its objectives?	✓		AS 11.3.1 (a)
11.3.5	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	✓		INTERNAL AUDIT TERMS OF REFERENCE ANNUAL REPORT TO AUDIT COMMITTEE
11.3.6	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	✓		INTERNAL AUDIT TERMS OF REFERENCE ANNUAL REPORT TO AUDIT COMMITTEE



Self Assessment ~ September 2012

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
24TH SEPTEMBER 2012**Internal Audit Monitoring Report**
Quarter Ended 30th June 2012

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN PRIORITY:	Delivering Together with Less
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	S151 Officer/Resources
CONTACT OFFICER:	Cheryl Ellerton, Ext. 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Internal Audit Monitoring Report for the Quarter ended 30 th June 2012

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th June 2012, attached as Appendix 1.

2. RECOMMENDATIONS

The Audit Committee is asked to CONSIDER:

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 30th June 2012 as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2012~13 in March 2012 as part of the 3 year 2012~15 Strategic Audit Plan. This plan takes into account changes in priorities or risk in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 3.3 The Internal Audit Strategic Plan 2012~15 approved in March 2012 provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority.
- 3.4 Actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year by way of this quarterly monitoring report to the Audit Committee, Corporate Management Team and to the External Auditors.

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

- Section 1 **Final** internal audit reports issued in the quarter
- Section 2 **Follow up** reviews undertaken in the quarter
Incorporating Recommendations in progress
- Section 3 **Draft** internal audit reports issued in the quarter
- Section 4 **Work In Progress**
- Section 5 **Performance Statistics**

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

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

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

3.8 The approved Terms of Reference for Internal Audit require that the Section 151 Officer prepares an annual opinion on the Council's internal control environment. This is a personal opinion, which takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment, which is reported to the June meeting of the Audit Committee.

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

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

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

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

4. KEY ISSUES

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been adopted to enable management and members to focus on those areas that Internal Audit wishes to draw to its attention. The success or otherwise of a service is reported via other dimensions of the Council's Performance Management Framework including for example the monitoring of the Performance Indicators, Performance Review Clinics and the progress of the Council against its agreed implementation plan arising from its Comprehensive Performance Assessment review.
- 4.3 The Internal Audit Team operate in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Procedures are monitored to ensure that the Internal Audit Team procedures remain compliant.
- 4.4 The approved Terms of Reference for Internal Audit require that the Section 151 Officer prepares an annual opinion on the Council's internal control environment. This is a personal opinion, which takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

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

7. RISK MANAGEMENT

- 7.1 In order to manage risks internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.

- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the six equality strands.

9. CONCLUSION

- 9.1 The work undertaken by the Internal Audit Team in the quarter ended 30th June 2012 is reported within Appendix 1. This information is presented to members in accordance with the Terms of Reference for the Internal Audit Team.
- 9.2 The work undertaken by the Internal Audit Team has complied with the requirements of the CIPFA Code of Practice for Internal Audit in Local government.

10. CONSULTEES

- 10.1 Corporate Management Team.

11. BACKGROUND PAPERS

- 11.1 12th March 2012 ~ Audit Committee ~ Strategic Audit Plan 2012~2015.
29th June 2011 ~ Audit Committee ~ Internal Audit Terms of Reference ~ Update Accounts and Audit (England) Regulations 2011 (SI 817).



INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
30th June 2012**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30TH JUNE 2012

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JOANNE WAGSTAFFE
SECTION 151 OFFICER

20th AUGUST 2012

SECTION 1 FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30 TH JUNE 2012		
	ASSURANCE	PAGE
CORPORATE		
Key Systems		
Debtors 2011~12	S	83
COMMUNITY WELLBEING & ENVIRONMENT		
Key Systems		
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RESOURCES DIRECTORATE		
Key Systems		
Benefit Reconciliations 2011~12 (Accountancy)	S	85
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KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
U = Unsound	<p>Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance.</p> <p>A significant internal control is one which is key to the overall framework of controls.</p>	Summary page of Audit Report and significant findings and associated recommendations.
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.
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.
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.

AUDIT REPORT TITLE: Corporate Debtors 2011-12	ACTION PLAN ISSUED: 7 th November 2011	SERVICE: Resources Directorate (Recs 1 & 5) Legal and Corporate Services (to 29 th February 2012) (Recs 1 & 4) Planning and Regulatory Services (to 29 th February 2012) (Recs 1 & 3) Community and Partnership Services (to 29 th February 2012) (Recs 1 & 2)
BUDGET: VARIOUS	DRAFT REPORT ISSUED: 29 th February 2012	RESPONSE RECEIVED: Economic Prosperity and Place (1 st March 2012) ~ 05.03.12 Community Assets & Localism (1 st March 2012) ~ 10.04.12 Resources Directorate (1 st March 2012) ~ 11.04.12 Community Well ~ Being & Environment (1 st March 2012) ~ 18.05.12
REF:	FINAL REPORT ISSUED: 7 th June 2012	

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

Overview:

This audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review sought to ensure that the system in place for the raising of Sundry Debtor accounts and collection of income due complied with identified control objectives.

The review comprised examination of the Council's procedures for the raising of Sundry Debtor accounts the reconciliation of the Debtors Control Account within the Agresso Financial Management System to both the independent Radius Cash Receipting system and Council bank accounts. The control account reconciliation for the months of June and October were examined in detail and this was supported by detailed compliance testing of a sample of debtor invoices. Both reconciliations were found to be completed accurately and in a timely manner. The sample of 20 Debtor accounts was selected for testing to ensure that invoices were raised promptly, with the correct approved amount being charged to the customer. The review also ensured that the recovery process was implemented on debts that were not paid by the due date. This review did not include the procedures for the recovery of Housing Benefit overpayments debtor invoices and the procedures undertaken by the legal team for any unpaid debts. These areas are subject to independent reviews.

Following the initial phase of testing which incorporated the Debtors Control Account (General Ledger) and the Cash Receipting (Debtors Income) reconciliations for June; examination of the procedure for creating customer accounts and a test check on a sample of invoices, an action plan was issued to the Financial Services Manager. The aim of the action plan being to advise of any matters arising during the period of testing in order that they may be addressed promptly and remedial action taken where appropriate. Those observations arising from the initial testing were acknowledged with supporting evidence provided to the Internal Audit team and are detailed below for completeness.

The review ensured that there are procedures in place to monitor outstanding debts however the method for the system of recovery of outstanding debts is currently under review as part of the Corporate Admin Team from 1st April 2012.

