

Open

Audit Committee

Agenda

6.00pm
Monday, 3rd December 2012
Council Chamber
Wyre Forest House
Finepoint Way
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, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732733 or email susan.saunders@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Monday, 3rd December 2012

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, 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 24 th September 2012.	5
5.	Annual Audit Fees To receive and note the Wyre Forest Fee Letter from Grant Thornton summarising the audit fees for 2012/13 and introduce the new Engagement Lead for the External Audit Team.	9
6.	External Funding Position Statement – Quarters 1 and 2 : 2012/13 To receive a report from the Director of Economic Prosperity and Place that provides an update on the amount of external funding being attracted into the District during Quarters 1 and 2 of the 2012/13 financial year and the variety of projects for which the funding is contributing towards for the benefit of the District and its residents.	13

7.	<p>Internal Audit Monitoring Report Quarter Ended 30th September 2012</p> <p>To receive a report from the S151 Officer and Principal Auditor that informs Members of the Internal Audit Monitoring Report for the Quarter ended 30th September 2012.</p>	21
8.	<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>	
9.	<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

10.	<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

24TH SEPTEMBER 2012 (6 PM)

Present:

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

Observers:

Councillors: J-P Campion, Councillor N J Desmond and H E Dyke.

AUD.11 Apologies for Absence

Apologies for absence were received from Councillor J W Parish.

AUD.12 Appointment of Substitutes

Councillor G W Ballinger was appointed as a substitute for Councillor J W Parish.

AUD.13 Declarations of Interests by Members

No declarations of interest were made.

AUD.14 Minutes

Agreed: The minutes of the meeting held on 25th June 2012 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.15 Audit Update

The Committee received an update from the Audit Commission. The paper was introduced by Liz Cave from the Audit Commission.

Members were advised that Grant Thornton would be the Council's new audit provider. The Committee were reassured that the level of service would remain as staff from the Audit Commission would be transferring to the new provider.

In response to a Members question, it was confirmed that the price of the new service would be reduced by 40% and the Council had already received a refund of £8,500.

Decision: The report be noted.

AUD.16 Annual Governance Report

The Committee received a report from the Audit Commission which detailed the findings of the audit of accounts for 2011/12.

Members were taken through the report and the District Auditor informed Members that the report gave an unqualified opinion on statements and arrangements for securing Value for Money. Moreover, she was confident that the Council were now more positive in the management of risks and savings.

In response to a Members' question, it was confirmed that in respect to the Icelandic investments the proposed schedule of payments were shown in the Statement of Accounts.

Members were pleased with all the comments made and thanked the Audit Commission for their work.

Decision: The Letter of representation and the proposed action plan be approved.

AUD.17 Annual Audit Letter Wyre Forest District Council 2011/12

The Committee received a draft Annual Audit Letter from the Audit Commission that summarised the results and findings from the audit of accounts for 2011/12.

The District Auditor informed Members that the Audit Letter, once approved, would become a public document and be available to view on the Council's website. The letter would confirm that the finding from the Audit Commission issued an unqualified opinion on the Council's 2011/12 financial statements.

Members were informed that although the Council had an immense amount of work to do, it had progressed well through Wyre Forest Forward. The District Auditor was confident of the Council's ability to manage better than it had previously and there was evidence to prove this, i.e. property sales, new Headquarter savings and well prepared accounts.

In response to a Member query on proposed job losses of 24 full time equivalent posts, the District Auditor replied that it was important for the Council to balance their budgets and get the correct message across to people. There were options to do things in different ways and these needed to be communicated.

The Council needed to look at all its services and see if there were ways to improve how it did things. All Councils across the country were in the same position, it was not a unique situation for Wyre Forest.

It was confirmed that the savings of £500K for the new HQ were shown in the Statement of Accounts.

Decision: The Annual Audit Letter be approved subject to a word change in paragraph one under the heading of Wyre Forest Forward for the savings of £500K for new HQ.

Councillor N J Desmond left the meeting at this point, (6.32pm).

AUD.18 Statement of Accounts 2011/12

The Committee considered 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.

Members were informed that some adjustments had been made to the balance sheet and these had been identified in appendix 1 of the report. There was one change required to the balance sheet and this was a capital grant transaction.

Members attention was drawn to page 63 of the Statement of Accounts which gave a breakdown of the Icelandic investments and it was reported that 63% of the monies had so far been received.

In response to a Member question, the Director of Resources responded that in her letter she confirmed that she was happy with the statement of accounts and was informed of any irregularities with regard to fraud or suspected fraud. There were several ways this could be highlighted through external and internal audit

It was pleasing to note that the Council paid their bills promptly and also collected it as quickly.

Members were pleased with the clear and concise report and how it had been presented.

Decision:

- 1. The revised Statement of Accounts for 2011/12 be approved.**
- 2. The Letter of representation for 2011/12 attached at appendix of the report be approved.**

AUD.19 Internal Audit – Compliance with the CIPFA Code of Practice for Internal Audit

The Committee received a report from the Director of Resources/Principal Auditor that advised the results of the Self Assessment exercise.

It was confirmed to Members that it was first time that compliance with the Code of Practice for Internal Audit in Local Government had received a majority “Yes” and Members were pleased with this.