Conclusion:

The review concluded there are areas within the Debtors system that are well managed and controlled, Whilst Full assurance can currently be given on the completion of the monthly reconciliations, improvements could be made to enhance the system by ensuring debtor accounts are raised and sent out prior to, or as soon as the service has been provided to the customer; all charges are approved by Council as part of the Financial Strategy or any variation evidenced and agreed by a Senior Employee. Employees should be made aware of any increases in charges prior to the increase date. The overall conclusion therefore, is that **SOME** assurance can currently be given that the internal controls in place within the key system for Debtors are operating as intended.

AUDIT REPORT TITLE: Worcestershire Hub 2011/12 (CASH TO BANK)	ACTION PLANS ISSUED: 21 st April 2011, 31 st August 2011 & 31 st November 2011 DRAFT REPORT DATE ISSUED: 29 th February 2012 FINAL REPORT DATE ISSUED: 20 th April 2012	SERVICE: Community and Partnership Services (to 29.02.12) Community Well-Being & Environment (01.03.12~)
BUDGET: VARIOUS (CASH TO BANK)		RESPONSE RECEIVED: 13 th April 2012

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

Overview

This Audit forms part of the annual reviews undertaken to assist the Council's External Auditors in their annual audit. The review concentrated on ensuring that the collection and banking of income is in accordance with Council policy and there are adequate procedures to ensure the security of both employees and cash within the three Hub locations. 2011 saw changes in how income is processed at the Worcestershire Hub in the Town Hall. With the introduction of automated payment kiosks the Team Leaders are responsible for the administration of the kiosks and banking of income. Cheque payments were processed at the Town Hall by a Customer Services Advisor up to October 2011 when the duty was transferred to the Support Services team at Duke House. In addition, with systems moving towards the electronic form the responsibility for C&D Amendments was transferred in respect of the processing any amendments to the Collections & Deposit (C&D) Book to the Accountancy team in October. The detailed testing has been undertaken to cover the first three quarters of 2011-12 (April to December) with top-up testing previously undertaken from the fourth quarter of 2010-11. As part of the review, daily documentation by Customer Service Advisors at Stourport and Bewdley Hub locations, the Team Leaders at Kidderminster and from October the Support Services team at Duke House was examined in detail. The reports generated by the Radius Cash Receipting system ensure that the all income received is receipted and banked and is in accordance with Financial Regulations included: Cash Analysis sheets, Cash-Up Reports, Payment Analysis by User reports, Global Fund reports, Bank Security Bag Credit slips, G4S (security company) Receipts, Bank Paying In slips, Bank Statement Reports and Collections & Deposit Book. It was verified that reversals and adjustments indicated on the Cash-Up Reports (CSA End of Day Reconciliations) between expected and actual amounts are recorded and regularly reviewed and monitored by management to ensure that any additional training needs are identified.

Following the detailed testing carried out in quarters one (April to June) and two (July to September), action plans were issued in August and November respectively. The action plan for the top up testing for the fourth quarter of 2010-11 (January March) was issued 21st April 2011. The aim of the action plans being to advise of any matters arising during the period of testing in order that they can be addressed promptly and remedial action taken. The observations reported within all action plans focussed on housekeeping issues i.e. signing of end of day banking documentation, ensuring paying in slips agreed to reports from the Cash Receipting System, ensuring refunds and reversal payments are processed correctly, signatures are obtained for encashed cheques. For these matters arising, prompt remedial action was taken by the Customer Services Manager with evidence to Internal Audit. However, it should be noted that within the recommendations detailed below, reference is made to the action plans following similar observations within the recent testing in respect of cash to bank transactions, ensuring all paying in slips and deposit schedule are completed accurately and signed.

Conclusion:

The review concluded that with the volume of transactions processed by the Worcestershire Hub on a daily basis, income is being receipted and banked appropriately and the systems in place are well managed. However, there are some areas where an opportunity for improvement has been identified to include ensuring that date is input and recorded accurately within the end of day records. The overall conclusion therefore, is that **SOME** assurance can be given in that the internal controls in place in respect of Cash to Bank collections by the Worcestershire Hub at Wyre Forest District Council are operating as intended. The implementation of the following recommendations will further strengthen the system in place and raise the level of assurance.

AUDIT REPORT TITLE: Housing Benefits Reconciliation 2011/12 BUDGET: £42,249,640 Estimated Benefit Payments 11~12 REF: A280	DRAFT REPORT DATE ISSUED: 29 th February 2012 FINAL REPORT ISSUED: 7 th June 2012	SERVICE: Resources Directorate– Accountancy RESPONSE RECEIVED: 25 th May 2012
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken to assist the Council’s External Auditors in their annual audit. The review was undertaken to ensure that there are regular reconciliations of the Benefits paid via the Civica IBS system to the Agresso Financial Management System and the Benefit Debtors for overpayments to the Agresso Financial Management System & Radius Cash Receipting System. The review also included a review of unrepresented cheques and committee reporting in respect of outstanding Housing Benefit Overpayments.

The detailed assessment of the processes in place for Benefit payments within the ICT Operations Section, the Resources Support Services, Accountancy and Benefits Sections, established that payment processing was accurate and appropriately reconciled, however a minor formulae error was found on the Accountancy Agresso FMS to Civica spreadsheet reconciliation; action was taken at the time of audit to address this error. An error was identified by Internal Audit on the Benefit Debtors for overpayments to the Agresso Financial Management System reconciliation; the figures recorded for the Collections and Deposits book on the reconciliation did not agree with the core financial record in addition, an amendment to the Collections and Deposit (C&D) book had been entered incorrectly. Errors were identified on the unrepresented cheque spreadsheets; adjustments had been duplicated due to incomplete information. Arrears reporting in respect of Housing Benefit Overpayments had been reported to Committee in a timely manner and in accordance with agreed procedures.

Conclusion

On the basis of the work undertaken, the review has concluded that there are opportunities for improvement within the management of electronic documents and the identification of discrepancies during the reconciliation process. However, these recommendations are for a small part of the Benefits reconciliation process overall, therefore, reasonable assurance can be given that other parts of the system are well managed.

The overall conclusion therefore, is that **SOME** assurance can be given that the internal controls in place within the system for the reconciliation of the Benefits Civica system to other Council Systems are operating effectively in this key system.