Decision: The completed checklist showing Internal Audit – Compliance with the CIPFA Code Practice for Internal Audit as detailed in the appendix to the report be approved and noted.

The District Auditor left the meeting at this point, (6.45pm).

AUD.20 Internal Audit Monitoring Report Quarter Ending 30th June 2012

The Committee received a report from the S151 Officer/Principal Auditor which informed Members of the Internal Monitoring report for the quarter ended 30th June 2012.

The Principal Auditor highlighted reports which had been finalised in the quarter, all of which had achieved “full” or “some” assurance.

In relation to the management of town and civic halls, it was confirmed that the booking system was still “work in progress” and being tested.

It was confirmed that the improvement within the management of electronic documents for the Accountancy Reconciliation of Housing Benefit overpayments was still work in progress.

In response to a member query on the summary of audit advice given in the “Other” section, the Principal Auditor confirmed that this related to items such as queries on benefit payments via the Kidderminster HUB and who was the Council’s governing body.

Decision: The Internal Audit Monitoring Report for the Quarter ended 30th June 2012 as detailed in the appendix to the report be considered.

AUD.21 Risk Management – Corporate Risk Register

The Committee received a report from the Director of Resources which provided an update on the Corporate Risk Register.

It was reported that in relation to incubator units, a professional advisor had been appointed to look into the situation and a report would be made to the Cabinet Review Group.

Decision: The Corporate Risk Register and the associated mitigating actions as at 30th June 2012 be considered and noted.

The meeting ended at 6.55 pm.



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Our Ref MS/GE/WO9013681/L1

Jo Wagstaffe – Director of Resources
Wyre Forest District Council
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Finepoint Way
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13 November 2012

Dear Jo

Planned audit fee for 2012/13

We are delighted to have been appointed by the Audit Commission as auditors to the Council and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

For 2012/13, the Commission has independently set the scale fee for all bodies. The Council's scale fee for 2012/13 is £64,348 which compares to the audit fee of £107,246 for 2011/12, a reduction of 40%.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/scaleoffees1213.

The audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Chartered Accountants

Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office.

Scope of the audit fee

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13. It covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VFM conclusion and a separate report of our findings will be provided.

Our planning to date has not identified any additional work which we are required to undertake to support our VFM conclusion. We will continue to assess the Council's arrangements and discuss any additional work required during the year.

Certification of grant claims and returns

The Audit Commission has replaced the previous schedule of hourly rates for certification work with a composite indicative fee. This composite fee, which is set by the Audit Commission, is based on actual 2010/11 fees adjusted to reflect a reduction in the number of schemes which require auditor certification and incorporating a 40% fee reduction. The composite indicative fee grant certification for the Council is £12,850.

Billing schedule

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for two quarter's in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

Main Audit fee	£
December 2012	32,174
January 2013	16,087
March 2013	16,087
Grant Certification	12,850
June 2013	12,850
Total	77,198

Outline audit timetable

We will undertake our audit planning and interim audit procedures in January – February 2013. Upon completion of this phase of our work we will issue our detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VFM conclusion will be completed in August 2013 and work on the whole of government accounts return in September 2013.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	Jan to Feb 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VFM.
Final accounts audit	July to Aug 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	Jan to Sept 2013	Report to those charged with governance	As above
Financial resilience	Jan to Sept 2013	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2013	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2013	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2012/13 are:

	Name	Phone Number	E-mail
Engagement Lead	Mark Stocks	0121 232 5437	Mark.C.Stocks@uk.gt.com
Engagement Manager	Gill Edwards	0121 232 5338	gill.edwards@uk.gt.com
Audit Executive	Kate Kenderdine	0121 232 5316	Kathryn.A.Kenderdine@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner Jon Roberts jon.roberts@uk.gt.com

Yours sincerely

Mark Stocks
For Grant Thornton UK LLP

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
3RD DECEMBER 2012

External Funding Position Statement – Quarters 1 & 2 : 2012/13

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Multi-themed
CORPORATE PLAN THEME:	Multi-themed
CABINET MEMBER:	Councillor J-P Campion
DIRECTOR:	Director of Economic Prosperity and Place
CONTACT OFFICER:	Matthew Barker Ext. 2192 Matthew.barker@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – External Funding Monitoring Report: Quarters 1 & 2 - 2012/13

1. PURPOSE OF REPORT

- 1.1 This report provides an update on the amount of external funding being attracted into the District during Quarters 1 & 2 of the 2012/13 financial year; and the variety of projects for which the funding is contributing towards for the benefit of the District and its residents.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to NOTE the amount of External Funding being attracted to the District as attached at Appendix 1.**

3. BACKGROUND

- 3.1 The Wyre Forest District Council (WFDC) promotes and improves the economic, social and environmental well-being of the district in the best interests and for the greatest benefit of its residents, businesses and visitors.
- 3.2 The District Council is increasingly dependent on attracting external funding sources, in addition to its own budgets, to meet its own priorities as well of those of the community.
- 3.3 In April 2005 the District Council adopted its External Funding Strategy to establish protocol and aid development to all stakeholders and partner organisations that WFDC work with (on external funded projects) to be aware of their roles and responsibilities.