Quarter Report to the 30th June 2012

SECTION 2

Summaries of Follow up Reviews undertaken in the Quarter

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

TITLE	SYSTEM TYPE <small>K=Key S=Subsidiary</small>	ASSURANCE LEVEL OF FINAL REPORT	IMPLEMENTATION STAGE PER CHIEF OFFICER AND/OR RESPONSIBLE MANAGER AT TIME OF FOLLOW UP REVIEW				Page No.
			No of Recommendations	No of Recommendations Implemented	No of Significant Recommendations	No of Recommendations Implemented	
COMMUNITY ASSETS & LOCALISM							
Management of Town & Civic Halls 2011~12	K	L	23	17	1	1	87
Payroll (Members) 2010~11/2011~12	S	S	1	0	0	0	89
RESOURCES							
Benefits (Reconciliations ~ Revenues & Benefits) 2011~12	K	S	1	0	0	0	90
Cash To Bank ~ (Housing Act Advances & Miscellaneous Income) 2011~12	K	S	1	1	0	0	-
NNDR ~ Compliance 2011~12	K	S	1	1	0	0	-
NNDR ~ Reconciliations 2011~12	K	S	1	1	0	0	-

**Internal Audit
Follow Up Review
Management of Town & Civic Halls (Limited)
Final Report Issued 17th February 2012
Follow Up Review issued 17th May 2012
Follow Up Review Finalised 6th June 2012**

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1 (No3)	To ensure a consistent approach is adopted across the whole of the Authority, consideration is given to re-exploring the use of an electronic booking system. Until the electronic system is developed and to ensure the latest booking, utilisation and grant aid information is available to all, the booking spreadsheet is developed further and updated with all bookings as they are made (including those made in advance). The spreadsheet is placed on a server where it is available to all members of the Civic Halls Management team.	August 2011 April 2012	Civic Halls Manager / Deputy Facilities Manager Deputy Civic Halls Manager	Research has been done and with support from I.T. it is thought that the new calendar system on Office Explorer can be adapted. A Facilities calendar has been set up and can be viewed by all the team which is essential when we move to New HQ enabling us to manage bookings away from the Town Hall. All new future bookings are being entered and from the 1 st of September all bookings will inputted with all relevant details.	3 3
2 (No4)	All venue charges (including commercial judgement) are included within the income service option submitted to Council for approval. Any variations to the charges approved by Council as part of the Financial Strategy must be authorised and in agreement with the Director of Community Assets & Localism (Previously Legal & Corporate Services). Meeting ~ 24th November 2011 Discussion are underway in respect of the increase for the 2012/13 charges. It has been agreed that commercial judgement will be calculated on a more structured basis to ensure that all charges are covered and additional cost are transparent.	February 2012	Civic Halls Manager / Deputy Facilities Manager	From 1 st September all Commercial calculations will be entered on to the electronic booking systems back page. A new charging schedule is being prepared with additional costs added. This will be submitted for strong leader authorisation.1/10/12	3 3
3 (No7)	Deposits are refunded in line with the conditions as stated on the terms and conditions of hire and authorised by a senior employee. Records are maintained and processes are introduced to ensure that refund requests are accurate, recorded, immediately actioned and re-paid promptly in line with the Council's 'prompt payment' code. Management Comments:- his will be considered as part of the review of the Terms & Conditions and will be enforced if cancellations are made outside of the time frame. Budgets are monitored to ensure all income and expenditure is appropriately recorded and accounted for and any errors are immediately indentified and corrected.	November 2011	Civic Halls Manager / Deputy Facilities Manager	As part of the Terms & Conditions review refunds and enforced payments for cancelations will actioned in line with Council procedures.	3

Agenda Item No. 10

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
4 (No8)	To ensure an open, transparent and consistent approach, all Town and Civic Hall charges and discounts are included within the income service options approved by Council and all charging schedules are compiled inline with approved charges.	March 2012	Civic Halls Manager / Deputy Facilities Manage	All charges are and will be included Within the income service options.	3

Internal Audit
Follow Up Review
Payroll (LCS & Members) (Some)
Final Report Issued 19th October 2011
Follow Up Review issued 19th January 2012
Follow Up Review Finalised 22nd may 2012

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1	<p><i>As previously reported as part of the Members Allowances Review in February 2010:</i> To ensure a consistent approach and compliance with Council policies and procedures Council Members travel claim forms are verified for business use mileage, MOT and current drivers licence and appropriately authorised prior to being sent to the Payroll Section in line with the procedure in place for employees.</p> <p><u>Management Comments:</u> Claims currently checked by Members Secretary, however from 1st April 2012 this will be a Corporate Admin Team responsibility and will include Members MOT verification.</p>	October 2011	Director of Legal & Corporate Services/Members Secretary.	Still Under discussion following the implementation of the Corporate Admin Team.	3

**Internal Audit
Follow Up Review
Housing Benefits Reconciliation (Benefits) (Some)
Final Report Issued 12th March 2012
Follow Up Review issued 11th June 2012
Follow Up Review Finalised 13th June 2012**

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1	<p>Consideration should be given to how accuracy checks, which identify training needs, will be established going forward in to 2012-13.</p> <p><u>Revenues & Benefits Management Comments 9th March 2012</u> Acknowledge that it is necessary to have accuracy checking as part of the management process and risk assessment. Existing processes are not as effective as they could be and it is anticipated that the Systems Thinking Redesign team will identify the most effective method of accuracy checking. Whatever the process will be, all errors will be passed back to the Assessor responsible and it will be the responsible of Team Leaders to address any weaknesses or training issues and report regularly to management.</p>	April 2012	Revenues & Benefit Manager	As per an email from Principal Benefits Officer directly to Audit, the redesign team are about to embark on journey mapping but initially focussing on work undertaken at the Hub and will be rolled out to work completed by other Assessors who are home or office based. Awaiting feedback from Principal Benefit Officer	3

Quarter Report to the 30th June 2012
Summary Of Audit Recommendations In Progress As At 30th June 2012

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

TITLE	SYSTEM TYPE K=Key S=Subsidiary	ASSURANCE LEVEL OF FINAL REPORT	IMPLEMENTATION STAGE PER CHIEF OFFICER AND/OR RESPONSIBLE MANAGER AT TIME OF FOLLOW UP REVIEW				Page No.
			No of Recommendations Implemented	No of Recommendations In Progress	No of Significant Recommendations	No of Recommendations Implemented	
CORPORATE							
Debtors 10~11	K	S	2	1	-	-	92
RESOURCES18							
Agresso Computer Application 10~11	K	S	6	3	-	-	93
Benefits Reconciliations (Accountancy) 10~11	K	S	3	1	-	-	94
Civica Computer Applications 10~11	K	S	4	3	-	-	95
Creditors 10~11	K	S	18	3	-	-	96

Internal Audit
Follow Up Review
Debtors Audit 2010/11 (Some)
Final Report Issued 30th June 2011
Follow Up Review issued 10th October 2011
Finalised 3rd November 2011
Reviewed June 2012

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1 (No2)	The wording on the system (Agresso) reminders be reviewed, with a view to triggering legal action at an earlier stage of the recovery process. <u>Management Comments:-</u> Wording to be reviewed with Principal Accountancy Assistant and Legal and Corporate Services	September 2011	Principal Accountant	Delayed awaiting appointment of Litigation Assistant. This work will now be followed up.	3