3.4 A review of this Strategy was completed in April 2009 in order to ensure that it is meeting its aims and objectives effectively, and that the protocol is relevant and up to date. As a result of this review, the Strategy was renamed the 'External Funding Monitoring Policy' to emphasise its primary role as a monitoring exercise.

3.5 External funding bid information is obtained and recorded on a quarterly basis to ensure that funding is reported and monitored regularly. This is reported in the form of position statements and is supplied to the Audit Committee.

4. KEY ISSUES

4.1 Appendix 1 is the External Funding Position Statement for Quarters 1 & 2 of the 2012/13 financial year.

4.2 The information provided in the Appendix is externally funding projects which the District Council and its Officers have been directly involved with.

4.3 The information contains a mix of those projects where funding was actively bid for by the District Council, those instances where a grant has been allocated to the Council in order to provide a service, projects which the Council is leading on an attracting support from other organisations, and projects where the Council is working in partnership with other organisations and has contributed, but is not the accountable body.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

6.1 There are no legal or policy implications arising directly from this report.

7. RISK MANAGEMENT

7.1 Not applicable.

8. EQUALITY IMPACT NEEDS ASSESSMENT

8.1 Not applicable.

9. CONCLUSIONS

9.1 The provision of external funding continues to be an important part of Wyre Forest District Council delivery of its priorities.

10. CONSULTEES

10.1 Not applicable.

11. BACKGROUND PAPERS

11.1 External Funding Monitoring Policy (February 2009).

Appendix 1 - External Funding Position Statement – Quarters 1 & 2 : 2012/13

Name of Project or Service and Contact Officer	Acc Body WFDC?	Name of Funding Pot and Funding Provider	Amount of funding	Total funding required for project / service	Other monies provided and by whom	Use of Funding	Geographical Area	Sustainability of project / service once funding ceases
Floodlighting and disability cycle centre scheme for cycle track at Stourport Sports Club (Lesley Fox)	Yes for the Sport England grant Stourport Sports Club for the other two	British Cycling Sport England Biffa	£70,000 £50,000 £50,000	£170,000		To illuminate the cycle track so that it can be used in the darker evenings and weekends which will provide additional capacity and a safe, high quality training and competition venue which is off road. To create a store for disability bikes and car parking.	SSC membership, WFCRC and cyclists from outside of the district, local community use/families/school	
Track Walk (Dale Evans)	Yes	Worcestershire NHS	£4,500	£4,500		Funding to provide a walk leader for 2 years on a 3 hour per week contract to deliver a track walk at Stourport Sports Club.	Wyre Forest	
Kidderminster Arts Festival - support (Loz Samuels)	WCC	Strategic Development	£7,000 over 2 years	£7,000 over 2 years	WFDC £5,000 additional below	Funding to provide production support and business planning for KAF	Kidderminster	
BLOOM projection project. (Loz Samuels)	Yes	Grants for the Arts (G4A)	£9,993.00	n/a	As above	For the development and delivery of BLOOM Paralympic event and associated workshops	Kidderminster	
Kidderminster Arts Festival Programming (Loz Samuels)	Yes	Donation Swan Shopping Centre	£250.00	n/a	As above	For programming of KAF	Kidderminster	

Appendix 1 - External Funding Position Statement – Quarters 1 & 2 : 2012/13

Kidderminster Arts Festival Launch (Loz Samuels)	Yes	Donation Weavers Wharf Retail Park	£50.00	n/a	As above	For launch of KAF	Kidderminster	
Rural Arts (Loz Samuels)	The project is managed by the Worcestershire Arts Officers Group and delivered by Live and Local who receive the funding direct as a NPO	Arts Council England	£44,519	£61,519	£8k by WCC £2.25k by each District	To provide a rural touring scheme bringing subsidised performances of dance, music and theatre to village halls and community venues around the county.	Worcestershire	It is not sustainable without funding, this funding is guaranteed for a further 2 years under the current agreement
Arts Residencies (Loz Samuels)	Yes	Arts Council England The Radcliffe Trust: The Grimmitt Trust:	£69,950 £4,000 £250	£104,950	Staffordshire County Council £10,000 Coventry, Solihull & Warwickshire Sub Regional Arts Partnership £5,000 Dudley Borough Council £2,500, Wyre Forest District Council £2,500 Birmingham City Council £5,000	To provide a scheme to put artists in residencies in non-arts venues, plus a graduate who would be mentored. Artists delivered a range of workshops to community groups and professional development opportunities. The project culminates in a touring exhibition of commissioned work in response to the residencies by both the lead artist, the graduate and the groups involved.	West Midlands with partners from: Wyre Forest, Dudley, Birmingham, Staffordshire, Wolverhampton, Coventry and Warwickshire.	Task and finish
Temporary Public Art Project (Loz Samuels)	Yes	Worcestershire County Council through the Arts Partnership	£500	£700	In Kind contribution from CBS outdoor	To create 5 commissioned pieces of temporary public art which will appear on busses throughout Worcestershire	Worcestershire	Task and finish