**Internal Audit
Follow Up Review
Agresso (Financial Management System) Computer Application Some)
Final Report Issued 6th May 2011
Follow Up Review issued 24th August 2011
Response Received ~ 1st November 2011/Review Finalised ~ 7th November 2011
Reviewed May 2012**

Implementation Stages

1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1 (No 1)	<p><u>User Manuals & Help Facility</u> Training notes on the intranet for users to refer to but ensure they are current and retain integrity and seek to establish procedural notes as soon as practically possible. Procedural notes should have a uniform presentation and be held in a central location for example the 'I' drive. Responsibility for review of procedural notes should be allocated before they are published. They should be reviewed and, where necessary updated as and when there are changes to the system but at least annually. <u>Management Comments:</u> Internet Training arranged for November 2011 to enable Accountancy to manage the intranet site for Agresso. With a review of procedural notes by Principal Accountant and nominated Accountancy Employees. Notes required by Directorates on Agresso Procedures have been updated. Notes on processes managed by the Accountancy Section are yet to be reviewed.</p>	April 2011	Principal Accountant	<p>Notes available on the intranet for workflow approval, purchasing (requisitioning and goods receipting) Notes for Accounts Payable and Accounts Receivable are to be reviewed <u>Audit Comments May 2012:</u> As at the 2011-12 audit a start had been made on system notes but they had not been fully completed. <u>Management Comments: (21.08.12)</u> Systems Notes have been updated and are stored on the intranet for: Approval of Requisitions Approval of Purchase and Supplier Invoices. Browsers for reporting on Revenue and Capital budgets Review of Goods Receipting procedure notes to be undertaken to bring in line with present format (procedure not changed but format for presenting notes has been updated)</p>	3
2 (No 2)	<p><u>Audit Trails & Monitoring</u> Consideration should be given as to the best way forward, to ensure that integrity is retained in the system for example the relevant employee reviews the logging report when generated, evidences their review and follows up any issues identified, regardless of the user base size. If challenged, assurance must be able to be given by the System Administrator. <u>Management Comments:</u> This is primarily an Audit Tool. Intel-agent prompts have been set up on identified logging reports i.e. Supplier Bank Account Detail Change. List of logging reports required by Internal Audit to be requested. Further log in reports are available for audit purposes if required.</p>	April 2011	Principal Accountant	<p>Logging report and intel-agents set up in Agresso Test. To be tested and available in Agresso Live - December 2011 <u>Audit Comments May 2012:</u> As at the 2011-12 Audit, Supplier bank detail changes are reviewed by Principal Accountancy Assistant. Due to time constraints, unsure whether any other reports are regularly reviewed. Will ascertain review during 12~13 audit. <u>Management Comments 21.08.12:</u> Intel-agents received for: Bank Account Changes – reviewed by Principal Accountancy Assistant (DK) User Profile Change (Change to User access in Agresso) – reviewed by Principal Accountant</p>	3

**Internal Audit
Follow Up Review
Benefits Reconciliations ~ Accountancy (Some)
Final Report Issued 6th May 2011**

**Follow Up Review issued 9th September 2011/Follow Up Finalised 21st October 2011
Reviewed June 2012**

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1	<p><u>Agresso to Civica IBS & IBS Overpayments to Radius Cash Receipting/Bank</u> The FMS to Benefits reconciliations are undertaken within the following month with a copy retained on the manual file and signed by the reconciling employee.</p> <p>Consideration is given to all reconciliations being held electronically as 'read only' or 'PDF' documents. This would ensure the integrity of the reconciliations and ensure that the documents can not be altered, amended or lost.</p> <p>As previously recommended in 2009/2010: The reconciliations are reviewed by a Senior employee each month and signed and dated as evidence of review.</p> <p><u>Management Comments</u> Housing Benefits to FMS reconciliation to be completed in a timely manner. Electronic copy will be held as read only.</p> <p>Reconciliation to be reviewed by Senior Accountancy Officer, electronic signature and dated and held as read only.</p>	April 2011	Principal Accountant	<p>Documents are still being held has hard-copies.</p> <p>Without EDRMs and an approved process for electronic signatures, the process is onerous.</p> <p>EDRMs will begin to be rolled out in Accountancy early November 2011.</p> <p><u>Management Comments:</u> <u>Principal Accountant ~ 21.08.12</u> There is an issue with linked spreadsheets in respect of the EDRM's build for Accountancy, therefore this will remain as a work in progress.</p> <p>The Agresso-Civic reconciliations for the payment of Housing Benefit are up to date as at July 2012. However, matters arising from the HB Team procedures of reconciling payments to IBS Debtor Accounts which will enable the Accountancy Team to reconcile income to the Agresso Financial Management System are currently being reviewed. The Accountancy Team will continue to support the HB Team to ensure accurate and timely reconciliations.</p>	3

**Internal Audit
Follow Up Review
CIVICA Computer Application (Some)
Final Report Issued 25th February 2011
Follow Up Review issued 10th June 2011
Reviewed May 2012**

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
Revenues (Council Tax/NNDR)					
1 (No1)	<p>User Manuals & Help Facility A uniform approach and clear protocols are established, in conjunction with Benefits and controlled by the Control Team, to ensure that all local reference notes for Revenues associated with the ACS software are managed and effective.</p> <p>Management Comments: Comprehensive notes are on the Revenues I Drive and all employees are aware of the locations of the guidance. Arrangements are in place to have them updated within ACS.</p>	August 2011	Revenues & Benefits Manager	Original plan of implementation has not been met due to the pressures of budget reductions in the service and reductions in resources due to systems thinking. With the forthcoming Local Scheme for Council Tax a decision has been made to wait until a decision has been made on the scheme as this may require a rewrite of existing protocols	3
2 (No 3)	<p>Output Consideration should be given to testing the drives for either duplicate records or incorrectly filed records. Also the useful life expectancy of the data should be considered so that it does not contravene local and national data retention requirements.</p> <p>Management Comments:- In line with the MIMS transformation project and introducing a Corporate EDRMS/DIP system part of the future action plan is to review all drives used and accessed by Revenues and Benefits to condense and streamline where possible. June 2011</p>	August 2011	Revenues & Benefits Manager	Time has not allowed for such a mammoth task but is still on the agenda to be addressed.	3
Benefits					
3 (No 6)	<p>Data Input Clear protocols along with specific and allocated responsibility must be established before the data is rolled out into the public domain to ensure that there is no compromise in the secure management of data and the module.</p> <p>Management Comments:- Open Access is currently being tested by CSA's at the Hub and Revenues and Benefits Staff with regular meetings with IT regarding progress. It is not the intention of either the Revenues and Benefits Section or IT to implement Open Access to the public until it is thoroughly tested and procedures put in place. Ongoing – implementation date not known at this time.</p>	Summer 2011	Revenues & Benefits Manager	Open Access has not been rolled out to the Public although Civica assures all security issues are now addressed. Resources currently do not allow for this to be progressed. Once we are in a position to move forward such protocols will be addressed.	3