Appendix 1 - External Funding Position Statement – Quarters 1 & 2 : 2012/13

New astro turf pitch at Stourport Sports Club (Lesley Fox)	Yes	Sport England	£150,000	£479,000	£329,000	To build a new floodlit astro turf pitch	SSC membership hockey players and footballers from outside of the district, local community use/families /school	SSC to maintain facility
Sportivate (Dale Evans)	Yes	Sport England	£8,920	£8,920		Sport & physical activity sessions for 14-25 year olds	Wyre Forest	
Oct Half Term (Dale Evans)	Yes	WF Community & Safety Partnership	£600	£600		Kick out racism in football activities during October half term	Wyre Forest	
Short Breaks – under spend from 2011-12 (Dale Evans)	Yes	Worcestershire County Council & NHS	£5,277.50	£5,277.50		Half term activities for giving carers a break from providing care to young people with disabilities	Wyre Forest	
Family Fun – under spend from 2011-12 (Dale Evans)	Yes	Department of Health, NHS	£2,877.05	£2,877.05		Providing positive activities for adults and young people in areas of deprivation.	Wyre Forest	
Health Improvement Fund (Dale Evans)	Yes	Health Improvement Fund	£2,435.92	£2,435.92		Sport & physical activity Sessions for adults with learning and physical disabilities	Wyre Forest	
Sports Awards (Dale Evans)	Yes	Various Business's	£150	£150		Sponsorship for Sports awards 2012	Wyre Forest	

Appendix 1 - External Funding Position Statement – Quarters 1 & 2 : 2012/13

Children's and Young People Sports Clubs (Dale Evans)	Yes	H&W Sports Partnership	£470	£470		To provide opportunities to allow Children & YP to access sports clubs	Wyre Forest	
ActivRef – Under spend from 2011-12 (Dale Evans)	Yes	H&W Sports Partnership, NHS	£6,000	£6,000		Physical activities based at the Glades Leisure Centre for people with mental & physical health issues	Wyre Forest	
Camp Burlish (Paul Allen)	Yes	HLF and Stourport town council	£5,000	£9,000	WFDC and in kind from volunteer support	Production of interpretation material and events to collect more information and educate local people about the role Burlish Top played in World war 2	Wyre forest district	Project will be run by We Love Stourport group and Stourport Civic Society
Ranger Summer Club (Paul Allen)	Yes	Vestia	£5,000	£5,000		Provision of education event	Oldington and Foley Park, and The Walshes	
Grazing Access Project (Paul Allen)	Yes	HLS (Additional funding to main HLS grant)	£7,000	13,000	WFDC	Replacement of old (12 year old) fencing with new fencing to allow cattle to graze on the Rifle Range in a manner that increased the available public access	Rifle Range Nature reserve	

Appendix 1 - External Funding Position Statement – Quarters 1 & 2 : 2012/13

Wyre Forest Community Safety Partnership Kathryn Washington	Worcestershire County Council	Community Safety Fund Worcestershire County Council	£6,8275	£130,302.36		Allocation of funding is determined by Wyre Forest Community Safety Partnership throughout the year for various projects.	District wide	Projects will end although some elements have been pump primed and require officer input rather than funding to support them
	Wyre Forest District Council	Worcestershire County Council	£8,280					
		West Mercia Police Authority	£4,000					
		Partner contributions	£49,747.36					

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
3rd DECEMBER 2012**Internal Audit Monitoring Report**
Quarter Ended 30th September 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 September 2012

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Internal Audit Monitoring Report for the Quarter ended 30th September 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 September 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.

Agenda Item No. 7

- 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 September 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 September 2012**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30TH SEPTEMBER 2012

INDEX	PAGE
SECTION 1 Final Audit Reports issued in the Quarter	27
SECTION 2 Follow up Reviews undertaken in the Quarter Previous Audit Recommendations In Progress	33 37
SECTION 3 Draft Audit Reports issued in the Quarter	38
SECTION 4 Work In Progress (Including Action Plans Issued)	38
SECTION 5 Performance against Annual Plan for the Financial Year 2012/13 Including Consultancy & Advice for the Quarter	39

Joanne Wagstaffe
SECTION 151 OFFICER

12th November 2012

Agenda Item No. 7

SECTION 1 FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30 TH SEPTEMBER 2012		
	ASSURANCE	PAGE
CORPORATE		
Key Systems		
Creditors (Compliance) 2011~12	S	28
COMMUNITY ASSETS & LOCALISM		
Key Systems		
Human Resources ~ Establishment (Staff Records Forms) 2011~12	S	29
Human Resources ~ Establishment (Annual Reconciliation) 2011~12	L	30

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.

Agenda Item No. 7

AUDIT REPORT TITLE: Corporate Creditors Compliance 2011-2012 BUDGET: Various	ACTION PLAN ISSUED: 12 th January 2012 DRAFT REPORT DATE ISSUED: 3 rd May 2012 FINAL REPORT ISSUED: 24 th August 2012	DIRECORATE: Resources RESPONSE RECEIVED: 13 th August 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 concentrated on ensuring that the controls in place over the system for the payment of the Council’s creditors are operating as intended. The review comprised examination of the Council’s new procedures for the ordering, processing and payment of invoices and that these procedures operate within current Contract Procedure Rules and Financial Regulations.

Testing was undertaken on samples of invoices processed for payment during September 2011 and January 2012. Following the initial phase of testing, an action plan was issued to the Principal Accountant. The aim of the action plan being to advise of any matters arising during the period of testing in order that they can be addressed promptly and remedial action taken where appropriate. It was found that on occasions orders were being raised after the invoice for goods had been received, which could lead to budgets being overspent. The testing also raised the possibility that further training may be required relating to raising purchase orders and processing invoices on to the system; and when pro-forma invoices are required. 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 second phase of testing undertaken in the fourth quarter which proved a significant decrease in supplier invoices being processed ie those without an order being raised. There was one invoice however, that although an order had been placed and the goods receipted in line with the council’s purchase ordering procedure, the invoice from the organisation had not actually been received for payment until 9th January 2012 over twelve months later, the invoice was paid 16th January 2012. There was no evidence of checks being undertaken to ensure that payment had not previously been made, with the invoice being treated as a Supplier Invoice.

In respect of all other paid invoices, all were made in a timely manner with all supporting documentation and authorisation being recorded on the system accurately.

Conclusion

On the basis of the work undertaken, the review has concluded that there were areas for improvement within the system for the ordering of goods prior to receipt of same in most instances. This was addressed as a result of the Action Plan being issued therefore the overall conclusion is that at this time **SOME** assurance can be given that the internal controls in place for the electronic ordering, processing and payment of Council invoices are operating effectively.

Agenda Item No. 7

AUDIT REPORT TITLE: Payroll Audit 2011/12 {Establishment ~ Staff Record Forms} BUDGET: £6,639,251 Estimated Net Payroll 2011~12	INTERIM REPORT:23rd January 2012 DRAFT REPORT ISSUED:29th May 2012 FINAL REPORT ISSUED:28th August 2012	SERVICE: Community Assets & Localism (HR~WCC) Resources Directorate (Payroll ~ HR21)~For Info Only RESPONSE RECEIVED: Interim 2nd February 2012 Draft : 29th June 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.			
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		Significant	High risk – urgent action needed

Overview:

This audit forms part of the annual reviews undertaken to assist the Council’s external auditors in their annual audit. Both Human Resources (HR) and Payroll services are provided by external suppliers, Worcestershire County Council (WCC) Redditch Borough Council (RBC) respectively. This review sought to ensure that all input documents processed by WCC were correct and refer to bona fide Wyre Forest District Council (WFDC) employees. Observations made referring to the annual establishment check and payroll payment processing will be reported under separate reports. All staff record forms (starters & leavers) processed between 1st April and 31st March 2012 were examined to verify that an authorised signatory has signed the forms. Verification was made to ensure that only authorised personnel (establishment posts) were recorded on the WFDC payroll. An independent check was undertaken on all processed by WCC to confirm they were accurate, processed in a timely manner, correctly authorised and appropriately updated into the WFDC payroll database maintained by RBC.

Initial testing was carried out in May and September with these observations being reported in an action plan issued to the WCC HR Manager. 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. Those recommendations actioned following the issue of the action plan are detailed below for completeness. Of the observations arising from the initial testing, it was established that the HR starters and leavers lists, distributed to Managers for information, were inaccurate however with the planned changes in processes (HR to directly input establishment information in to the CHRIS 21 HR system including staff record details) this issue will be addressed. In the interim period the HR Officer agreed that the distribution lists should continue to be maintained and updated appropriately. During the testing it was identified that, for those employees who transferred to WFDC under a TUPE arrangement from Bromsgrove and Redditch Councils, as part of the Economic & Regeneration Service hosted by WFDC their personnel/payroll files contained no historical information, therefore it was not possible to verify the accuracy of their salary payments/contractual arrangements at the time of the audit review, these files have now been forwarded to WFDC and are held by HR. All Starters and Leavers had been appropriately updated onto the CHRIS Payroll system, however, the initial compliance testing undertaken on the staff record forms did highlight the lapse of a key control in that some forms had been signed by Managers not authorised by their Director to do so. Final testing identified that this key control is now being implemented. From this audit review the HR Team will, with the implementation of the HR21 (Self Serve) for Payroll, revisit the Staff Record Forms and in particular give consideration to having separate forms for Leavers and Transfers.

Conclusion:

This report specifically concentrated on the services delivered by the WCC Human Resources Team. The audit has concluded that there are areas where there are opportunities for improvement and where significant risks could be reduced particularly in view of the development of HR21 (Self Serve) for 2012~13. The WCC HR Team will be responsible for ensuring that Staff Record Forms (a prime record) are complete and accurate to support the authorised establishment prior to RBC updating and processing any payroll record. Following the completion of the first phase of the testing an interim audit report (detailed below for completeness) was issued to the Director of Community Assets & Localism with an initial **LIMITED** assurance level. On conclusion of the audit this has been raised to **SOME** for controls in place for the monitoring of the WFDC Establishment.