**Internal Audit
Follow Up Review
Creditors (Limited raised to Some)
Final Report Issued 31st March 2011
Follow Up Review issued 30th June 2011/Review Finalised 19th August 2011
Reviewed July 2012**

<u>Implementation Stages</u>
1. Not yet implemented
2. Complete
3. In Process

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
OTHER RECOMMENDATIONS					
1 (No 2)	Training of system administration procedures begun and review of full documentation to be completed by September 2011	March 2011 / Sept 2011	Principal Accountant	Full system documentation is delayed – aim to complete by March 2012. Included in 2011-12 audit.	1
2 (No 9)	To ensure the Authority’s commitment reporting records are accurately maintained, all order ‘to invoice’ values are reviewed and actions taken to correct the records before the end of the financial year. Thereafter the report should be reviewed regularly in order that discrepancies can be corrected in a timely manner. Management Comments 7th March 2011:- Report to be reviewed quarterly by Directorates	April 2011	Principal Accountant	Report sent out in April. No returns were received from Directorates. Further report to be sent out in September with a mandatory return date to be included for action. No change as at October 2011	3
3 (No12)	To ensure a clear and transparent audit trail employees are reminded that; registered invoices that are not immediately being processed for payment (awaiting credit note, waiting replacement goods etc.) should be parked and a comment entered in the appropriate box.	April 2011	Principal Accountant	The reminder e-mail to authorisers with outstanding tasks will be amended to ask that any task in dispute is parked and a reason stated.	3

SECTION 3

Quarter Report to the 30th June 2012

DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30TH JUNE 2012		
TITLE	DATE OF ISSUE	CURRENT STATUS OF REPORT
COMMUNITY ASSETS & LOCALISM Payroll ~ Staff Record Forms 2011~12	29.05.12	Response 29.06.12/Final Report 28.08.12
COMMUNITY WELL-BEING & ENVIRONMENT Garage & Vehicle Maintenance 2011~12	17.05.12	Response (RD) 23.05.12/Response (CWE) 23.08.12
RESOURCES Creditors (Compliance) 2011~12	03.05.12	Response 13.08.12/Final Report 24.08.12

SECTION 4

Eight Action Plans have been issued to Managers during the quarter. The table below shows the status of reviews currently in progress to cover the current on-going testing within the 2012~12 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRESS AS AT 30th JUNE 2012		
AUDIT REVIEW	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2
Community Well Being & Environment Cash to Bank (Worcestershire HUB) 2011~12 (Q4)	01.05.12	N/A
Payroll Records (Parks Section) 2011~12 & 2012~13	18.04.12	N/A
Resources: Council Tax Reconciliations 2011~12 (Q4) & Gross Debit 2012~13	24.04.12	N/A
Housing Benefits (Reconciliations) 2012~13	13.06.12	N/A
ICT Security ~ Policies 2012~13	22.06.12	N/A
ICT Security ~ Back Up Procedures 2012~13	22.06.12	N/A
NNDR Reconciliations 2011~12 (Q4) & Gross Debit 2012~13	24.04.12	N/A
Treasury Management 2011~12 & 2012~13	13.06.12	N/A

SECTION 5

Performance Against Annual Plan For The Financial Year 2012/13Quarter ended 30th June 2012Year to 30th June 2012

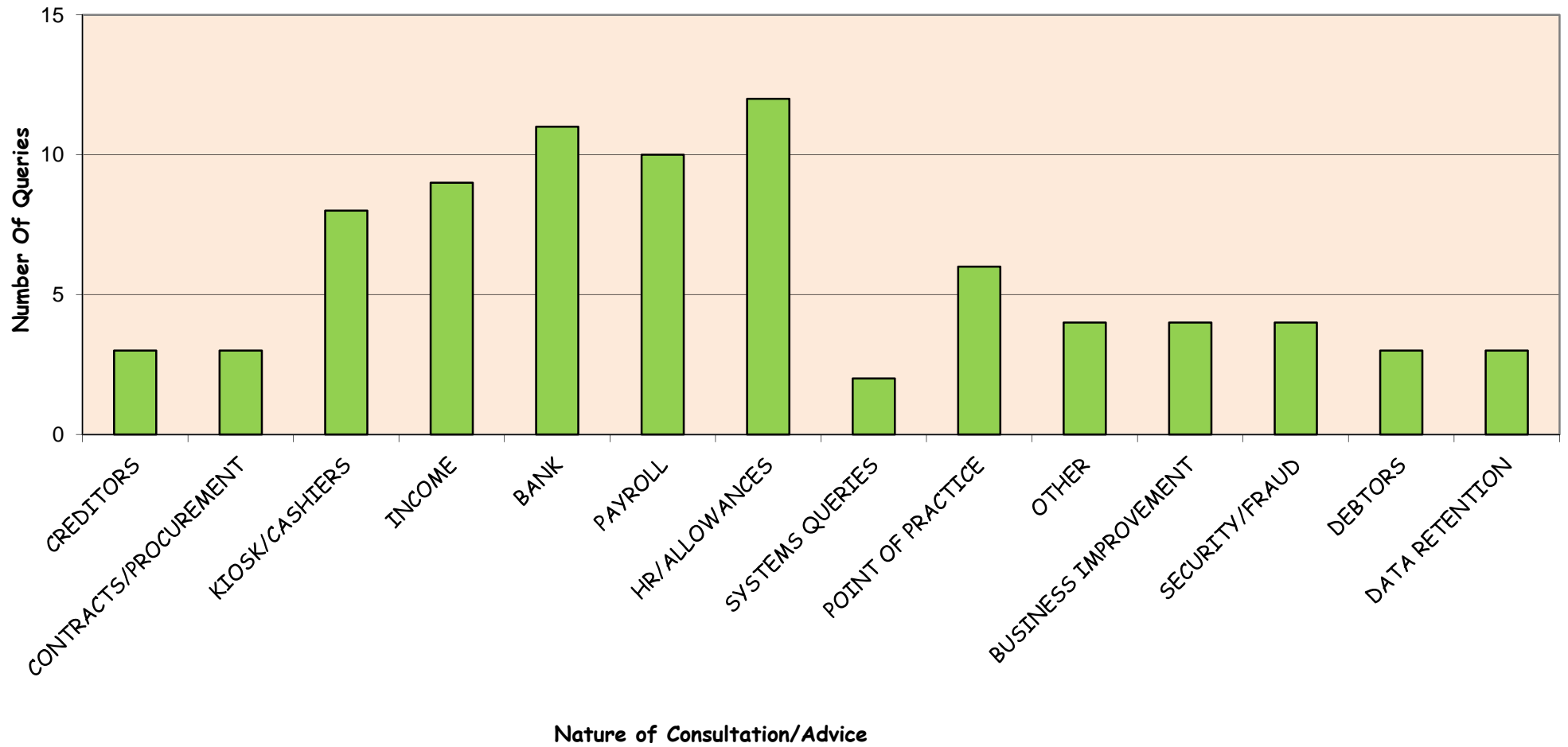
	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	70.75	93.75	75.47%	System and Probity	70.75	375	18.87%
Computer Audit	9.75	12.50	78.00%	Computer Audit	9.75	50	19.50%
Contract Audit	18.75	7.50	250.00%	Contract Audit	18.75	30	62.50%
Consultancy and Advice	16.75	10.00	167.50%	Consultancy and Advice	16.75	40	41.88%
Irregularity	5.50	10.00	55.00%	Irregularity	5.50	40	13.75%
Specific Service Duties	4.75	3.75	126.67%	Specific Service Duties	4.75	15	31.67%
Sub Total	126.25	137.50	91.82%	Sub Total	126.25	550	22.95%