Agenda Item No. 7

AUDIT REPORT TITLE: Payroll Audit 2011-12 (Establishment Database) BUDGET: £6,639,251 Estimated Net Payroll 2011~12 REF: VARIOUS	INTERIM REPORT: 23 rd January 2012 DRAFT REPORT ISSUED: N/A FINAL REPORT ISSUED: 28 th August 2012	SERVICE: Legal & Corporate Services (Human Resources) Resources Directorate ~Accountancy (Establishment Check)~For Info Only RESPONSE RECEIVED: 2 nd February 2012/29 th June 2012/5 th July WCC 11 th July 2012 WFDC Accountancy
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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 sought to ensure that there is a system in place for the independent reconciliation of the Establishment as approved by Directors to the CHRIS Payroll computer application. In 2011 both the Human Resources (HR) & Payroll services have now been outsourced to Worcestershire County Council (WCC) and Redditch Borough Council (RBC) respectfully. Records maintained by WCC Human Resources, RBC Payroll and WFDC Accountancy were examined as part of this testing. A new self serve (HR21) payroll system is currently being developed where HR will be responsible for updating the establishment (Starter, Leaver and Transfer) information into the Personnel section of the CHRIS21 database for Wyre Forest District Council maintained by Redditch BC. This will automatically populate the payroll section of the same CHRIS21 system. The internal controls in respect of Staff Record Forms for Starters, Leavers and Transfers have been reviewed under a separate audit and will be reported accordingly.

The Internal Audit check comprised a verification/reconciliation of:

Current System (2011~12)

HR manual establishment spreadsheets and the Accountancy budgetary establishment check. The Accountancy establishment records are a check at a point in time and agreed by the Directors as being accurate. At the time of the audit review these had been sighted for 2011~12 and supporting evidence provided to Internal Audit.

Fully integrated CHRIS21 database for HR and Payroll 2012~13

Information extracted from the Redditch BC CHRIS21 payroll database and the WCC HR CHRIS21 test database. This exercise will form part of the overall verification process for the new system. The information extracted by Internal Audit was at a point in time and further work has been undertaken by HR and Accountancy, subsequently to the Internal Audit testing to ensure all records are accurate. Differences were identified, however, between the WCC HR CHRIS21 personnel test database and RBC live CHRIS21 payroll database. The WCC HR CHRIS21 personnel test database was found to contain previous employee information which needed to be cleansed and not all current employees had been included. Anomalies were also found between the HR manual establishment spreadsheets and the WCC HR CHRIS21 personnel test database; for example - posts shown as vacant on the HR test system database were shown as filled on the HR manual establishment spreadsheets and posts records as filled in the HR test system database were not included on the HR manual establishment spreadsheets.

Conclusion:

The review concluded that the current system for the reconciliation of the Wyre Forest District Council establishment is working as intended. However, in view of the undergoing changes within Worcestershire County Council’s Human Resources for monitoring the Establishment there are areas where there are opportunities for improvement and where risks could be reduced. At the time of the audit review, only **LIMITED** assurance could be given on the controls in place for the administration and on-going reconciliation of the establishment, however as this is a work in progress Internal Audit will continue to monitor and offer assistance to ensure that all records are accurate at the time of transfer to the live data base within the CHRIS21 computer applications and ultimately the new HR (Self Serve) procedures for updating personnel records and payment of payroll. Following the completion of this testing the assurance level will be reviewed prior to the issue of a draft report.

Ref	OBSERVATIONS	CONTROL RISK	RECOMMENDATIONS	MANAGEMENT COMMENTS
SIGNIFICANT OBSERVATION & RECOMMENDATION				
1	<p>A change to the current practice is in the process of being implemented (HR21 Self Serve a module of the CHRIS21 integrated HR and Payroll Computer Application); all establishment records (including starter, leaver and transfer records) will be maintained on the CHRIS 21 computer system by the Worcestershire County Council HR team, these records will directly update Redditch Borough Council's CHRIS21 computer payroll records.</p> <p>As both processes are directly linked to one another it is not clear in future how these records can be independently managed and reconciled.</p> <p>This is still in progress as at August 2012.</p>	<p>Without independent reconciliation ghost posts and employee payments may be created/made.</p>	<p>Prior to the HR team taking on responsibility for updating all CHRIS 21 establishment and employee information a final check is undertaken to ensure all records are accurate and current. This check is agreed by all Directorates and evidence appropriately with signatures.</p> <p><u>Management Comments HR Manager 02.02.12</u> The annual check will be carried out on 31st March 2012. A current review of the process is being undertaken by HR Advisor and Management Accountant. From April 2012 HR will cease maintaining a manual spreadsheet which is open to human error.</p> <p>Once the new processes for setting up employees and posts are implemented, Worcestershire County Council's Human Resource team seeks independent verification of the accuracy of these records. Firstly against Accountancy budgetary records and secondly at year end directly from the Corporate Management Team.</p> <p>CHRIS 21 system roles are amended to ensure that only the Worcestershire County Council Human Resources team can update post and employee records onto the system and that Redditch Borough Council's payroll team no longer have this responsibility.</p> <p><u>Management Comments HR Manager 02.02.12</u> Unclear of timings – HR need to be granted this access, hopefully this will be completed by 1st April 2012.</p> <p>Access requested of Redditch Payroll Team 9th/13th July 2012.</p>	<p>Responsible Manager: HR Manager</p> <p>Recommendation to be actioned and completed by (Date): 31.03.2012</p> <p>Responsible Manager: HR Manager</p> <p>Recommendation to be actioned and completed by (Date): This will be carried out annually at year end.</p> <p>Responsible Manager: HR Manager in consultation with Financial Services Manager</p> <p>Recommendation to be actioned and completed by (Date): 01.04.2012</p>