TARGET**95.00%****23.75%****Audit Resource Statistics**

For the quarter to 30th June 2012 actual against plan is **91.82 %** compared to a target of **95%**. Quarter 1 saw a reduction in available productive hours for the Audit Team with the reallocation of resources preparing for the move to Wyre Forest House in the Autumn of 2012 and the implementation of the Electronic Document Management System.

Within the time allocated in the above table, during this first quarter of 2012~13 the Internal Audit Team have responded to 82 requests for advice and consultancy as categorised in the graph overleaf.

Summary of Audit Advice Q1 2012~13



WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
24th SEPTEMBER 2012**Risk Management – Corporate Risk Register**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN PRIORITY:	Delivering Together With Less
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Director of Resources
CONTACT OFFICER:	Joanne Wagstaffe, Ext. 2100 joanne.wagstaffe@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 -Corporate Risk Register as at 30 th June 2012

1. PURPOSE OF REPORT

- 1.1 To inform members of the Audit Committee of the current Corporate Risk Register, attached as Appendix 1. This follows the approval of a fundamental review of the Risk Register requested by the Audit Committee.

2. RECOMMENDATIONS

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 30th June 2012.**

3. BACKGROUND

- 3.1 Council approved a Risk Management policy statement and strategy in February 2008. The approved Risk Management strategy requires that the risk register entries for the Council, both strategic and operationally are considered by the Audit Committee. The risk register was reported to the Audit Committee in June 2009, at which time it was agreed that a Corporate Review of the current register was required.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk registers are held within the Covalent computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 The Corporate Risk Register was reviewed during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services. The Corporate Risk Register taken forward for 2012~13 has been developed and approved by the Corporate Management Team. The current Risk Management Policy Statement and the Risk Management Strategy are under review by the new Director of Resources, these will be presented for consideration to a future meeting of the Audit Committee.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Councillors includes a Risk Management Section and specific registers are monitored separately for significant individual project such as New Headquarters.
- 4.2 The Audit Commission has recognised the work which the Council has achieved in this area, however, they are keen that the Council continues to make further improvements. Within the Annual Audit Letter considered by the Audit Committee in December 2011 was the recommendation:

The corporate risk register should be developed into a more of a working tool, to support the leadership to focus on key risks and how they are being managed.

- 4.3 Given this recommendation and the review undertaken last year it is therefore appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of June 2012 (Quarter 1) and agreed by CMT. It is suggested that the Corporate Risk Register be reported on a 6 monthly basis to the Audit Committee, following consideration by the Corporate Management Team.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

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

7. RISK MANAGEMENT

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

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the six equality strands.

9. CONCLUSION

- 9.1 Further progress and actions on taking forward the corporate risk management process have been made thus ensuring that risks are monitored and action taken to minimise the impact on the Council. The Corporate Risk Register as attached at Appendix 1 provides a realistic overview of the major risks affecting the Council and will be monitored on a regular basis by the Corporate Management Team with six monthly reports to the Audit Committee.

10. CONSULTEES

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

11. BACKGROUND PAPERS

- 11.1 Audit Committee ~ 12th March 2012~Corporate Risk Register.

APPENDIX 1

Corporate Risk Register 2012/13 ~UpDated To 30th June 2012 ~Quarter 1

CORPRISK01		Regular change in the political balance /direction of the Council. The Council has a history of being hung and the current political situation is finely balanced. Having elections by thirds does not help to provide political stability. This has led to consensus politics.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
			CMT		
Linked Actions	Due Date	Progress	Latest Note		
RA12/13 01CWBE01	31-Mar-2013	<input type="text" value="0%"/>	11-Sep-2012 Six monthly meeting to be arranged between LSP Board and Group Leaders.		
RA12/13 02CWBE02	31-Mar-2013	<input type="text" value="25%"/>	29-Jun-2012 Regular Group Leaders meetings held.		
CORPRISK01	CORPRISK01				

CORPRISK02		Unable to implement and embed new ways of working. The Council is undergoing major transformational change that embraces EDRMS, mobile and flexible working, cultural and behavioural change, increased standards of delivery etc.			
Original Risk	Current Risk	Target Risk	Assigned To		Status
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT		
Linked Actions		Due Date	Progress	Latest Note	
RA12/13 03CWBE03		31-Mar-2013		29-Jun-2012 Number of interventions underway. Further member and staff communication to be undertaken.	
CORPRISK02		CORPRISK02			

CORPRISK03		Unable to improve the economic prosperity of the district. Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT; Ken Harrison; Mike Parker		
Linked Actions	Due Date	Progress	Latest Note		
RA12/13 04 EPP01	31-Mar-2013		13-Jul-2012 Note added by SW Two initiatives have been introduced: 1) £50k support for apprenticeships in a programme run with Kidderminster college. 2) £100k subsidy for business rates on empty shops in the three town centres on incentive new occupation. Work continues to develop a number of other initiatives: 1) Kidderminster town centre strategy and improvements. 2) Bewdley public realm improvements, working with Worcestershire county council. 3) Advise on the local market dynamics to support incubator units.		
CORPRISK03	CORPRISK03				