Agenda Item No. 7

Ref	OBSERVATIONS	CONTROL RISK	RECOMMENDATIONS	MANAGEMENT COMMENTS
2	<p>As part of the year end testing HR establishment lists were reconciled against a CHRIS payroll report listing all 'active' employee records.</p> <p>End of Year Testing Evidence of manual establishment lists maintained by HR and reconciled to the CHRIS21 (Payroll) Database as at 31st March 2012 were sighted by Internal Audit. Economic, Prosperity & Place ~ Signed by Director 13.04.12 Resources ~ Signed by Director 21.05.12 Community Assets & Localism ~ Signed by Director 30.03.12 Chief Executive Unit ~ Signed by Director 04.04.12.</p> <p>There were some discrepancies between the manual records and the payroll database, in that post numbers allocated to individuals differed between the two records. These were raised with the HR Team and resolved.</p> <p>The manual establishment record for the Community Well Being & Environment Directorate was not reconciled and made available however until July 2012 (three months after the year end).</p> <p>From examination of the HR establishment listing, several discrepancies were identified which would appear to be due to the employees transferring Directorates during the corporate restructure of March 2012. As a result whilst employees were in posts the establishment records had not been updated to reflect the changes. The HR Team were advised of the discrepancies identified by Internal Audit for action.</p> <p>At the time of the audit review It was not clear how HR would undertake independent establishment checks in future. As part of the Budgetary process, the Accountancy Section undertake an annual establishment check which will be agreed by all Directors, this could be made available to the HR Section for their information and independent verification.</p>	<p>Payroll & Personnel Records are not complete or accurate.</p> <p>Payroll payments are not in accordance with the authorised establishment.</p> <p>Transactions are not bona fide.</p>	<p>The HR Section completes accurate establishment records as at 1st April 2012, records are then independently maintained of all starter and leavers. These records along with those provided by the Accountancy Section are reconciled to the CHRIS payroll records on at least and annual basis.</p> <p>Management Comments: Financial Services Manager~11th July 2012 Following the completion of the Budget Cycle for Director confirmation of Establishments, the pay data will be shared with HR as an independent verification of the Establishment held on CHRIS/HR21.</p>	<p>Responsible Manager: HR Manager in consultation with Financial Services Manager</p> <p>Recommendation to be actioned and completed by (Date): September 2012</p>

Quarter Report to the 30th September 2012

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							
Trading Estates & Property Debts 2011~12	K	S	4	3	-	-	34
COMMUNITY WELLBEING & ENVIRONMENT							
Cash to Bank ~ Worcestershire Hub 2011~12	K	S	4	4	-	-	-
RESOURCES							
Council Tax (Reconciliations) 2011~12	K	S	1	0	-	-	35
Creditors (Reconciliations) 2011~12	K	S	5	4	-	-	36
Journals 2011~12	K	S	1	1	-	-	-
Payroll (Compliance ~ WFDC) 2011~12	K	S	1	1	-	-	-

**Wyre Forest District Council
Internal Audit
Follow Up Review
Trading Estates & Property Debts 2011/2012
Final Report Issued 17th February 2012 (Some)
Follow Up Review Issued 18th May 2012
Follow Up Finalised 26th July 2012**

Implementation Stages

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

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
1	<p>To minimise the risk of a possible loss of income to the Authority and ensure Rent Reviews and Lease Renewals are carried out at the appropriate time a Property Database should be compiled at the earliest opportunity.</p> <p><u>Management Comments:</u> Spending for the Asset Management System has been declined for this financial year. Property Team to investigate funding from other sources and creation of in-house system.</p>	March 2013 (subject to funding)	Estates Surveyor / Temporary Estates Surveyor	<p><u>Principal Solicitor~28.07.12</u> The acquisition of a suitable property database is dependent on budget and a supporting business case to be compiled by the Estates Surveyor working with Accountancy who have now expressed an interest in sharing the system.</p>	3

HEAD OF DIRECTORATE:

PLEASE NOTE: WHEN ALL RECOMMENDATIONS ARE '2' COMPLETE, PLEASE ADVISE INTERNAL AUDIT.

**Wyre Forest District Council
Internal Audit
Follow Up Review
Council Tax Reconciliation 2011/2012
Final Report Issued 7th March 2012 (Some)
Follow Up Review Issued 12th June 2012
Follow Up Finalised 10th July 2012/Reviewed October 2012**

Implementation Stages

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

No.	Recommendation	Agreed Imp. Date	Responsible Officer	Updated Response	Imp. Stage
1	<p>As evidence that reconciliations are undertaken on a timely basis all reconciliations should be completed in the normal time frame i.e. before the end of the following month. Any identified differences should be noted at this point and further investigation then carried out if appropriate.</p> <p><u>Management Comments:</u> Recommendation acknowledged and we will endeavour to meet this request in a timely manner but would ask to note the extremely difficult times Senior Management is currently experiencing in Revenues due to the budget proposals and systems thinking.</p>	March 2012	Principal Revenues Officer	<p>Per recommendation we are endeavouring to undertake the reconciliations in a timely manner, but Revenues are still experiencing difficult times due to systems thinking and staff changes in Accountancy.</p> <p><u>Management Comments ~ Update 25.10.12</u> Work is in progress but there have been in balances which have taken up the Principal Revenues Officers time in trying to resolve.</p>	3

HEAD OF DIRECTORATE:

PLEASE NOTE: WHEN ALL RECOMMENDATIONS ARE '2' COMPLETE, PLEASE ADVISE INTERNAL AUDIT.

**Wyre Forest District Council
Internal Audit
Follow Up Review
Creditors 2011~12 (Some)
Final Report Issued 9th March 2012
Follow Up Review issued 11th June 2012
Follow Up Review Finalised 17th August 2012
Reviewed 10th October 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
1 (No 4)	<p>To ensure that all Agresso authorisation lists are up to date and accurate Internal Audit are made aware of all authorised changes to the approver lists.</p> <p>For ease of use the approvers lists, maintained by the Accountancy section, are held on a shared drive to which Internal Audit have 'read only' access.</p> <p><u>Management Comments</u> Agreed with the Principal Accountant that authorisation lists will be held on the shared drive as will Interim amendments.</p> <p><u>Management Comments – 05.03.12</u> List with the Directorates for review. Updated authorisation list to be on shared directory for April 2012</p>	April 2012	Principal Accountant	<p>Authorisation list sent out to Directors 06/07/2012.</p> <p>Amendments requested from 2 Directors have been actioned.</p> <p>Updated authorisations lists to be placed on Accountancy I Drive and read only access given to Audit</p>	3

HEAD OF SERVICE:

PLEASE NOTE: WHEN ALL RECOMMENDATIONS ARE '2' COMPLETE, PLEASE ADVISE INTERNAL AUDIT

Quarter Report to the 30th September 2012
Summary Of Open Audit Recommendations At 30th September 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.
			Other Recommendations			Significant Recommendations			
			Open @ 01.07.12	Implemented In Quarter	Open @ 30.09.12	Open @ 01.07.12	Implemented In Quarter	Open @ 30.09.12	
CORPORATE									
Debtors 2010~11	K	S	1	0	1	-	-	-	-
COMMUNITY ASSETS & LOCALISM									
Management of Town & Civic Halls 2011~12	K	L	6	5	1	-	-	-	-
Payroll (Members) 2010~11 & 2011~12	S	S	1	0	1	-	-	-	--
RESOURCES									
Agresso Computer Application 2010~11	K	S	3	1	2	-	-	-	-
Benefits Reconciliations (Accountancy) 2010~11	K	S	1	0	1	-	-	-	-
Benefits Reconciliations (R&B) 2011~12	K	S	1	0	1	-	-	-	-
Civica Computer Applications 2010~11	K	S	3	0	3	-	-	-	-
Creditors 2010~11	K	S	3	3	0	-	-	-	-
TOTAL RECOMMENDATIONS			19	9	10				

Quarter Report to the 30th September 2012

DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30TH SEPTEMBER 2012		
TITLE	DATE OF ISSUE	CURRENT STATUS OF REPORT
RESOURCES Car Loans (Employee Assisted Scheme) 2011~12	23.08.12	~

SECTION 4

Nine 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 SEPTEMBER 2012		
AUDIT REVIEW	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2
<u>Community Well Being & Environment:</u>		
Cash to Bank (Worcestershire HUB) 2012~13 (Q1)	20.07.12	N/A
Petty Cash Expenditure fro Green Street Site 2011~12/2012~13	19.09.12	N/A
Petty Cash ~ Cash Float Check ~ (Support Services Duke House)	18.07.12	N/A
Petty Cash ~ Cash Float Check ~ (Planning Admin Duke House)	18.07.12	N/A
Petty Cash ~ Cash Float Check ~ Bewdley Museum	18.07.12	N/A
Petty Cash ~ Cash Float Check ~ Worcestershire HUB	17.07.12	N/A
<u>Economic Prosperity & Place:</u>		
Petty Cash ~ Cash Float Check ~ Bewdley Tourist Information Centre	18.07.12	N/A
<u>Resources:</u>		
Bank Reconciliation 2012~13 (Q1~Q2)	18.07.12	13.09.12
Corporate Debtors 2012~13	16.07.12	N/A

SECTION 5

Performance Against Annual Plan For The Financial Year 2012/13Quarter ended 30th September 2012Year to 31st March 2013

	<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	100.00	93.75	106.67%	System and Probity	170.75	375	45.53%
Computer Audit	4.00	12.50	32.00%	Computer Audit	13.75	50	27.50%
Contract Audit	8.50	7.50	113.33%	Contract Audit	27.25	30	90.83%
Consultancy and Advice	10.50	10.00	105.00%	Consultancy and Advice	27.25	40	68.13%
Irregularity	1.50	10.00	15.00%	Irregularity	7.00	40	17.50%
Specific Service Duties	7.25	3.75	193.33%	Specific Service Duties	12.00	15	80.00%
Sub Total	131.75	137.50	95.82%	Sub Total	258.00	550	46.91%

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

For the quarter to 30th September 2012 actual against plan is **95.82 %** compared to a target of **95%**. Within the time allocated in the above table, during this first quarter of 2012~13 the Internal Audit Team have responded to 46 requests for advice and consultancy as categorised in the graph overleaf.

Annual Summary of Audit Advice July to September 2012~13