CORPRISK04		Unable to deliver good quality, affordable homes. The need for good quality, decent and affordable homes in the district is increasing but supply is decreasing.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT; Kate Bailey; Mike Parker; Tracey Southall		
Linked Actions	Due Date	Progress	Latest Note		
RA12/13 05 RES01	To implement the approved investment in the Local Authority Mortgage Scheme (LAMs).	30-Sep-2012		25-Jun-2012 Legal guidance pack obtained from Sector in February 2012, now with Monitoring Officer to consider. Progression of the scheme awaiting formal consent of Monitoring Officer, scheduled for consideration by Scrutiny and Cabinet in September 2012."	
RA12/13 06 EPP02	To deliver actions set out in Strategies Housing/Homelessness/Empty Homes/Private Sector Housing.	31-Mar-2013		13-Jul-2012 Note added by SW Housing strategy year one actions nearly complete. Homelessness strategy ends July 6th	
RA12/13 07 EPP03	To assist a Council scrutiny of the delivery of housing to meet local needs.	30-Dec-2012		13-Jul-2012 Note added by SW First housing scrutiny panel meets 11th July	
RA12/13 08 EPP04	To procure a new contract for the delivery of the Council's Homelessness, Housing Advice and Register Service.	31-Mar-2014		13-Jul-2012 Note added by SW Meeting with David Tirebuck - undertaking systems thinking review of housing needs	
CORPRISK04	CORPRISK04				

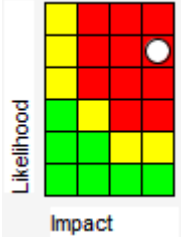
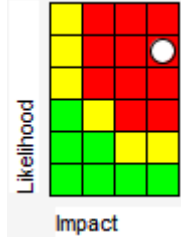
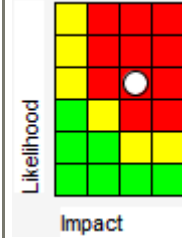

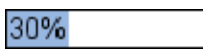
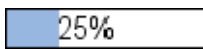

CORPRISK05		Do not meet achieve savings targets. Plans are in place to achieve savings to achieve the budget but these must be achieved for the budget to balance.				
Original Risk	Current Risk	Target Risk	Assigned To	Status		
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT; Tracey Southall			
Linked Actions	Due Date	Progress	Latest Note			
RA12/13 09 RES02	To participate in the Efficiency Strategy and the Service Reviews to generate savings and to monitor and report on these proposals on a quarterly basis to Cabinet.	31-Mar-2013		25-Jun-2012 Monthly budgetary control reports to Directorates to timetable.		
RA12/13 10 RES03	Ongoing annual Procurement savings target of £50k - monitored monthly.	31-Mar-2013		25-Jun-2012 On target.		
RA12/13 11 RES04	To develop more intelligent monthly management reports for consideration by CMT/Cabinet.	30-Sep-2012		25-Jun-2012 Work to be commenced following closure of Final Accounts.		
CORPRISK05	CORPRISK05					

CORPRISK06		Unable to deliver a sustainable budget for the long term. Reserves are being used in the short term to meet shortfalls but increased savings are required so that the budget becomes sustainable from 2014 onwards. In addition, the Government's proposals for Welfare Reform, including Universal Credit, Localisation of Council Tax Benefit and Retention of Business Rates represent significant change to key funding streams and the risk of this change having an adverse impact on the sustainability of the budget is high and must be managed carefully.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT; Tracey Southall		
Linked Actions		Due Date	Progress	Latest Note	
RA12/13 12 RES05	Prepare budgets in accordance with the Local Government Finance Act 2003 and the Council's Finance Strategy.	31-Mar-2013		25-Jun-2012 Pay estimates - first stage of budget process on timetable.	
RA12/13 13 RES06	Implement Government's proposals on Localisation of Council Tax Benefits and Business Rates Retention to meet statutory deadlines with due regard to the overall impact on funding levels and budget sustainability and first stage of Welfare Reforms towards Universal Credit.	31-Jan-2013		25-Jun-2012 Preparatory work with CMT/Cabinet completed. Local scheme to Strong Leader Report/Cabinet in early July.	
CORPRISK06	CORPRISK06				

CORPRISK07		Council 'misses' important issues and/ or is in breach of a requirement. The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements etc.				
Original Risk	Current Risk	Target Risk	Assigned To	Status		
			CMT			
Linked Actions	Due Date	Progress	Latest Note			
RA12/13 14CWBE04	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;"> 25% </div>	On Target: Advising on Leisure Project and STC4			
RA12/13 15 CAL01	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;"> 10% </div>	On Target to be commenced December 2012			
CORPRISK07	CORPRISK07					



CORPRISK08		Fully formed IT strategy is not developed and implemented. There continues to be significant investment in the development of technology at the Council and 2011/12 saw major improvement in the delivery of ICT across the Council. Successes include the move to the Exchange email system and upgrade to MS Office 2007. We are at a critical stage in the development of technology with the move to the New HQ but the ICT Transition Plan mitigates this risk as far as possible.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
			CMT; Dave Johnson		
Linked Actions	Due Date	Progress	Latest Note		
RA12/13 16 RES07	30-Sep-2012		12-Sep-2012 Project progress as per plan and progress reviewed daily and appropriate actions taken.		
CORPRISK08	CORPRISK08				

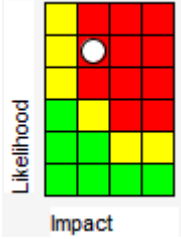
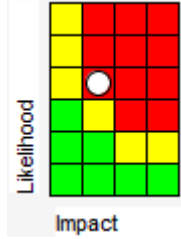
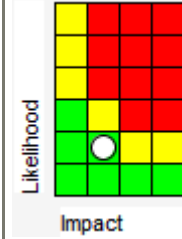

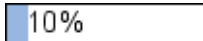



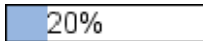

CORPRISK09						Failure to optimise alternative delivery options. The review of the future direction of the delivery of services to the local community including consideration of shared services and the localism agenda is challenging and must be carefully managed to ensure all opportunities are optimised whatever their guise. This revised approach to service delivery is being encouraged by Government and is required to make efficiencies and savings. It is the third part of the Council's transformation efforts following approval of the move to the new HQ. However there are always risks around the management of such arrangements, whether the work is being led by another organisation or led by the Council.					
Original Risk		Current Risk		Target Risk		Assigned To		Status			
						CMT					
Linked Actions			Due Date		Progress		Latest Note				
RA12/13 17 CAL02			30-Dec-2012				Well in Progress				
RA12/13 18CWBE05			31-Mar-2013				04-Sep-2012 The Wyre forest 'offer' drafted and work underway with Members on their role in the Community				
CORPRISK09			CORPRISK09								

CORPRISK10		Not able to maintain a skilled and motivated workforce. Against the background of the erosion of staff conditions the Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer. The restructure following the resignation of the Director of Resources in January and further changes scheduled following the move to the New HQ are also factors in the motivation and retention of the workforce.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
			CMT; Caroline Newlands		
Linked Actions		Due Date	Progress	Latest Note	
RA12/13 19 CAL03		31-Mar-2013		10-Sep-2012 CMT have committed £10k from the Corporate Training Budget for Leadership and Management Development interventions. In partnership with WCC Learning & Development Centre a learning needs analysis is being carried out with CMT and WF20 focussing on leadership and management. Once completed a suite of interventions will be developed.	
RA12/13 20 CAL04		31-Mar-2013		10-Sep-2012 HR Advisors continue to meet with WF20 managers on a bi monthly basis to support them with all aspects of people management.	
RA12/13 21 CAL05		31-Mar-2013		10-Sep-2012 As part of a rolling programme HR policies are being reviewed including simplifying the format, layout and structure, enabling managers to be more self sufficient. Local HR breakfast meetings are held to support managers with the changes to HR policies. In addition one to one support is provided to managers with the delivery of change.	
CORPRISK10		CORPRISK10			






CORPRISK11		Capacity to do everything is insufficient. A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships. Whilst there has been recent commitment to the retention of 4 Directors for the short term, the prospect of further restructuring, together with the pace of change and need to continue to deliver key projects represents a significant resourcing risk over the next 12 months.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	CMT		
Linked Actions		Due Date	Progress	Latest Note	
RA12/13 22 R8 E5	Ensure resources are monitored and managed to protect capacity issues when the Accountancy/Planning Systems Interventions take Place.	30-Dec-2012	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ccccff; display: flex; align-items: center; justify-content: center;">5%</div>	25-Jun-2012 The Accountancy intervention has not yet commenced. The Planning Intervention is in the early stages of the process.	
RA12/13 23 CMT01	Ensure involvement of appropriate staff from both within and outside WF20 onto projects to spread resourcing and maximise the opportunities for success.	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ccccff; display: flex; align-items: center; justify-content: center;">25%</div>	On Target. No significant issues identified.	
CORPRISK11	CORPRISK11				

CORPRI SK12		Significant Corporate Projects leading to operational/efficiency savings not delivered effectively. The Council has a number of complex significant projects to deliver, approved and reflected in the medium term financial strategy. These will be challenging to deliver to time and to budget and will require excellent project management supported by appropriate resourcing.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
			CMT		
Linked Actions	Due Date	Progress	Latest Note		
RA12/13 24 CAL06	To ensure successful occupation of the New HQ in line with the detailed project plan. Note: a detailed risk register is maintained by RLB consultant, updated monthly and reported to the Project Steering Group.	30-Sep-2012		Project continues to progress well.	
RA12/13 25 CMT02	Progression of Systems Thinking methodology and delivery of target savings of £100k for 2012/13, with a strategy to deliver £250k by 2013/14 and £500k by 2014/15.	31-Mar-2013		11-Sep-2012 Systems Thinking interventions are progressing within the Directorates, however at this early stage it has been assumed that it is unlikely we will achieve the full saving in 2012/13 and the saving will be re profiled in to future years.	
RA12/13 26 CMT03	To deliver the Carbon Management Plan "spend to save" Cabinet Proposal with capital investment of £111k in 2012/13 with a strategic plan to achieve annual savings of £75k pa by 2016/17.	31-Mar-2013		13-Jul-2012 Note added by SW The carbon management team are receiving support from the carbon trust to develop the business case for year 1 projects focused on buildings (Green Street and Town Hall) and fleet improvements (electronic bin lifts, route optimisation).	
RA12/13 27CWBE06	Use the multi-disciplinary project team and external consultancy as appropriate to deliver the Leisure Future Project to Time table. Appoint consultants, procure land and	31-Mar-2013		Project Group continues to make progress; project timetable approved; Leisure consultants appointed; site acquisition work continues in earnest.	

	commence Procurement of DBOM contract in 2012/13 (longer timeframe for overall project delivery). Note: To develop and monitor a detailed risk register specific to this major project in liaison with project managers.				
RA12/13 28 CMT04	Continue with the Wyre Forest Forward programme to rationalise future service provision completing Systems Interventions in line with the agreed plan.	31-Mar-2013		<p>12-Sep-2012 Good progress continues to be made. Revenues and Benefits intervention 95% complete and Leadership Intervention underway. Leadership dashboard (leading and lagging measures) in place and being considered monthly Leadership development programme – principle agreed, funding allocated, needs assessment undertaken by CMT</p> <p>Culture and behaviours – work done by CMT and WF20 on “what does good look like?”</p>	
CORPRISK12	CORPRISK12				

CORPRISK13		Unable to effectively improve the Council's reputation. The Council's reputation is extremely important, progressive improvement is important and can be subject to political influence that is difficult to predict and control. Effective consultation and communication with increased focus on customer (both internal and external) engagement are key to this gradual progression - along with purposeful service delivery.			
Original Risk	Current Risk	Target Risk	Assigned To	Status	
			CMT		
Linked Actions		Due Date	Progress	Latest Note	
RA12/13 29 CMT05	Devise and implement additional action plan to improve the Council's reputation with the public. To then keep this under regular review and update as appropriate.	31-Mar-2013		Enhanced Reputation Programme is underway and regular monthly meetings in progress.	
RA12/13 30 CMT06	Devise and Implement an action plan to improve employee and member engagement further. To then keep this under regular review and update as appropriate.	31-Mar-2013		Engagement Plan underway with regular review.	
RA12/13 31 CMT07	To utilise Systems Thinking Methodology to devise and implement a Leadership action plan to support the progressive improvement of the Council's reputation. To then keep this under regular review and update as appropriate.	31-Mar-2013		Leadership dashboard (leading and lagging measures) in place and being considered monthly. Leadership development programme-principle agreed, funding allocated, needs assessment undertaken by CMT. Culture and behaviours-work done by CMT and WF20 on "what does good look like?"	
CORPRISK13	CORPRISK13				

CORPRISK14		Member skills and/or competencies are inadequate. All political groups sometimes struggle to find suitable candidates to stand. Member training takes place but is not universally attended. Increased pressure on members to develop specialist roles and devote more time.				
Original Risk	Current Risk	Target Risk	Assigned To	Status		
			CMT			
Linked Actions	Due Date	Progress	Latest Note			
RA12/13 02CWBE02	Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward. Monthly Group Leaders Meetings and regular Member Forums and to continue to develop the Members Forum.	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;"> 25% </div>	29-Jun-2012 Regular Group Leaders meetings held.		
RA12/13 33 CAL07	Induction and training of Members. • Consult with Members, CMT and other Managers by January 2012 • Agree timetable and outcomes for training by March 2012 • Publish training timetable by April / May 2012.	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;"> 100% </div>	Completed		
RA12/13 34 CAL08	To develop and implement an action plan to deliver the My street, My Community project and to engage members to work with the Community and other organisations to deliver services in new/different ways.	31-Mar-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;"> 25% </div>	04-Sep-2012 The Wyre forest 'offer' drafted and work underway with Members on their role in the Community.		
CORPRISK14	CORPRISK14					

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown