

Open

# Audit Committee

## Agenda

6pm  
Monday, 23rd September 2013  
Council Chamber  
Wyre Forest House  
Finepoint Way  
Kidderminster



## Audit Committee

### Members of Committee:

	<b>Councillor E Davies (Chairman)</b>
	<b>Councillor J Phillips (Vice-Chairman)</b>
<b>Councillor P Dyke</b>	<b>Councillor J Greener</b>
<b>Councillor M B Kelly</b>	<b>Councillor N Knowles</b>
<b>Councillor D C H McCann</b>	<b>Councillor C Rogers</b>

### 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 and Electoral Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732733 or email [susan.saunders@wyreforestdc.gov.uk](mailto:susan.saunders@wyreforestdc.gov.uk)

Wyre Forest District Council

Audit Committee

Monday, 23rd September 2013

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1 - Open to the press and public

<b>Agenda item</b>	<b>Subject</b>	<b>Page Number</b>
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Solicitor to the Council, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary 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.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 24 <sup>th</sup> June 2013.	6
5.	<b>Audit Update</b>  To receive an update from the Audit Commission.	10
6.	<b>Financial Resilience Report</b>  To receive a report from Grant Thornton on the review of the Council's arrangement for securing financial resilience.	22
7.	<b>The Audit Findings For Wyre Forest District Council – Report 2012/13 Final Accounts</b>  To receive a report from Grant Thornton detailing the findings of the audit of accounts for 2012/13.	49
8.	<b>Annual Audit Letter Wyre Forest District Council 2012/13</b>  To receive a draft Annual Audit Letter from Grant Thornton that summarises the results and findings from 2012/13. (To follow)	-

9.	<p><b>Statement of Accounts 2012/13</b></p> <p>To consider a report from the Chief Financial Officer on the Statement of Accounts 2012/13 following changes required by Grant Thornton as a result of the audit and to consider and approve the letter of representation in respect of the 2012/13 audit.</p>	85
10.	<p><b>Internal Audit Monitoring Report Quarter Ending 30<sup>th</sup> June 2013</b></p> <p>To receive a report from the Section 151 Officer /Principal Auditor which informs Members of the Internal Monitoring Report for the quarter ended 30<sup>th</sup> June 2013.</p>	99
11.	<p><b>Risk Management – Corporate Risk Register</b></p> <p>To receive a report from the Chief Financial Officer which provides an update on the Corporate Risk Register.</p>	114
12.	<p><b>Corporate Governance Framework</b></p> <p>To receive a report from the Chief Financial Officer which provides an update on the Corporate Governance Framework.</p>	130
13.	<p><b>To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b></p>	
14.	<p><b>Exclusion of the Press and Public</b></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

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

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,  
KIDDERMINSTER

24<sup>TH</sup> JUNE 2013 (6.00PM)

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**Present:**

Councillors: P Dyke, J Greener, M B Kelly, N Knowles, D C H McCann,  
J W Parish, J Phillips and S J Williams.

**Observers:**

Councillors H E Dyke and B McFarland.

**AUD.01 Appointment of Chairman for the meeting and Apologies for Absence**

**Agreed: Councillor D McCann was elected as Chairman for the meeting.**

Apologies for absence were received from Councillor C Rogers.

**AUD.02 Appointment of Substitutes**

Councillor S J Williams was appointed as a substitute for Councillor C Rogers.

**AUD.03 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.04 Minutes**

**Agreed: The minutes of the meeting held on 18<sup>th</sup> March 2013 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.05 Audit Committee Update Report**

The Committee received a report from Grant Thornton in relation to audit progress and update for 2012/13. The paper was introduced by Gill Edwards from Grant Thornton.

Members were advised of the work that had been undertaken and that work had commenced on the 2013 Final Accounts. In relation to questions from Members, the Committee were advised of the following:

- The wording at the front of the report was standard to all Grant Thornton reports.
- The Value for Money conclusion was planned to be presented to the Audit Committee in September 2013.

**Agreed: The report be noted.**

**AUD.06 Internal Audit Monitoring Report Quarter Ended 31<sup>st</sup> March 2013**

The Committee received a report from the Section 151 Officer and the Principal Auditor which informed Members of the Internal Audit Monitoring Report Quarter ended 31<sup>st</sup> March 2013.

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

Members were concerned to note that a fraudulent payment request had been raised in the name of Wyre Forest District Council and were advised that this did not relate to a Wyre Forest District Council employee but a member of the public trying to access the Council website. This had been identified in time. It was also confirmed that the wording would be looked at for future reports.

In relation to the reconciliation of benefits, Members were advised that work was being done to review and change the process for the future and were given reassurance that things would be carried out.

In response to a Member query, the Principal Auditor replied that all recommendations for the Management of the Town Hall and Civic Hall were to be implemented.

**Decision: The Internal Audit Monitoring Report for the Quarter Ended 31<sup>st</sup> March 2013 be considered.**

**AUD.07 Internal Audit Annual Assurance Report 2012/13**

The Committee received a report from the Section 151 Officer and Principal Auditor which asked for approval of the Internal Audit Annual Assurance report.

The Director of Resources informed Members that she was happy that adequate internal controls were in place.

In response to a Member query, the Director of Resources confirmed that joint working with other organisation’s auditors would be shared if and when it became necessary.

Members were reassured that any future financial problems would be presented to the Audit Committee.

**Decision: The Internal Audit Annual Assurance report for 2012/13 as per Appendix 1 of the report to the Audit Committee be approved.**

**AUD.08 Annual Governance Statement**

The Committee received a report from the Director of Resources which asked for approval of the Annual Governance Statement and Annual Governance

Action Plan 2012/13 for inclusion within the Statement of Accounts.

Members were taken through the report and were advised that some of the main issues the Council faced in the coming year were the leisure project, continued recovery of the “Icelandic” investment and maintaining financial resilience.

In response to a query on the effectiveness of the governance framework, Members were informed that weaknesses came from a range of places but were not always apparent.

A Member thought that the Council needed to decide what services it wished to retain and the public needed to be kept informed of any decisions made. It was noted that the Strategic Review Committee had been set up to look at these issues and Members of this Committee would have to make some important decisions over the next few months to shape the future of the Council.

**Decision: The Annual Governance Statement as attached at Appendix 1 of the report to the Audit Committee be approved.**

**AUD.09 Statements of Accounts 2012/13**

The Committee received a report from the Director of Resources which asked the Committee to consider a pre-audit copy of the Council’s Statement of Accounts for the financial year 2012/13.

Members were led through the report by the Financial Services Manager and she informed Members that this was the first year that the Council had used their new auditors, Grant Thornton. Members attention was drawn to the creation of a reserve for Municipal Mutual Insurance (the Council’s former insurers).

Members were referred to the Statement of Accounts and the following points were highlighted:

- a. Property related savings were achieved due to having no repairs or maintenance carried out.
- b. The amount the Council still had outstanding for the “Icelandic” investments was just under £3 million.
- c. Payments had been made to benefits claimants who should not have received them and by the Council being successful in recovery of these payments, it had resulted in an extra income of £114K.
- d. There was no indication yet as to the impact the applications for planning development would have on the reduced income for planning fees.
- e. It was confirmed that the Council had agreed a scheme for Members allowances and there should not be any other payment outside of this scheme. The scheme for IT was separate and this could change in the future. Petty cash came under the rule of Member allowances, which was subject to rules and conditions.



## Agenda Item No. 4

- f. There was a civic protocol budget for the current financial year.
- g. The Council had agreed free parking initiatives over some of their car parks for the Christmas period and this could be one of the reasons there was a reduced income.

In response to a Member query on the working balance, it was unknown how much the Council would need, especially if a national disaster occurred.

### **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 as endorsed in (1) above prior to the statutory pre-audit deadline of the 30<sup>th</sup> June, 2013 should it be necessary.**

The meeting ended at 6.50pm.



# Audit Committee Update for Wyre Forest District Council

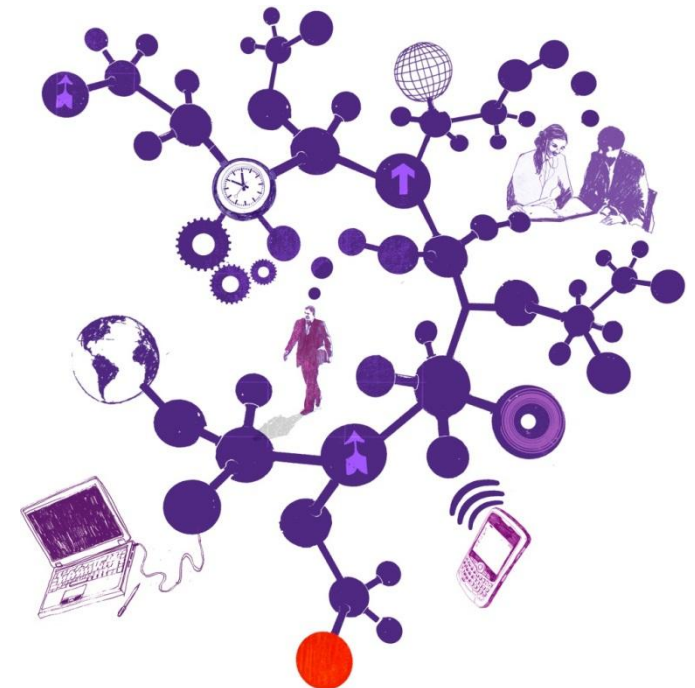
**Year ended 31 March 2013**

September 2013

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

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# Introduction

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

- a summary of emerging national issues and developments that may be relevant to you as a Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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# Progress at September 2013

Work	Planned date	Complete?	Comments
<p><b>2012-13 Accounts Audit Plan</b>                      We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2012-13 financial statements.</p>	<p>March 2013</p>	<p>Yes</p>	<p>Report presented to March Audit Committee</p>
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	<p>February 2013</p>	<p>Yes</p>	<p>GT completed planned work. No findings required to be reported to you.</p>
<p><b>2012-13 final accounts audit</b>                      Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2012-13 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	<p>July/August 2013</p>	<p>Yes</p>	<p>ISA 260 report tabled today.</p>

# Progress at September 2012

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work to inform the 2012/13 VfM conclusion comprises:</p> <ul style="list-style-type: none"> <li>• Securing financial resilience</li> <li>• Challenging how it secures economy, efficiency and effectiveness.</li> </ul>	Feb/March 2013	Yes	Financial Resilience Report tabled today ISA 260 report tabled today
<p><b>Other areas of work</b></p>	No additional work undertaken		

# Emerging issues and developments

## Local government guidance

### Local government claims and returns 2011/12

In June, the Audit Commission published '[Local government claims and returns 2011/12 – The Audit Commission's report on certification work](#)'. The report includes information and commentary on the number and value of certified claims and returns; auditors' findings; the cost of certification work; and future certification work.

The Audit Commission concluded that:

- while 2011/12 saw a fall in the value of amendments and number of qualification letters, this was largely due to fewer claims and returns requiring certification. Proportionally, the level of claims and returns amended or qualified rose, while the most significant scheme, housing and council tax benefits, saw both the value of amendments and number of qualification letters increase.
- authorities and grant-paying bodies should continue their work to ensure schemes' terms and conditions are complied with, particularly when schemes change significantly or are in their final year.

Challenge question:

- What procedures does your Chief Financial Officer have in place to ensure that grant schemes terms and conditions are complied with?



# Emerging issues and developments

## Local government guidance

### Confidentiality clauses and special severance payments

In June, the National Audit Office published ['Confidentiality clauses and special severance payments'](#).

The report concludes that 'there is a lack of transparency, consistency and accountability in how the public sector uses compromise agreements, and little is being done to change this situation. This is unacceptable for three reasons: the imbalance of power between the employer and employee leaves the system open to abuse; poor performance or working practices can be hidden from view, meaning lessons are not learned; and significant sums of public money are at stake.'

#### Challenge questions:

- Have you considered how confidentiality and special severance payments are used in your authority?
- Have you identified issues and planned actions to improve HR procedures?

# Emerging issues and developments

## Grant Thornton

### 'Future Councillors – where next for local politics?'

Grant Thornton has sponsored the latest New Local Government Network (NLGN) research paper: [Future Councillors – where next for local politics?](#) Whilst more or less every aspect of what a council does is currently up for discussion, this is not the case for the role of local politicians. The report is a response to this discourse gap.

The report content is based on a series of workshops held earlier this year with a number of councillors from different local authority types, different regions and from different political parties. The workshops, which Grant Thornton attended, included a scenario-planning exercise which identified how councillors that fail to renew their democratic processes risk losing the support of their communities. The research also suggested that councils that did grasp the opportunities offered by technology and service redesign can become far more engaged with their communities, building efficient and co-operative models of local government focused on neighbourhood needs.

The report includes a chapter by Guy Clifton from Grant Thornton on the councillor's role in financial planning. The workshops identified that many elected members are keen to take a far greater role in financial planning at their authorities, particularly given the significant funding challenges being faced. During the workshops we explored the skills and capabilities that members need to effectively manage the budget setting process. These included: effective communication and stakeholder engagement, understanding financial planning tools and, perhaps most importantly, knowing what questions to ask.

#### Challenge question:

- Are your elected members taking a greater role in financial planning and has the authority ensured that members are trained for the task?

# Emerging issues and developments

## Grant Thornton

### Spending Round 2013

It was announced in the June spending round that the local government resource budget will be reduced by 10 percent in 2015/16.

As Paul Dossett, Head of Local Government at Grant Thornton UK LLP, wrote on [informationdaily.com](http://informationdaily.com), the Chancellor 'seemingly acknowledged local government's capacity to deliver the scale of savings achieved so far. No other spending department received such positive affirmation. The Chancellor's actions imply that local government leaders are more capable of meeting the national challenge than other parts of the public sector. Over the past three years, local government members and senior officers have tightened their organisational belts and most have shown they are able to deliver significant change. The government is placing continued reliance on their resourcefulness in order to help meet the fiscal shortfalls facing the broader public sector, and many in the sector recognise this.'

'In his speech, the Chancellor recognised the benefits that more collaborative working can bring, although not on the lines subsequently suggested by the LGA. The Chancellor called for more joined-up working between police forces, and between police forces and local authorities - with a £50m innovation fund to be established to support this work. He also called for greater collaboration between health and social care services, with £200m to be transferred to local authorities from the NHS in 2014-15, and a £3.8bn pooled budget in 2015-16. In addition, £35m is to be made available to local authorities in 2015-16 to help prepare for reforms to the system of social care funding, including the cap on care costs from April 2016. There is also the £200m additional funding to the Troubled Families programme being managed by the department for Communities and Local Government.'

GT are aware that the Council are in the process of reviewing the Medium Term Financial Plan and as part of this are reviewing work with other organisations.

# Emerging issues and developments

## Accounting and audit issues

### 2014/15 Code of Practice on Local Authority Accounting

At the end of July, CIPFA/LASAAC released the [2014/15 Code of Practice on Local Authority Accounting in the United Kingdom \(the Code\)](#) Exposure Draft (ED) and Invitation to Comment (ITC) for public consultation. The significant changes proposed in the ITC include:

- IFRS 13 fair value measurement: the proposed approach would result in authorities reviewing current measurements of property, plant and equipment and for some authorities, may require remeasurement of particular assets. CIPFA/LASAAC is proposing a relaxation of the measurement requirements of IFRS 13 and IAS 16 Property, Plant and Equipment for a three year period
- introduction of the new group accounting standards
- other amendments to standards issued by the International Accounting Standards Board (IASB): amendments to IAS 32 *Financial Instruments: Presentation* to clarify the application of the new disclosure requirements introduced in the 2013/14 Code and clarification on comparative information from amendments to IAS 1 *Presentation of Financial Statements*
- local government reorganisations and other combinations: clarification of the Code's requirements and alignment with other public sector bodies
- options for the "dry run" for the move to depreciated replacement cost for local authority transport infrastructure assets as set out in the CIPFA Code of Practice on Transport Infrastructure Assets to the (Local Authority Accounting) Code.

CIPFA/LASAAC have also launched a consultation on [simplifying and streamlining the presentation of local authority financial statements](#).

Both consultations close on Friday 11 October 2013.

#### Challenge questions:

- Has your Chief Financial Officer reviewed the proposed amendments and assessed the potential impact?
- Has your authority considered whether it wishes to respond to the consultation?



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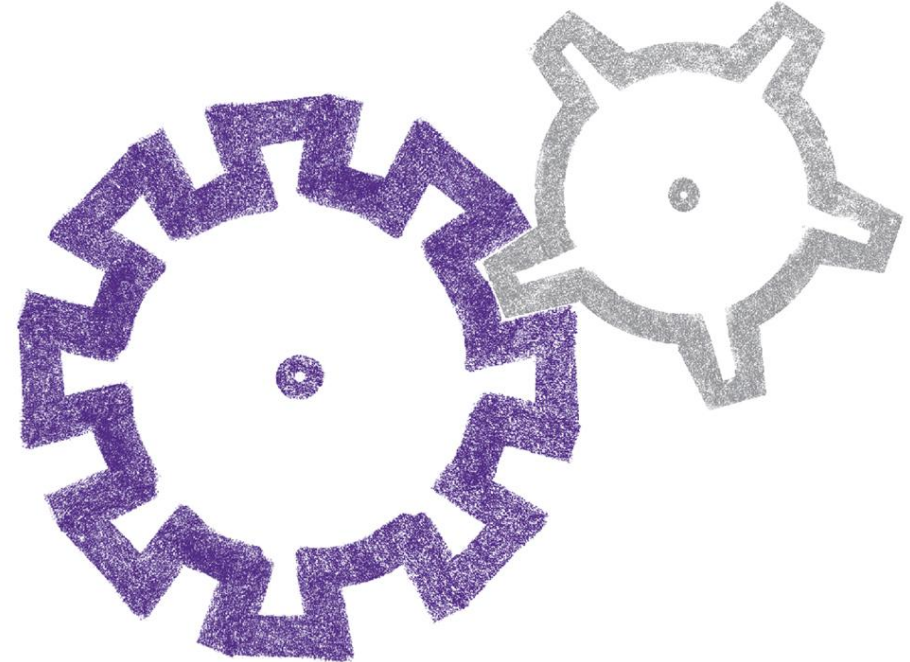
[grant.thornton.co.uk](http://grant.thornton.co.uk)

# Wyre Forest District Council

## Review of the Council's *Arrangements* for Securing Financial Resilience

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September 2013



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# Executive Summary

## Our approach

### Value for Money Conclusion

Our work supporting our Value for Money (VfM) conclusion, as part of the statutory external audit comprises a review to determine if the Council has proper arrangements in place for securing financial resilience.

In so doing we have considered whether the Council has robust financial systems and processes in place to manage its financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. We have carried out our work in discussion and agreement with officers and completed it in such a way as to minimise disruption to them.

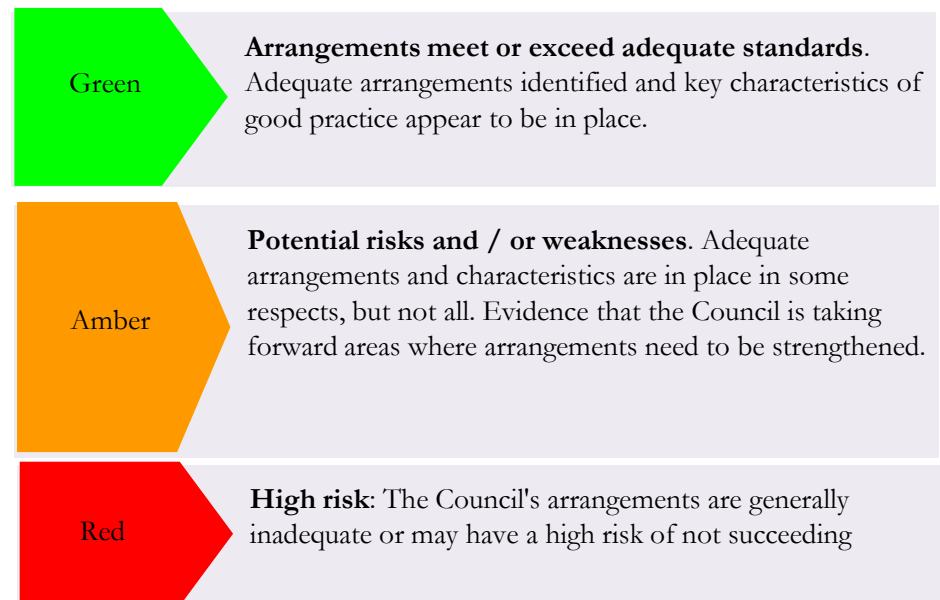
The definition of foreseeable future for the purposes of this financial resilience review is 12 months from the date of this report.

We have reviewed the financial resilience of the Council by looking at:

- Key indicators of financial performance;
- Its approach to strategic financial planning;
- Its approach to financial governance; and
- Its approach to financial control.

Further detail on each of these areas is provided in the sections of the report that follow. Our overall conclusion is that whilst the Council faces challenges during 2012/13 and beyond its current arrangements for achieving financial resilience are adequate.

We have used a red / amber / green (RAG) rating with the following definitions.





## Executive Summary

### National and Local Context

#### National Context

The Chancellor of the Exchequer announced the current Spending Review (SR10) to Parliament on 20 October 2010. SR10 represented the largest reductions in public spending since the 1920s. Revenue funding to local government was to reduce by 19% by 2014-15 (excluding schools, fire and police). After allowing for inflation, this equates to a 28% reduction in real terms with local government facing some of the largest cuts in the public sector. In addition, local government funding reductions were frontloaded, with 8% cash reductions in 2011-12. This followed a period of sustained growth in local government spending, which increased by 45% during the period 1997 to 2007.

The Chancellor of the Exchequer, in his Autumn Statement in November 2011, announced further public spending reductions of 0.9% in real terms in both 2015-16 and 2016-17. In his Autumn Statement on 5 December 2012, the Chancellor reinforced austerity measures announcing a further £6.6bn of savings during 2013-14 and 2014-15. Whilst health and schools will be continue to be protected in line with the Government's policy set out in SR10, local government will continue to face significant funding reductions. The Department for Communities and Local Government will contribute £470m of these additional savings, £445m of which will come from local authority funding during 2014-15, with local authorities being exempt from additional savings in 2013-14. In his March 2013 Budget the Chancellor announced further departmental 1% savings during each of 2013-14 and 2014-15. The NHS and schools remain protected, but police and local government will need to find an additional 0.5% over both years.

The next spending round period, 2015-16, was announced by the Chancellor on 26 June 2013. Local government will face at least a further 10% funding reduction for this period.

These funding reductions come at a time when demographic and recession based factors are increasing demand for some services, and there is a decreasing demand for some services, such as car parking, where customers pay a fee or charge.

Financial austerity is expected to continue until at least 2017 .

#### Local Context



Wyre Forest sits in the north of Worcestershire County in the West Midlands. The District comprises three main towns, Kidderminster, Stourport on Severn and Bewdley as well as surrounding villages. Wyre Forest itself, near Kidderminster is home to some of the most ecologically significant woodland in England. The District has a population of some 98,000 people, which is predicted to experience a relatively low projected increase. There is a large older population compared to the regional and national average and most local people are from a White British background.

The area is relatively affluent although the Council has a higher proportion of households earning <£10k a year compared to the rest of Worcestershire and higher numbers of people claiming benefits across the board. The Council also has a higher proportion of residents aged 16+ with no qualifications. Unemployment rates are also higher than average.

The Council has, along with other councils in England, been affected by the spending cuts at a time of increased demand for public services. As a result of the spending review, it has had its funding cut by £1.8m over two years.



# Executive Summary

## Overview of Arrangements

Risk area	Summary observations	High level risk assessment
<p><b>Key Indicators of Performance</b></p>	<p>The Council reported a surplus in 2012/13 of £99k. This was after the use of £143k of earmarked reserves.</p> <p>The Council had £7.6m of revenue balances at year end 2012/13. Of this balance £4.4m are earmarked to particular schemes leaving unallocated general fund balances of £3.2m. The Council has allocated £1m as working capital but intends to utilise the remainder of the general fund balances to meet budget shortfalls in the next few financial years. We consider that the £1m of working capital is the minimum level the Council should hold as working capital.</p> <p>The percentage of Council Tax due that is collected by the Council averaged 98.2% benchmarked against all other District Councils of 98%. Compared to benchmarked geographical neighbours, collection rates of 98.2% are in the worst third.</p> <p>The Council's pension liability has risen from £46.3m to £53.1m. Reducing this liability will continue to place significant pressure on the Council's general fund.</p> <p>Strengthened policies and procedures in relation to sickness absence have helped in reducing sickness absence levels significantly.</p>	<p> Amber</p>
<p><b>Strategic Financial Planning</b></p>	<p>The Council's Medium Term Financial Plan responds to changes and ensures that other corporate documents are aligned to it, to enable the Council to respond swiftly to external factors.</p> <p>The Plan is focussed on the use of reserves to maintain a balanced budget. This is unsustainable in the long term.</p>	<p> Amber</p>

# Executive Summary

## Overview of Arrangements

Risk area	Summary observations	High level risk assessment
<p><b>Financial Governance</b></p>	<p>For the year under review, the Director of Resources has challenged financial assumptions made and this challenge has resulted in formation of new sub-committee to address medium term financial issues. While there is executive and member challenge, members need to engage in external consultation and ensure that the budget setting process meets the financial reality facing the Council.</p> <p>The Council has a good track record in delivering efficiencies. This is underpinned by effective monitoring of finances by departmental heads and formally assigned responsibilities for departmental savings. It will be important for the Council to continue to support this with training and support where needed.</p> <p>A new senior management structure was implemented in July 2013 with the post of Director of Resources being replaced by the Chief Financial Officer. The latter remains a full member of the leadership team, albeit at a slightly reduced level (i.e.) not a director. There is therefore sufficient opportunity for the new Chief Financial Officer to influence the budget setting process.</p> <p>The current arrangements for monitoring efficiencies and reductions and their impact on service quality and provisions are adequate. However, reductions in the finance department may impact upon the Councils understanding of how savings impact upon performance.</p>	<p> Amber</p>
<p><b>Financial Control</b></p>	<p>The Council has strong financial performance management and budgeting systems with an inclusive approach to stakeholders which underpin its financial control.</p> <p>Internal audit arrangements are strong with clear workplans which are aligned to the risk profile of the Council.</p>	<p> Green</p>

## Executive Summary

### Next Steps

Area of review	Key points for consideration	Responsibility	Timescale	Management response
<b>Key Indicators of Performance</b>	<ul style="list-style-type: none"> <li>In the continued uncertain economic climate, the Council should seek to maintain appropriate levels of reserves</li> </ul>	Chief Financial Officer	Ongoing	The Working Balance was increased to £1m from £700k at the end of 2012/13. We will continue to monitor the appropriate level of reserves and report to members accordingly
	<ul style="list-style-type: none"> <li>The Council should improve the percentage of Council Tax collected.</li> </ul>	Customer Services Development Manager (managed by the CE)		We will continue to monitor this on a monthly basis and endeavor to improve on the 2012/13 recovery percentage, although this is challenging in the current economic climate
	<ul style="list-style-type: none"> <li>The Council should ensure that increased costs related to its pension liability are included in its financial planning.</li> </ul>	Chief Financial Officer		The triennial revaluation of the pension fund this year will be considered together with the appropriate level of future contributions towards the pensions liability as part of the budget process
	<ul style="list-style-type: none"> <li>The Council should consider improving its benchmarking to identify and/or justify high levels of spending compared to other comparable bodies.</li> </ul>	Chief Financial Officer		We will continue to use benchmarking as appropriate and consider where we can improve use of this comparison tool.

## Executive Summary

### Next Steps

Area of review	Key points for consideration	Responsibility	Timescale	Management response
<b>Strategic Financial Planning</b>	<ul style="list-style-type: none"> <li>The Council should address the underlying deficit within its Medium Term Financial Plan.</li> </ul>	Chief Financial Officer	Ongoing	The work of the new Strategic Review Committee will support early consideration of how the underlying deficit should be addressed. The CFO is a key officer and will advise members and officers to ensure a robust approach is taken.
<b>Financial Governance</b>	<ul style="list-style-type: none"> <li>The Council should consider using external consultation to support the development of its MTFP.</li> <li>The Strategic Review Committee should challenge current delivery methods and find alternative options to the utilisation of reserves. The MTFP will need to be re-written following this exercise.</li> </ul>	Chief Financial Officer	Ongoing	<p>External consultation is planned as suggested</p> <p>The Strategic Review Committee will challenge as suggested and the MTFP will be rewritten to reflect its work.</p>
<b>Financial Control</b>	<ul style="list-style-type: none"> <li>The Council should ensure that there is sufficient opportunity for the new Chief Financial Officer to influence the budget setting process.</li> <li>The Council should ensure that the restructure of the finance department does not impact on financial controls or the delivery of its savings plans.</li> </ul>	Chief Financial Officer.	Ongoing	<p>The new Chief Financial Officer is a full member of CMT and should have the same opportunity to influence the budget as the former Director of Resources.</p> <p>The restructure of the finance department will take into account the impact on financial controls and delivery of savings plan.</p>

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## Key Indicators

### Introduction



This section of the report includes analysis of key indicators of financial performance, benchmarked where this data is available. These indicators include:

- Working capital ratio
- Useable Reserves: Gross Revenue Expenditure
- Long term borrowing to tax revenue
- Long term borrowing to long term assets
- Sickness absence levels
- Out-turn against budget

We have used the Audit Commission's listing of all English District Councils for benchmarking group purposes.




# Key Indicators

## Overview of performance

Area of focus	Summary observations	Assessment
<p><b>Performance Against Budget</b></p>	<ul style="list-style-type: none"> <li>The Council's budget for 2012/13 involved the planned use of £322k reserves, which was subsequently increased to £344k. The Council mainly through a reduction in general expenses, has achieved a saving in year. The 2012/13 performance was £99k underspent against budget. This was after the use of £143k of earmarked reserves.</li> <li>The Capital programme underspent. The Council spent £5.5m on capital projects being £4.5m lower than budget.</li> </ul>	<p> <b>Green</b></p>
<p><b>Reserve Balances</b></p>	<ul style="list-style-type: none"> <li>The Council had £7.6m of revenue balances at year end 2012/13. Of this balance £4.4m are earmarked to particular schemes leaving unallocated general fund balances of £3.2m.</li> <li>The Council has increased their working capital value by £300k this year to £1m, but intends to utilise the remainder of the general fund balances to meet budget shortfalls in the next few financial years. We consider that the £1m of working capital is the minimum level the Council should hold as working capital.</li> <li>We note that the unallocated general fund balances (at £3.2m) are in the lowest 5% for all District Council's benchmark group in the Audit Commission value for money toolkit. Earmarked reserves by contrast are in the highest third of all Districts in the toolkit. The earmarked balances have shown a marked increase since 2009-10.</li> <li>There was no call on general reserves needed and a £393k contribution to earmarked reserves was made.</li> </ul>	<p> <b>Amber</b></p>



## Key Indicators

Area of focus	Summary observations	Assessment
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Working capital ratio is 2.68. against an average of 2.450. As your current assets exceed your current liabilities, this indicates that the Council has sufficient assets to meet its short term liabilities.</li> <li>% of Council Tax due collected averaged 98% against all District Councils. Compared to geographical neighbours, Council is in the worst 1/3 of this benchmarked group. % of NNDR due collected is 98% which is in the best 5% of all District Councils and geographical neighbours.</li> <li>In terms of income streams as a % of total spend, Wyre Forest is in the highest 10% of bodies for income from grant, reimbursements and internal recharges, but in the lowest 20% for income from sales, fees and charges.</li> <li>At the year end £6m was held in cash balances.</li> <li>The Council manages liquidity by adhering to the CIPFA code of practice.</li> </ul>	 <b>Green</b>
<b>Borrowing and other long term liabilities</b>	<ul style="list-style-type: none"> <li>The Council is no longer debt free and has entered into borrowing with the PWLB and one other local authority during the latter part of 2012-13.</li> <li>The Council's pension liability has risen from £46.3m to £53.1m. Reducing this liability will continue to place significant pressure on the Council's general fund.</li> </ul>	 <b>Amber</b>
<b>Workforce</b>	<ul style="list-style-type: none"> <li>During the year, the Council has tackled workforce issues and achieved good results. The Council's target absence level is 7 days per employee. Current levels have fallen to 6.55 days per employee from 11.66 in 2011-12.</li> <li>This represents a strong performance by the Council in the past year in tackling absence and can be attributed to the following: <ul style="list-style-type: none"> <li>➤ Senior management placing greater emphasis on absence management</li> <li>➤ The re-issue of a sickness management policy and the roll out of Bradford Factor scoring</li> <li>➤ Tackling of long term sickness (through management and occupational health measures).</li> </ul> </li> </ul>	 <b>Green</b>

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## Strategic Financial Planning



### Key indicators of good strategic financial planning

In conducting our review of strategic financial planning we have assessed the Council's performance against the following indicators:

- Focus on achievement of corporate priorities is evident through the financial planning process. The MTFS focuses resources on priorities.
- The MTFS includes outcome measures, scenario planning, benchmarking, resource planning and details on partnership working. Targets have been set for future periods in respect of reserve balances, prudential indicators etc.
- Annual financial plans follow the longer term financial strategy.
- There is regular review of the MTFS and the assumptions made within it. The Council responds to changing circumstances and manages its financial risks.
- The Council has performed stress testing on its model using a range of economic assumptions including CSR.
- The MTFS is linked to and is consistent with other key strategies, including workforce.
- KPIs can be derived for future periods from the information included within the MTFS.




# Strategic Financial Planning

## Medium Term Financial Strategy

Area of focus	Summary observations	High level risk assessment
<b>Review processes</b>	<ul style="list-style-type: none"> <li>The Budget process involves appropriate scrutiny, and challenge from senior officers and members.</li> <li>The Council is made aware of key financial matters, receives quarterly budget updates, and is aware of the main risks facing them.</li> <li>All members receive a budget briefing each autumn in advance of the annual process.</li> <li>The Council continues to ensure that it keeps the Medium Term Financial Strategy updated to reflect current conditions. It is updated annually ahead of the budgeting process.</li> </ul>	 <b>Green</b>
<b>Responsiveness of the Plan</b>	<ul style="list-style-type: none"> <li>The Council continues to ensure it keeps the Medium Term Financial Plan updated to reflect current conditions.</li> <li>The Medium Term Finance Plan is focussed on the Council achieving savings from Wyre Forest Forward, but requires the use of reserves to balance the budget. No alternative strategy has been clearly identified to deal with the period when the reserves run out. The Council have recently established a strategic review committee to address this issue. However, this group is in its infancy and decisions regarding future direction have not yet been taken.</li> <li>Financial risks are therefore managed in the short to medium term only with limited consideration of longer term implication.</li> </ul>	 <b>Amber</b>


# Strategic Financial Planning

## Medium Term Financial Strategy

Area of focus	Summary observations	High level risk assessment
<p><b>Focus of the MTFFS</b></p>	<p>The Council has considered the uncertainty surrounding their financial position and the level of future government funding. Given the forecast reductions in central government funding the Council has sought to maintain current services by drawing on general fund reserves, savings programmes and changes in service delivery. It has also sought to prioritise areas for economic growth. However, the MTFP does not address the underlying deficit (reserves will be reduced to £1m by 2014/15), and the Council needs to reduce expenditure to a sustainable level.</p> <p>The Council has a good record of delivering its savings plans and delivered over £1m in 2011/12. It has planned savings of £1.2m in 2012/13. Savings have so far been made from back-office and service re-design.</p> <p>The Council has already consulted with local residents over specific issues. There is now a move towards more consultation with the local population to determine local priorities for resources and changes in future service provision..</p>	<p> Amber</p>
<p><b>Scope of the MTFP and links to annual planning</b></p>	<p>The proposals within the MTFP &amp; the budget set for 2013/14 are adequately reflected in information, estates and workforce strategies and vice versa to ensure delivery. There are clear links within the MTFP to the Councils main strategic vehicle which is the Wyre Forest Forward Plan.</p>	<p> Green</p>
<p><b>Adequacy of planning assumptions</b></p>	<p>Assumptions made within the MTFP include nationally expected assumptions. Reference is made to policies for income-generating activities, inflation, managing assets effectively to help deliver strategic priorities and service need, assessment of strategic priorities through the Cabinet proposals, links to strategic objectives and details to support the savings plan as well as headroom.</p> <p>The MTFP clearly set out the Council's plans to utilise its reserves to ensure the budget is balanced.</p> <p>Initial plans to increase car parking fees and charges by 5% were deferred in January 2013. The Council remains either average or in the lowest third of all District Councils across all services for income raised from sales, fees or charges.</p>	<p> Green</p>

# Strategic Financial Planning

## Medium Term Financial Strategy

Area of focus	Summary observations	High level risk assessment
<p><b>Review processes and responsiveness of plan</b></p>	<p>The MTFP is kept up to date and reviewed in the light of changing events and this is reflected in improved financial monitoring and reporting which has been taking place in 12/13. The Council are able to react quickly to movements in the savings plan allowing members to react to positive and adverse movements in progress during the year.</p> <p>The Council has recently established a sub-committee the Strategic Review Committee to tackle the significant financial challenges it faces. This committee needs to challenge delivery methods and find alternative options to the utilisation of reserves. The MTFP will need to be re-written following this exercise</p>	<p style="text-align: center;">   <b>Amber</b> </p>

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# Financial Governance

## Key indicators of effective financial governance

In conducting our review of financial governance we have assessed the Council's performance against the following indicators:

### Understanding

- There is a clear understanding of the financial environment the Council is operating within:
  - Regular reporting to Members. Reports include detail of action planning and variance analysis etc.
  - Actions have been taken to address key risk areas.
  - Officers and managers understand the financial implications of current and alternative policies, programmes and activities.

### Engagement

- There is engagement with stakeholders including budget consultations.




### Monitoring and review

- There are comprehensive policies and procedures in place for members, officers and budget holders which clearly outline responsibilities.
- Number of internal and external recommendations overdue for implementation.
- Committees and Cabinet regularly review performance and it is subject to appropriate levels of scrutiny.
- There are effective recovery plans in place (if required).





# Financial Governance

## Understanding and engagement

Area of focus	Summary observations	High level risk assessment
<p><b>Understanding the Financial Environment</b></p>	<p>The Cabinet is made aware of key financial matters. The information is made available is timely, complete and reliable.</p> <p>There are clear financial instructions and standing orders to govern financial management responsibilities.</p> <p>There is a clear understanding of the risks that face the Council both legal and regulatory and the Council acts promptly to makes sure all such matters are addressed. As outlined earlier, there is a need to address future changes in funding and the low level of reserves.</p> <p>The Council have established a strategic review committee to address its funding gap, to identify future savings, and future service provision. The committee has not yet reported to cabinet.</p>	<p> Amber</p>
<p><b>Executive and Member Engagement</b></p>	<p>The new senior management structure implemented in July 2013 replaced the Director of Resources post with a Chief Financial Officer. This post holder is a full member of the leadership team and thus provides sufficient opportunity for the new Chief Financial Officer to influence the budget setting process.</p> <p>For the year under review, the Director of Resources has challenged financial assumptions made and this challenge has resulted in formation of new sub-committee to address medium term financial issues. While there is executive and member challenge, members need to engage in external consultation and ensure that the budget setting process that meets the financial reality facing the Council.</p>	<p> Amber</p>
<p><b>Overview for controls over key cost categories</b></p>	<p>Effective monitoring of unit costs is enabled through the budget monitoring process by departmental heads and budgets are formally assigned to managers with responsibility for them.</p>	<p> Green</p>

# Financial Governance

## Understanding and engagement

Area of focus	Summary observations	High level risk assessment
<p><b>Budget reporting: revenue and capital</b></p>	<p>The Council's leadership team are well briefed and have an understanding of the current financial position and future implications</p> <p>In year forecasting is good, with no significant or unexpected overspends or underspends. Information is provided that is at the right level of detail to enable Cabinet to make decisions.</p> <p>Decision making is open and transparent and based on information supplied by management . Cabinet proposals made are based on relevant financial information.</p> <p>The Budget Book is regularly revised during the year with cabinet proposals used where appropriate to use monies to further strategic objectives.</p>	<p> Green</p>
<p><b>Adequacy of other Committee/Cabinet Reporting</b></p>	<p>Council are aware of the financial implications of delivering statutory responsibilities and the MTFP allows for this delivery. There is a clear investment strategy and cash is being managed appropriately. Decision-making is based on appropriate and adequate information</p> <p>There are currently adequate arrangements to monitor the achievement of efficiencies and reductions in unit costs, and the impact on service quality and provision. However potential reductions in the finance department may impact on the Councils understanding of how savings impact on performance</p>	<p> Amber</p>

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## Financial Control

### Key indicators of effective financial control

In conducting our review of financial control we have assessed the Council's performance against the following indicators:

#### Budget setting and budget monitoring

- Budgets are robust and prepared in a timely fashion.
- Budgets are monitored at an officer, member and Cabinet level and officers are held accountable for budgetary performance.
- Financial forecasting is well-developed and forecasts are subject to regular review.

#### Finance Department

- The capacity and capability of the Finance Department is fit for purpose.

#### Financial Systems




- Key financial systems have received satisfactory reports from internal and external audit.
- Financial systems are adequate for future needs.

#### Internal Control

- Strength of internal control arrangements - there is an effective internal audit which has the proper profile within the organisation. Agreed Internal Audit recommendations are routinely implemented in a timely manner.
- There is an assurance framework in place which is used effectively by the Council and is how business risks are managed and controlled.
- The Annual Governance Statement gives a true reflection of the organisation.




# Financial Control

## Internal arrangements

Area of focus	Summary observations	High level risk assessment
<p><b>Budget setting and monitoring – revenue and capital</b></p>	<p>The Council are able to provide good in-year forecasting with no unexpected under or overspends reported. The process for budget setting is robust leading to the production of a reliable and achievable budget.</p> <p>The reporting process enables any additional savings realised in year to be identified and a scheme of Cabinet Proposals are already in place enabling available resources to be transferred to Council priorities.</p> <p>The Council have made further improvements to their arrangements with the introduction of a new monthly financial report to CMT to allow more accurate monitoring of the revenue position given increasing financial pressure.</p> <p>The delivery of capital programmes is not as robust as the revenue programme. To date £2,863,940 of capital expenditure is expected to slip into 13/14 representing 25% of the capital programme for the year.</p>	<p> Green</p>
<p><b>Performance against Savings Plans</b></p>	<p>The Council have a good track record in achieving overall savings, even though there may be slippages within individual departments. The Council is good at ensuring it has sufficient schemes in place to meet the savings target as there is often slippage. This "headroom" in the plan (i.e. extra projects already identified and worked-up so that the total programme value exceeds the total target value), reduces the risk of any potential target shortfall, or having to call further on reserves. There are robust processes in place to monitor &amp; report on in-year progress against plan and this does adequately cover progress to date &amp; expected outcomes by year-end, including a discussion of the relevant factors and risks. There is slippage which has been identified - There is therefore evidence that the Council is seeking to proactively managing delivery rather than just reporting on it. From cabinet proposals savings identified, all of these have now been rephased into future years.</p>	<p> Green</p>
<p><b>Key financial accounting systems</b></p>	<p>Through our initial review of the financial systems along with Internal Audit reviews of critical financial systems over the last year; we have no material concerns over the operation of the key financial accounting systems. Accounting systems are appropriate to the business and its current requirements, and evidence obtained to date provides for the accuracy and reliability of accounting systems</p>	<p> Green</p>


## Financial Control

### Internal and external assurances

Area of focus	Summary observations	High level risk assessment
<p><b>Finance Department resourcing</b></p>	<p>For the 12/13 financial year, there has been sufficient skill and capability within the finance department. Service reorganisations planned for 13/14 including the removal of the director of resources post, along with the introduction of new legislative requirements poses risks. The Council through the new post of Chief Financial Officer has ensured continued 151 officer presence within the leadership team. This will ensure there is sufficient technical expertise to deal with large scale capital projects and the increased financial risks caused by the current economic climate.</p>	<p> <b>Green</b></p>
<p><b>Internal audit arrangements including compliance with CIPFA Code of Practice for Internal Audit</b></p>	<p>The Council's Corporate Risk Register is reviewed regularly and mapped to corporate objectives. Risks are allocated to specific individuals who are senior officers. Each risk is rated and mitigation stated. Internal Audit are compliant with the CIPFA Code of Practice for Internal Audit. Overall, we have concluded that the Internal Audit service continues to provide an independent and satisfactory service to the Council and that we can take assurance from their work in contributing to an effective internal control environment at the Council.</p>	<p> <b>Green</b></p>
<p><b>External audit arrangements and programme of activities</b></p>	<p>The Annual Governance Report last year produced a single recommendation that the Council show clear monitoring of the annual budget against each service line as well as the achievement or otherwise of cabinet proposals for 2012/13. The Annual Audit Letter referred to the need to achieve planned savings but also to identify alternative ways of delivering services to the local community. Mention was also made of the need to add corporate risks to the Wyre Forest Forward Annual Plan to ensure members have a clear understanding of risks to achieving Corporate Priorities and clear lines of accountability. Management have responded to the recommendations raised. 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 provides a realistic overview of the major risks affecting the Council and this document will be monitored on a regular basis by the Corporate Management Team with six monthly reports to the Audit Committee. In terms of improved budgetary control reporting, Cabinet have now agreed the basic format of a new report template. Reports went live from Nov but further work is in progress to integrate this with quarterly Budget Monitoring Cabinet Reports and to include Wyre Forest Forward updates.</p>	<p> <b>Green</b></p>

# Financial Control

## Internal and external assurances

Area of focus	Summary observations	Assessment
<p><b>Assurance framework/risk management</b></p>	<p>Improvements have been made to the risk register in response to recommendations made in previous years with all Corporate risks are now contained within a single assurance document . The Document will be reviewed by the Corporate Management Team with 6 monthly reports to audit committee. The format allows Cabinet/Executive and also the audit committee to assure itself that risks are being adequately monitored &amp; managed. All risks are mapped to corporate objectives and are allocated to a named lead at a senior level. Risks are shown at current and target levels with each risk having clear actions, an update of progress to date and a RAG rating. The Framework's size &amp; number of risks reported is pitched appropriately to allow Cabinet/Executive to keep the main risks under adequate review.</p>	<p style="text-align: center;">   <b>Green</b> </p>



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# The Audit Findings for Wyre Forest District Council

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**Year ended 31 March 2013**

September 2013

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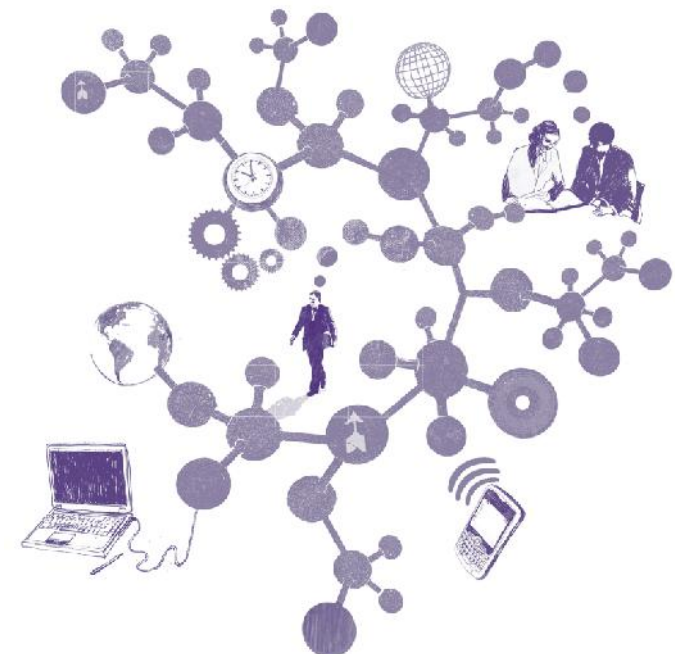
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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Section 1: Executive summary

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Appendix A: Action plan

# Executive summary

## Purpose of this report

This report highlights the key issues affecting the results of Wyre Forest District Council (the Council) and the preparation of the Council's financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260.

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money Conclusion).

## Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated March 2013.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- director review of the audit work undertaken
- review of the final version of the financial statements

- obtaining and reviewing the management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts (WGA) consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on the value for money conclusion.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable.

## Key audit and financial reporting issues

### Financial statements opinion

We have identified a small number of adjustments to the accounts presented to audit which Officers have agreed to adjust for. None of these adjustments effected the General Fund Balance. We have also made a number of adjustments to improve the presentation of the accounts which are set out in section 2.

## Executive summary

The key messages arising from our audit of the Council's financial statements are:

- the draft accounts were of a good quality and an improvement on previous years
- the audit did not identify any material misstatements
- finance staff responded promptly to audit queries, facilitating the prompt completion of the audit
- working papers were generally of a very good quality and an improvement on previous years.

Further details are set out in section 2 of this report.

#### Value for money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion

Further detail of our work on Value for Money is set out in section 3 of this report.

#### Whole of Government Accounts (WGA)

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. In line with the work plan agreed with the Council, this will be prepared by 19 August 2013, following completion of this work, and subject to the outstanding matters referred to on this page, we expect to conclude our reporting in September 2013.

## Controls

#### Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

#### Findings

We draw your attention to a number of low priority control issues which are set out in Appendix A.

#### The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Chief Financial Officer.

We have made a number of recommendations, which are set out in the action plan. Recommendations have been discussed and agreed with the Chief Financial Officer and the Principal Accountant.

#### Acknowledgement

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

**Grant Thornton UK LLP**  
September 2013

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## Section 2: Audit findings

01. Executive summary

**02. Audit findings**

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Appendix A: Action plan

## Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work.

### Changes to Audit Plan

We have not had to alter or change our Audit Plan dated March 2013.

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cost of services - operating expenses	Operating expenses	Other	Operating expenses understated	No	None
Cost of services – employee remuneration	Employee remuneration	Other	Remuneration expenses not correct	No	None
Cost of services – Housing & Council Tax benefit	Welfare expenditure	Other	Welfare benefits improperly computed	No	None
Cost of services – other revenues (fees & charges)	Other revenues	None		No	None
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	None		No	None



Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Interest payable and similar charges	Borrowings	None		No	None
Pension Interest cost	Employee remuneration	None		No	None
Interest & investment income	Investments	None		No	None
Return on Pension assets	Employee remuneration	None		No	None
Dividend income from Joint Venture	Revenue	None		No	None
Impairment of investments	Investments	None		No	None
Investment properties: Income expenditure, valuation, changes & gain on disposal	Property, Plant & Equipment	None		No	None
Income from council tax	Council Tax	None		No	None
NNDR Distribution	NNDR	None		No	None
PFI revenue support grant & other Government grants	Grant Income	None		No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	None		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	None		No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	None		No	None
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	None		No	None
Property, Plant & Equipment	Property, Plant & Equipment	None		No	None
Heritage assets & Investment property	Property, Plant & Equipment	None		No	None
Intangible assets	Intangible assets	None		No	None
Investments (long & short term)	Investments	None		No	None
Debtors (long & short term)	Revenue	None		No	None
Assets held for sale	Property, Plant & Equipment	None		No	None
Inventories	Inventories	None		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cash & Cash equivalents	Bank and Cash	None		No	None
Borrowing (long & short term)	Debt	None		No	None
Creditors (long & Short term)	Operating Expenses	Other	Creditors understated or not recorded in the correct period	No	None
Provisions (long & short term)	Provision	None		No	None
Pension liability	Employee remuneration	None		No	None
Reserves	Equity	None		No	None

## Audit findings against significant risks

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

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>Improper revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<ul style="list-style-type: none"> <li>– review and testing of revenue recognition policies</li> <li>– performance of substantive testing on material revenue streams</li> <li>– review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management override of controls</b></p> <p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>– review of accounting estimates, judgements and decisions made by management</li> <li>– testing of journals entries</li> <li>– review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

## Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Operating expenses</b>	Operating expenses understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Documentation of our understanding of processes and key controls over the transaction cycle</li> <li>• Walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• Testing of key controls</li> <li>• Substantive testing of expenses</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Operating expenses</b>	Creditors understated or not recorded in the correct period	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Documentation of our understanding of processes and key controls over the transaction cycle</li> <li>• Walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• Testing of key controls</li> <li>• Substantive testing of expenses</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Employee remuneration</b>	Remuneration expenses not correct	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Documentation of our understanding of processes and key controls over the transaction cycle</li> <li>• Walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• statistical testing of remuneration expenses</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified


## Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p><b>Welfare expenditure</b></p>	<p>Welfare benefits improperly computed</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Documentation of our understanding of processes and key controls over the transaction cycle</li> <li>• Walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• Substantive testing of expenditure through HBCOUNT work.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risks identified for the opinion. A number of errors have been identified with testing which will result in additional testing required to meet the terms of the certification instruction.</p>




Audit findings

# Accounting policies, Estimates & Judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>The Council's policy on revenue recognition is included in note 1.2 of the Statement of Accounts</li> </ul>	<ul style="list-style-type: none"> <li>The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice</li> <li>Minimal judgement is involved</li> <li>Accounting policy is properly disclosed</li> </ul>	 Green
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>Key estimates and judgements include:                             <ul style="list-style-type: none"> <li>Useful life of capital equipment</li> <li>pension fund valuations and settlements</li> <li>Icelandic investments</li> <li>arrears</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Council's policy is appropriate and consistent with the Local Government Code of Accounting Practice</li> <li>Reliance on experts is taken where appropriate</li> <li>Accounting Policy is properly disclosed</li> <li>No prior period adjustments are necessary.</li> </ul>	 Green
<b>Other accounting policies</b>	<ul style="list-style-type: none"> <li>The Council has adopted accounting policies in accordance with the Local Government Code of Accounting Practice</li> </ul>	<ul style="list-style-type: none"> <li>We have reviewed the Council's policies against the Local Government Code of Accounting Practice and do not have any comments to make.</li> </ul>	 Green

**Assessment**

-  Material weakness – risk of material misstatement
-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

## Adjusted misstatements

A number of minor adjustments to the draft accounts have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

### **Impact of adjusted misstatements**

There are no adjusted misstatements.



## Misclassifications & disclosure changes

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

	Adjustment type	Account balance	Impact on the financial statements
1	Disclosure	Explanatory Foreword	Amended note for 2012-13 budget to provide more clarity around the use of reserves.
2	Disclosure	Note 1.19, Note 13 – Investment Property and Note 1.2 – Revenue recognition	Amended note to include detail that investment properties valued at open market value. Also expanded note detailing revenue recognition policy.
3	Disclosure	Note 9 – Financing and investment income & expenditure	Amended to show income and expenditure rather than net position for financing and investment balances.
4	Disclosure	Note 11 – useful lives	Amended note to provide more accurate classification of assets and their useful lives.
5	Disclosure	Note 11 - PPE	Additional text included to clarify the position regarding the Civic Centre.
6	Disclosure	Note 11 - PPE	Original figures have been amended to remove transactions relating to treatment of capital expenditure incurred on Council House post valuation.
7	Disclosure	Note 15 – investments at 31 March 2013 (Principal)	Note amended to show correct maturity date for Lloyds TSB investment of £1m.
8	Disclosure	Note 15 – long term borrowing	Additional disclosure required to explain borrowing figure shown does not include accrual of £4k
9	Disclosure	Note 15 – refinancing and maturity risk	Note amended to include £3m external borrowing missing from original note.

## Misclassifications & disclosure changes

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

	Adjustment type	Account balance	Impact on the financial statements
10	Disclosure	Note 15 – interest rate risk	Amended note to show actual interest receivable on variable rate investments.
11	Disclosure	Note 15 – fair value of assets and liabilities	Amended note to include accrual missing on the carrying amount of borrowing at 31/3/13.
12	Disclosure	Note 31 – external audit costs	Additional disclosure added to note to reconcile figures to actual audit fee billed for year.
13	Disclosure	Note 35 - 18.1	Amended note as figure incorrect. Leases figure completed only for following year rather than based on payments for future years
14	Disclosure	Note 38 – post employment benefits	Amended table relating to assets and liabilities in relation to post employment benefits as incorrect figures for funded benefits have been taken from the actuary report.
15	Disclosure	The Collection Fund Account	Amended note to split out Wyre Forest DC and parish expenditure. Note also amended to ensure compliance with the SORP with regard to NNDR figures.
16	Disclosure	Note 5 – Events after the reporting period	Additional disclosure required as Council have received an additional payment from Heritable. (Icelandic Investment)

Audit findings

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## Unadjusted misstatements





We are pleased to note that there are no significant unadjusted misstatements

## Internal controls




The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.




These and other recommendations, together with management responses, are included in the action plan attached at appendix A.

	Assessment	Issue and risk	Recommendations
1		<ul style="list-style-type: none"> <li>Our audit identified a number of journals that had not been authorized.</li> </ul>	The Chief Financial Officer should ensure in future that all journals should be authorized by an appropriate member of staff.
2		<ul style="list-style-type: none"> <li>Our audit identified a number of assets on the asset register with a nil NBV but which are still operational. These assets will attract no depreciation charge.</li> </ul>	The Chief Financial Officer in liaison with the Estates Surveyor and Fleet and Waste Manager should review the asset register and ensure all operational assets have a suitable asset life allocated and are depreciated accordingly as part of the closedown process.
3		<ul style="list-style-type: none"> <li>The accounts presented for audit should reflect prior year audited figures. A number of amendments had been made to audited figures.</li> </ul>	Amendments to prior year figures should only be made where there is a material error or where there has been a change in accounting policy.
4		<ul style="list-style-type: none"> <li>Testing of officers remuneration identified that some additional payments for roles in respect of election duties is not included within contracts. Contracts should include these elements to ensure clarity over remuneration packages.</li> </ul>	The Chief Financial Officer should advise the solicitor to the Council to ensure that additional remuneration items for officers are clearly included within contracts of employment.




### Assessment

-  Material weakness – risk of material misstatement
-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement



## Internal controls

	Assessment	Issue and risk	Recommendations
5		<ul style="list-style-type: none"> <li>Testing of the bad debt provision for Housing Benefit showed it has been calculated in 2012/2013 on historical measures, which are over 8 years old. GT suggest that the bad debt provision should be reviewed to ensure that the percentage and the method of calculation is still appropriate to the Council. A general review should be undertaken of all bad debt provision calculations.</li> </ul>	The Principal Accountant should review the bad debt provision calculated for Housing Benefit to ensure it is still appropriate. A review should also be undertaken of all calculations for bad debt provisions.
6		<ul style="list-style-type: none"> <li>Testing of PPE identified incorrect accounting treatment applied to the Civic Centre. The asset is classed as operational, and has been valued on this basis although part of the building is no longer in use and this element should be classed as surplus. The Civic Centre has been valued incorrectly. Any difference in valuation is however not material to the accounts.</li> </ul>	The Chief Financial Officer in liaison with the Estates Surveyor should ensure the Civic Centre is accounted for correctly in 2013-14.
7		<ul style="list-style-type: none"> <li>Testing of PPE identified the Richard Eve memorial classified as community asset which should be reclassified as a heritage asset.</li> </ul>	The Chief Financial Officer in liaison with the Estates Surveyor should review the asset listings to ensure all assets are correctly classified, particularly with regard to heritage assets.




### Assessment

-  Material weakness – risk of material misstatement
-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement



## Internal controls

	Assessment	Issue and risk	Recommendations
8		<p>IT security policy acknowledgement</p> <ul style="list-style-type: none"> <li>There is currently no process in place for users to periodically acknowledge the IT security policies in place. It is important that senior management promotes a culture where users of the information assets are aware of their roles, responsibilities and accountability with respect to the Council's assets. Without such acknowledgement in place, it may make holding a user accountable for their actions difficult.</li> </ul>	<p>The Head of Transformation and Communications should introduce a process that requires staff to formally acknowledge the security and IT policy in order to ensure they understand the controls and procedures in place that they need to adhere to. This could be an automated process where users must acknowledge a suitably worded network logon warning banner message</p>
9		<p>Limit access in Open Revenues</p> <ul style="list-style-type: none"> <li>No use is made of the ability to limit the accounts that users can view within the Open Revenues system. This tool could be used to ensure that users do not view/access accounts which they may have a conflict of interest in, e.g. a friend/family/colleague who is in receipt of benefits.</li> </ul>	<p>The authority should consider investigating using this functionality where possible as it will assist with promoting sound information governance and potentially reduce the risk of any inappropriate access or actions being undertaken.</p>




**Assessment**

-  Material weakness – risk of material misstatement
-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

# Internal controls

	Assessment	Issue and risk	Recommendations
10		<p>Excessive number of Windows Administrators</p> <ul style="list-style-type: none"> <li>A large number of users were found to have high level System Administrator privileges (approximately 17 accounts excluding service accounts). This number of Administrators appears excessive. There is no evidence of staff with this level of access having been reviewed to ensure that these privileges are in line with the users job function. Through the widespread ‘Administrator’ level access, users have also inherited access to high privilege groups within Windows. Widespread high level access to the system introduces a risk of accidental or deliberate misuse of the powerful rights.</li> </ul>	<p>A review should be performed of user accounts that have System Administrator level privileges and where this level of access is deemed inappropriate, these privileges should be withdrawn. This will also assist in reducing the number of users with access to high privilege groups in Windows.</p>
11		<ul style="list-style-type: none"> <li>Testing of Housing and Council Tax Benefit for the opinion identified a number of fails in relation to non-HRA and rent allowances cases. This has resulted in additional testing to be undertaken as required by the certification instruction, and may result in a repayment of benefit to the Department of Work and Pensions.</li> </ul>	<p>The Corporate Customer Development Manager should ensure refresher training is provided to all assessors on the areas which have resulted in errors.</p>

**Assessment**

-  Material weakness – risk of material misstatement
-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

## Other communication requirements

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

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</li> </ul>
2.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related party transactions which have not been disclosed.</li> </ul>
3.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>We are not aware of any significant incidences of non-compliance with relevant laws and regulations.</li> </ul>
4.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Council.</li> </ul>
5.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> </ul>
6.	<b>Going concern</b>	<ul style="list-style-type: none"> <li>Our work has not identified any indication that the accounts should not be prepared on a going concern basis.</li> </ul>



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## Section 3: Value for Money

01. Executive summary

02. Audit findings

**03. Value for Money**

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Appendix A: Action plan

## Value for Money

### Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

#### **The Council has proper arrangements in place for securing financial resilience.**

The Council 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.

#### **The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.**

The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

### Key findings

#### **Securing financial resilience**

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

Our overall conclusion is that whilst the Council faces challenges, it has proper arrangements in place for securing financial resilience. In particular, we consider the Council's financial performance management and budgeting systems to be strong and these arrangements have enabled good in year forecasting.

#### **Challenging economy, efficiency and effectiveness**

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

Our work concentrated on how the Council has delivered its savings programme for 2012/13 and its plans for delivering savings over the next two years.

Our overall conclusion is that the Council's medium term finance plan is focussed on the use of reserves and no alternative strategy has been clearly identified to deal with the period when the reserves run out. The Council have recently established a strategic review committee to address this issue. However, this group is in its infancy and decisions regarding future direction have not yet been taken. Financial risks are therefore managed in the short to medium term only with limited consideration of longer term implications.

#### **Overall VFM conclusion**

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013. This is subject to any further matters that may come to our attention prior to the certification of the audit as complete.

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## Section 4: Fees, non audit services and independence

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Fees, non audit services and independence**
- 05. Communication of audit matters
- Appendix A: Action plan

## Fees, non audit services and independence

We confirm below our final fees charged for the audit.

### Fees

	Per Audit plan £	Actual fees £
Council audit	64,348	64,348
Grant certification – Indicative fee	12,850	12,850
<b>Total audit fees</b>	<b>77,198</b>	<b>77,198</b>

### Fees for other services

Service	Fees £
None	Nil

### Independence and ethics

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

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

Ethical standards and International Standards on Auditing (ISA) 260 require us to give you full and fair disclosure of matters relating to our independence. In this context, we have no disclosures to make.

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## Section 5: Communication of audit matters

01. Executive summary

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**05. Communication of audit matters**

Appendix A: Action plan

# Communication of audit matters to those charged with governance

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

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

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

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

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

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

# Appendices

# Appendix A: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The Chief Financial Officer should ensure in future that all journals are authorized by an appropriate member of staff.	Medium	The process will be reviewed together with an assessment of where the responsibility for this should be allocated within the team. Appropriate action will then be taken and monitored.	End of Sept 2013 Initial Review End of Dec 2013 Monitoring Finance Manager and Principal Accountant (KP)
2	The Chief financial Officer in liaison with the Estates Surveyor and Fleet and Waste Manager should review the asset register and ensure all operational assets have a suitable asset life allocated and are depreciated accordingly as part of the closedown process.	Low	A review process will be built into future Closedown Timetables at an early stage.	Noted for action now ready for the 2013/14 Closedown Timetable/process CFO/Principal Accountant (LH)
3	Amendments to prior year figures should only be made where there is a material error or where there has been a change in accounting policy.	Low	Noted, no further immaterial changes will be made. Any material adjustments will only be made in liaison with Grant Thornton	Noted for action in the 2013/14 Accounts Principal Accountant (LH)
4	The Chief Financial Officer should advise the solicitor to the Council to ensure that additional remuneration items for officers are clearly included within contracts of employment.	Low	Agreed	CFO End September 2013



# Appendix A: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
5	The Principal Accountant should review the bad debt provision calculated for Housing Benefit to ensure it is still appropriate. A general review should also be undertaken of all calculations for bad debt provisions.	Low	Agreed a review will be undertaken	April 2014 Principal Accountant (LH) and Principal Accountancy Asst (DPK)
6	The Chief Financial Officer in liaison with the Estates Surveyor should ensure the Civic Centre is accounted for correctly in 2013-14.	Low	Agreed	April 2014 CFO/ Principal Accountant (LH)
7	The Chief Financial Officer in liaison with the Estates Surveyor should review the asset listings to ensure all assets are correctly classified, particularly with regard to heritage assets..	Low	Agreed - a review process will be built into future Closedown Timetables at an early stage.	Noted for action now ready for the 2013/14 Closedown Timetable/process CFO/Principal Accountant (LH)

# Appendix A: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
8	The Head of Transformation and Communication should introduce a process that requires staff to formally acknowledge the security and IT policy in order to ensure they understand the controls and procedures in place that they need to adhere to. This could be an automated process where users must acknowledge a suitably worded network logon warning banner message	Low	ICT security policies are reviewed annual with any changes highlighted. These are updated on the intranet and also communicated to employees via Wyred Weekly our internal weekly news letter. We have looked at this previously but didn't have the tools in place to deliver the required solution. We are in the process of evaluating a new CMS and also using Sharepoint for collaborative working which has options for doing this.	ICT Manager  To be considered within next 6 months as part of implementation for new CMS system planned to be in place by April 2014
9	The authority should consider investigating using limited access in Open Revenues where possible as it will assist with promoting sound information governance and potentially reduce the risk of any inappropriate access or actions being undertaken.	Low	Access to Open Revenues is restricted to access relevant to the type of user and this is monitored by Officers within the System Team.	Already in use  Revenues and Benefits Welfare Reform Manager

# Appendix A: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
10	A review should be performed of user accounts that have System Administrator level privileges and where this level of access is deemed inappropriate, these privileges should be withdrawn. This will also assist in reducing the number of users with access to high privilege groups in Windows.	Low	These accounts are reviewed regularly and since ICT have 2 accounts per person (one for general use, other for system admin purposes) this number is not significantly high. Also there are a number of consultants / support specialist on the list who we use regularly for support purposes however their account is disabled when not in use and they are always supervised.	Already under active review ICT Manager
11	The Corporate Customer Development Manager should ensure refresher training is provided to all benefit assessors on the areas which have resulted in errors.	Low	Agreed	Corporate Customer Development Manager By end of Nov 2013



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**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**23<sup>RD</sup> SEPTEMBER 2013****STATEMENT OF ACCOUNTS 2012/13**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY:</b>	Delivering Together with Less
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>RESPONSIBLE OFFICER:</b>	Chief Financial Officer
<b>CONTACT OFFICERS:</b>	Tracey Southall Ext. 2125 <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a> Lisa Hutchinson Ext. 2120 <a href="mailto:lisa.hutchinson@wyreforestdc.gov.uk">lisa.hutchinson@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 – Draft Letter of Representation 2012/13 Appendix 2 - 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 2012/13 following the audit undertaken by Grant Thornton UK LLP (Grant Thornton).
- 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 2012/13; 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 2012/13 be approved.**
- 2.2 **The Letter of Representation for 2012/13 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 24<sup>th</sup> 2013.
- 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 changes agreed is included in the Audit Findings report – Misclassification & Disclosure Changes (separate item on this agenda). These were changes to disclosures that improve the presentation of the clarity of the financial statements for the users of the accounts. The

Chief Financial Officer has now re-certified the amended Statement of Accounts, prior to the consideration by the Audit Committee.

- 3.3 Grant Thornton have now concluded their audit of the accounts and have indicated they will be providing an unqualified opinion.
- 3.4 Incorporating the agreed changes, the Statement of Accounts will be published by 30<sup>th</sup> September 2013, and this will also be made available on the Council's web-site.
- 3.5 The Letter of Representation is attached at Appendix 1. This letter is in line with Grant Thornton's requirements as detailed within their Annual Governance Reports. This letter is to be signed by the S.151 Officer (Chief Financial Officer), and the Chair of the Audit Committee.
- 3.6 A revised Statement of Accounts overview is attached at Appendix 2. 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 2012/13 has been concluded and Grant Thornton 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 2012/13 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 30<sup>th</sup> September following the end of the financial year.

#### **7. RISK MANAGEMENT**

- 7.1 The accounts must be published by the 30<sup>th</sup> September 2013, 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 30<sup>th</sup> June 2013, and for these to be audited and published by 30<sup>th</sup> September 2013. 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 Grant Thornton can provide their opinion in relation to the 2012/13 Statement of Accounts.

**10. CONSULTEES**

10.1 Corporate Management Team/Cabinet Member and Leader

10.2 Grant Thornton

**11. BACKGROUND PAPERS**

11.1 Accounts and Audit Regulations 2011.

11.2 Audit Committee Report 24<sup>th</sup> June 2013.

11.3 Code of Practice of Local Government Accounting 2012/13.

**Agenda Item No. 9 Appendix 1**

**Tracey Southall**  
**Chief Financial Officer**

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fax: 01562 732104

email:

tracey.southall@wyreforestdc.gov.uk

my ref: TS/LH/JHL

Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
B4 6AT

23<sup>rd</sup> September 2013

Dear Sirs

**Wyre Forest District Council**  
**Financial Statements for the year ended 31<sup>st</sup> March 2013**

This representation letter is provided in connection with the audit of the financial statements of Wyre Forest District Council for the year ended 31<sup>st</sup> March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting.

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

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.



- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the code.
- viii All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the code requires adjustment or disclosure have been adjusted or disclosed.
- ix We have adjusted the misstatements brought to our attention in the Audit Findings report, which are considered to be immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- x We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xi We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xii We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xiii We have communicated to you all deficiencies in internal control of which management is aware.
- xiv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xv We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- xvi We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xvii We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xviii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xix We have disclosed to you the entity of the Council's related parties and all the related party relationships and transactions of which we are aware.

**Annual Governance Statement**

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

**Approval**

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 23<sup>rd</sup> September 2013.

**Signed on behalf of Wyre Forest District Council**

Name.....Tracey Southall

Position...Chief Financial Officer

Date.....23<sup>rd</sup> September 2013

Name.....Councillor Elizabeth Davies

Position...Chair of the Audit Committee

Date.....23<sup>rd</sup> September 2013

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2012/13 – 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 30<sup>th</sup> September 2013. 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 2012/13 Statement of Accounts was 30<sup>th</sup> June 2013 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Cabinet – 18<sup>th</sup> June 2013 (Major Variations only); and then
- : S151 Officer approval/Audit Committee – 24<sup>th</sup> June 2013
- : Audit Committee – 23<sup>rd</sup> September 2013 (revised version)

The Accounts are audited by Grant Thornton UK LLP who are the Council's external auditors. Regulations require that the Statement of Accounts is published by 30<sup>th</sup> September 2013.

**3. BASIS OF ACCOUNTS**

The Chief Financial Officer, Tracey Southall, is responsible for the preparation of the Statement in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. 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 31<sup>st</sup> March 2013. 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 31<sup>st</sup> March 2013 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 inter-authority 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 (The Office of the Police and Crime Commissioner for West Mercia with effect from 2013/14), 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 third year in 2013/14, then setting a target Council Tax increase for the District of 2% 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 2012/13 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**

2011/12 Net Expenditure/ (Income) £000's	Service Area	2012/13 Net Expenditure/ (Income) £000's
1,397	Central Services to the Public	1,396
3,832	Cultural and Related Services	3,795
4,065	Environment and Regulatory Services	2,890
1,028	Planning Services	900
335	Highways and Transport Services	397
1,471	Housing Services	1,678
2,160	Corporate and Democratic Core	2,320
474	Non Distributed Costs	623
14,762	<b>Net Cost of Services</b>	13,999
459	Parish Precepts	464
736	Other Net Operating (Income)/Expenditure	(211)
(318)	Net Investment Income	(164)
(1,319)	Other Accounting Adjustments*	(1,033)
14,320	<b>Amount to be met by Government Grant/Council Tax</b>	13,055
	Funded by:	
(4,769)	NNDR Re-distribution	(5,459)
(1,474)	Revenue Support Grant	(106)
(7,455)	Council Tax	(7,480)
(293)	Area Based Grant/Local Services Support Grant	(109)
<u>329</u>	<b>Movement in Revenue Fund Balance</b>	<u>(99)</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 assets and liabilities administered by the County Council 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 18<sup>th</sup> June 2013. This demonstrated a de minimis saving compared to the revised budget after the creation of two new significant reserves, the first for £270,000 for potential future liabilities in relation to the Council's former insurers Municipal Mutual Insurance and the second £80,000 for a new Economic Impact Reserve. The Working Balance was also increased by £300,000 to £1m in accordance with the Council Decision in February.

A further analysis of actual compared to the original budget used for 2012/13 is contained in the full Statement.

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

Civic & Administrative Buildings	5
Car Parks	29
Asset under Construction	1
Trading Estates & Enterprise Centres	5
Public Conveniences	13
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3
Museums	1
Farms	2
Sports, Social Clubs, Fields & Parks	24
Nature Reserves	4
Other Land & Buildings	34
Vehicles	74
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**

31/03/12 £000's	What the Council owns and is owed	31/03/13 £000's
	<b>What we own:</b>	
51,121	Buildings, Land, Vehicles and Equipment	53,675
88	Inventories	78
9,109	Cash Invested	8,506
3,835	Money owed to the Council	3,671
	<b>What we owe:</b>	
(4,361)	Money owed by the Council	(7,460)
(46,309)	Pension Fund Liability	(53,110)
<b>13,483</b>	<b>Total Value of what we own</b>	<b>5,360</b>
	<b>Financing:</b>	
	<b>Usable Reserves</b>	
5,484	Capital Expenditure Reserve	2,139
4,003	Earmarked Reserves	4,396
3,096	General Reserves	3,152
796	Capital Grants Unapplied	719
	<b>Unusable Reserves</b>	
46,550	Capital Financing Reserves	48,155
(46,309)	Pensions Reserve	(53,110)
(137)	Short-term Accumulated Absences Account	(91)
<b>13,483</b>		<b>5,360</b>

**Notes:**

General Reserves include a Collection Fund deficit of £16,000 in 2012/13, £27,000 surplus in 2011/12. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.

**10. WHAT ARE OUR RESERVES?**

<b>31/03/12 £000's</b>	<b>General Fund Reserves:</b>	<b>31/03/13 £000's</b>
3,398	At beginning of the year	3,069
(329)	Movement in Revenue Fund Balance	99
<b>3,069</b>	<b>Balance at the end of the year</b>	<b>3,168</b>
<p>The Council has a duty in law to keep an appropriate (prudent) level of General Reserves. It has been our policy to keep a minimum working balance of £700,000; this has been increased to £1m at the end of 2012/13 in accordance with the February Council Decision. The approved budget has agreed to use £524,300 in our budget for 2013/14, to use £636,070 for 2014/15 and £665,860 for 2015/16.</p>		
	<b>Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:</b>	
	The savings and money set aside for the future are :-	
5,484	Capital Expenditure Reserve	2,139
4,003	Earmarked Reserves	4,396
796	Capital Contributions Unapplied (Grants)	719
<b>10,283</b>	<b>Total Reserves and Provisions</b>	<b>7,254</b>

**11. HOW WELL HAVE WE PERFORMED?**

**Finances:**

Borrowing Money – the Council took out 2 loans during 2012/13 at the following rates: £2m @ 0.75% for 18 months

£1m @ 2.62% for 9 years

Investing Money - average interest rate 0.73%

**Payment of what we owe:**

Prompt Payment – we paid 96.48% of all invoices within 30 days

**Collection of what is owed to us:**

Council Tax - we collected 98.2%

**Performance against national and local measures:**

Over the last 12 months the Council has focused greatly on developing leading and lagging measures as part of its Wyre Forest Forward Programme to underpin the delivery of the systems thinking methodology rather than relying on traditional PIs or

Targets. The dashboard of measures which support our purposes are customer focused to ensure improvements or change respond to the customer's experience.

The measures will continue to evolve over time however it is important that they are not treated like PIs or targets which often imply that once they are met then no further work is needed. We have been supported with this particular piece of performance work by the Head of Business and Transformation from Rugby Borough Council funded as part of an LGA Productivity grant we were awarded to support our systems thinking work. This officer has shared his learning and experiences with us which has supported the development of our Covalent system for capturing relevant and timely data as well as ensuring the data is presented in a way which enables its effective monitoring and reporting. His work has also included positively challenging the council's organisational approach to cultural and behavioural change.

Reports are considered by CMT and Cabinet/CMT on a monthly basis where they monitor the leading measures whilst quarterly reports are considered by the Overview and Scrutiny Committee where both leading and lagging measures are reported. We continue to publish our 'Year in Pictures' Performance Summary to ensure we effectively communicate a summary of our key service delivery performance from the previous financial year to the community.

### 12. SUMMARY

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31<sup>st</sup> March 2013, 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 31<sup>st</sup> March 2013 (reserves)
- How the money is invested at 31<sup>st</sup> March 2013 (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. CHIEF FINANCIAL OFFICER'S 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 to meet the significant challenges of reduced government funding and following a complex budget process set a forward-looking budget, including a Council Tax freeze, a new Council Tax Localisation Scheme from April 2013 and continued investment in the key priority of Economic and Regeneration initiatives. We also joined the Worcestershire Business Rates Pool to mitigate the risk of financial loss due to the introduction of the Business Rates Retention Scheme from 1<sup>st</sup> April 2013. The most significant issue facing the Council remains its financial position. Our net revenue budget will have reduced from £16.4m in 2009/10 to £11.8m in 2015/16 on current plans. This represents a fall of over 25% in absolute terms, and more in real terms. Alongside this significant reduction, the Council is overseeing its most significant capital investment programme in many years, including a new cemetery, Wyre Forest House and new leisure centre as well as major injections of finance into its key priority of securing the economic prosperity of the district. But there is much more to do.

The level of Government funding will have reduced by 45% in four years. We know that it will fall further in future, and the Spending Round published on 26<sup>th</sup> June announced reduction of a further 10% in 2015/16 but this is highly likely to mean reductions of around 15% for most districts. The Council Budget decision on the 24<sup>th</sup> February 2013, included approval that Final Accounts savings arising from this year's accounts, over and above the target allowed for in the Council's Financial Strategy, together with surplus earmarked reserves, be allocated to the Working Balance. The Outturn position allowed for an increase of £300,000 to the Working

## **Agenda Item No. 9 Appendix 2**

Balance that now stands at £1m. This is a welcome addition to this reserve to reflect the significant financial risks faced by this Council as a result of the fundamental changes to the Government Funding Regime this year and further continuing measures, including the impending Welfare Reform changes.

To ensure that the Council is ready to meet future challenges, a number of initiatives continue to be undertaken including Wyre Forest Forward, the Corporate Plan, significant service review and transformation work. We have been in Wyre Forest House since October 2012 and this has successfully brought together the many diverse service teams, providing the catalyst for the release of further synergies that will help delivery of further efficiency savings.

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 31<sup>st</sup> March over £5.99m had been recovered and the Council is confident of improved overall returns.

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will be reducing. The Financial Strategy 2013/16 approved by Council in February 2013 provides a stable financial platform to move forward with. For the current year, Council approved a freeze in Council Tax which released an additional one-off grant from Government, however, in each of the following two years annual increases of 2% have been assumed, along with a 45% reduction in Government Grant since 2011.

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 30<sup>th</sup> of September 2013.

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**23<sup>RD</sup> SEPTEMBER 2013****INTERNAL AUDIT MONITORING REPORT**  
**QUARTER ENDED 30<sup>TH</sup> JUNE 2013**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY</b>	Delivering Together with Less
<b>CABINET MEMBER</b>	Councillor Nathan Desmond
<b>DIRECTOR</b>	S151 Officer
<b>CONTACT OFFICER:</b>	Cheryl Ellerton, Extension 2116 <a href="mailto:cheryl.ellerton@wyreforestdc.gov.uk">cheryl.ellerton@wyreforestdc.gov.uk</a>
<b>APPENDIX</b>	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 30 <sup>TH</sup> June 2013

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th June 2013, attached as Appendix 1.

**2. RECOMMENDATIONS**

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

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 30<sup>th</sup> June 2013 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 2013~14 in March 2013 as part of the 3 year 2012~15 Strategic Audit Plan. This plan takes into account changes in priorities or risk.
- 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** to include draft reports issued following completion of 2012~13 Annual Audit Plan
- 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 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 regular reports in respect of the Council's performance in delivering the Wyre Forest Forward Programme.
- 4.3 The Internal Audit Team operate in accordance with recognised Internal Audit Standards<sup>1</sup>. 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 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.

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<sup>1</sup> The UK Public Sector Internal Audit Standards (UKPSIAS) from April 2013 (previously CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006).

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 nine protected characteristics.

**9. CONCLUSION**

9.1 The work undertaken by the Internal Audit Team in the quarter ended 30<sup>th</sup> June 2013 is reported within Appendix 1. This information is presented to members in accordance with the Terms of Reference for the Internal Audit Team.

**10. CONSULTEES**

10.1 Corporate Management Team.

**11. BACKGROUND PAPERS**

11.1 18<sup>th</sup> March 2013 ~ Audit Committee ~ Internal Audit Annual Plan 2013~14  
12<sup>th</sup> March 2012 ~ Audit Committee ~ Strategic Audit Plan 2012~2015  
29<sup>th</sup> 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  
30<sup>th</sup> JUNE 2013**

**INTERNAL AUDIT**  
**QUARTERLY AUDIT REPORT**  
**QUARTER ENDED 30<sup>TH</sup> JUNE 2013**

<b>INDEX</b>	<b>PAGE</b>
<b>SECTION 1</b> Final Audit Reports issued in the Quarter	<b>105</b>
<b>SECTION 2</b> Follow up Reviews undertaken in the Quarter	<b>109</b>
<b>SECTION 3</b> Draft Audit Reports issued in the Quarter & Draft reports following the completion of the 12~13 Internal Audit Annual Plan	<b>110</b>
<b>SECTION 4</b> Work In Progress (Including Action Plans Issued	<b>111</b>
<b>SECTION 5</b> Performance against Annual Plan for the Financial Year 2012/13 Including Consultancy & Advice for the Quarter	<b>112</b> <b>113</b>

Tracey Southall  
SECTION 151 OFFICER

8<sup>th</sup> August 2013



SECTION 1 FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30 <sup>th</sup> JUNE 2013		
	ASSURANCE	PAGE
<b>COMMUNITY ASSETS &amp; LOCALISM</b>		
<b>Key Systems</b>		
Human Resources ~ Establishment (Staff Record Forms) 2012~13	<b>S</b>	<b>8</b>
<b>Subsidiary Systems</b>		
Land Charges ~ (Fees & Charges) 2012~13 & 2013~14	<b>F</b>	<b>-</b>
<b>COMMUNITY WELL-BEING &amp; ENVIRONMENT</b>		
<b>Key Systems</b>		
Cash To Bank ~ (Car Parks Pay & Display Income) Reconciliations 2012~13	<b>S</b>	<b>9</b>
<b>RESOURCES</b>		
<b>Key Systems</b>		
Insurance 2012~13	<b>F</b>	<b>-</b>

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.

<b>AUDIT REPORT TITLE:</b> Payroll Audit 2012-13 (Staff Record Forms)	<b>ACTION PLAN:</b> 05.11.12 <b>DRAFT REPORT ISSUED:</b> N/A	<b>SERVICE:</b> Community Assets & Localism (Human Resources)
<b>BUDGET:</b> £ £6,373,719 (Actual Net Payroll 12~13)	<b>FINAL REPORT ISSUED:</b> 3 <sup>rd</sup> July 2013 (For Quarter 30.06.13)	<b>RESPONSE RECEIVED:</b> N/A
<b>REF:</b> VARIOUS		

Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
<b>Some</b>	<b>Sufficient framework of controls but some weakness identified – provides adequate assurance.</b>	<b>Other</b>	<b>Medium risk - action required but not urgent</b>
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 as part of the Annual Internal Audit Plan 2012-13. The review sought to ensure that there is a system in place for the correct and prompt completion of staff record forms (SRF) for recruitment, transfer and termination of employees covering all permanent, temporary, casual and fixed term contracts within Wyre Forest District Council.

The compliance testing covered each Staff Record Form received for the period 01.04.12 - 31.07.12. These were checked to ensure all forms were completed in full capturing employee details, post title, post number, salary, hours of work, leave entitlement, any special conditions of service and signed by an authorised signatory. The testing ensured that all information has been transferred into the Payroll (CHRIS computer application) system correctly. Following the initial testing an Action Plan was issued to the Human Resources Manager to advise of any matters arising during the period of testing in order that they could be addressed promptly and remedial action taken where appropriate. All recommendations (detailed below for completeness) were acknowledged with prompt action taken by the HR Manager. The introduction of electronic forms which is currently being developed will ensure only fully completed forms are submitted. Staff Record Forms received from 01.08.12-31.03.13 were sighted for correct authorisation. All forms sighted for the period of 01.08.12 - 31.03.13 had been authorised correctly.

Further testing was also undertaken on a sample of 10 employees working under temporary or fixed term contracts to ensure that those employees were not paid past their finishing date as recorded on the staff record form. Of the ten employees, three had their original contracts extended with authorised documentation provided to the Human Resources team for action and are currently active on the payroll system. For the remaining seven, their contracts had finished and their payroll data had been correctly terminated on the payroll system.

**Conclusion:**

On the basis of the work undertaken, the review has concluded that the procedures in operation for completion and administration of staff record forms are working effectively but could be further enhanced with the introduction of electronic Staff Record Forms for ease of completion by Service Managers. The overall conclusion therefore, is that **SOME** assurance can be given on the internal controls in place for the completion of staff record forms for the payment of employees.

<b>AUDIT REPORT TITLE: Cash Income To Bank (Car Parks Cash Collection Reconciliations ~ 2012-13)</b>		<b>DRAFT REPORT DATE ISSUED: 4<sup>th</sup> March 2013</b>		<b>SERVICE: Community Well-Being &amp; Environment Resources Directorate (Accountancy) For Information</b>	
<b>BUDGET: Various</b>		<b>FINAL REPORT ISSUED: 30th May 2013</b>		<b>RESPONSE RECEIVED: 29<sup>th</sup> May 2013</b>	
<b>REF:</b>					
<b>Assurance Levels</b>	<b>Definition</b>	<b>Recommendation Rankings</b>	<b>Definition</b>		
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration		
Some	<b>Sufficient framework of controls but some weakness identified – provides adequate assurance.</b>	Other	Medium risk - action required but not urgent		

## Agenda Item No. 10

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 assurance reviews undertaken as part of the 2012~13 annual audit plan. The review forms part of the Cash to Bank compliance testing and concentrated on the subsidiary system of Car Parking Pay & Display income which stands alone from other income streams reported under their respective system reviews.

Testing was undertaken on income received during August 2012 to ensure all car park income collected from the parking machines, by a third party security contractor, had been receipted, reconciled and banked accurately and in a timely manner and appropriately recorded within the Council's Financial Records

Income, collected by the appointed Contractor, is reconciled to audit tickets extracted from the parking machines on the day of collection and banked into the Council's bank account that same day. A detailed spreadsheet is maintained by the Contractor as evidence of Pay & Display Machines emptied and this along with copies of all audit tickets extracted and a copy of the paying in slip are all forwarded on to a nominated employee within the Car Parks Team for monitoring. All car park banking is independently verified within the WFDC Accountancy Section as part of the weekly bank reconciliation procedure.

All income banked by the appointed Contractor had been promptly received into the Council's bank account. The Council currently operate forty car park Pay and Display machines; over the period of testing discrepancies were identified between the Pay & Display machine audit tickets and the income collected. On five occasions audit tickets had not been promptly extracted from the Pay & Display machines whilst another machine had technical issues as a consequence, therefore income could not be independently verified. The Environmental Services Supervisor has addressed this issue and procedures have now been implemented by the Car Parks Team, to identify missing tickets and re-printed them from the Pay & Display machines enabling accurate reconciliation of income banked and verification of any discrepancies which are promptly raised with the third party contractor.

**Conclusion:**

On the basis of the work undertaken the review has concluded that the systems in operation for the processing of Car Parks Pay & Display Income into the Council's bank account and the Agresso Financial Management System are working effectively however enhancement could be made to reconciliation processes. The overall conclusion therefore, is that **SOME** assurance can be given on the internal controls in place for the Car Park income.

**Quarter Report to the 30<sup>th</sup> June 2013**

**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	
<b>RESOURCES</b>							
Employee Car Loan Scheme 2011/12~2012/13	K	S	1	1	-	-	-
ICT ~ Internet, Website & eMail Security (Penetration Testing) ~ 2012~13	K	S	1	1	-	-	-

**SECTION 3**

**Quarter Report to the 30<sup>th</sup> June 2013**

<b>DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30<sup>TH</sup> JUNE 2013</b>		
<b>TITLE</b>	<b>DATE OF ISSUE</b>	<b>CURRENT STATUS OF REPORT</b>
<b><u>COMMUNITY ASSETS &amp; LOCALISM</u></b> Human Resources ~ Establishment (Annual Reconciliation) 2012~13	24.06.13	Response 19.07.13/Final Issued 19.07.13
<b><u>RESOURCES</u></b> Accounting Journals 2012~13	03.05.13	Response 28.08.13/Final Issued 29.08.13
<b>REPORTS ISSUED AFTER 30<sup>TH</sup> JUNE 2013 FINALISING 2012~13 INTERNAL AUDIT ANNUAL PLAN</b>		
<b>TITLE</b>	<b>DATE OF ISSUE</b>	<b>CURRENT STATUS OF REPORT</b>
<b><u>RESOURCES</u></b> Budgetary Control & Monitoring 2012~13 Creditors (Accounts Payable) Compliance 2012~13 Creditors (Accounts Payable) Reconciliations 2012~13 Debtors (Accounts Receivable) ~ Compliance/Reconciliations 2012~13 Payroll Reconciliations (WFDC) 2012~13 Payroll Compliance Testing (RBC) 2012~13 Payroll Compliance Testing (WFDC) 2012~13 Procurement Cards (Corporate) 2012~13	26.07.13 10.07.13 09.07.13 15.07.13 18.07.13 18.07.13 18.07.13 15.07.13	Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report/Acknowledged 02.08.13 Draft Report Draft Report

**SECTION 4**

Three 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 2013~14 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

<b>WORK IN PROGRES AS AT 30<sup>TH</sup> JUNE 2013</b>	
<b>AUDIT REVIEW</b>	<b>DATE OF ISSUE Action Plan No 1</b>
<b><u>Corporate</u></b> Employee Mileage & Subsistence 2013~14	28.06.13
<b><u>Resources</u></b> Bank Reconciliations 2013~14	17.06.13
PAYE (Real Time Processing) 2013~14	24.06.13

## SECTION 5

Performance Against Annual Plan For The Financial Year 2013/14Quarter ended 30<sup>th</sup> June 2013Year to 30<sup>th</sup> June 2013

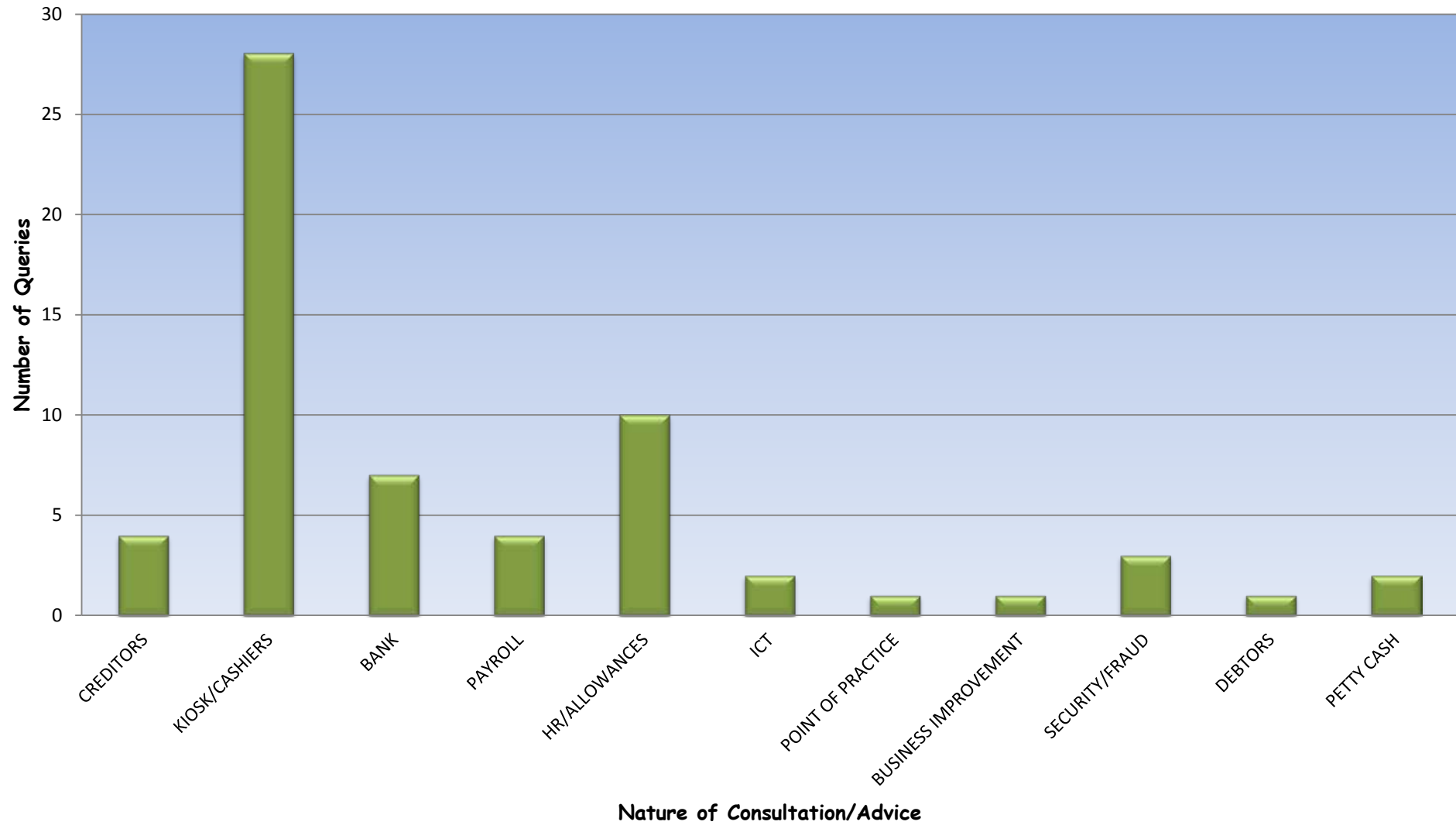
	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	98.00	93.75	104.53%	System and Probity	98.00	375	26.13%
Computer Audit	4.25	12.50	34.00%	Computer Audit	4.25	50	8.50%
Contract Audit	10.25	7.50	136.67%	Contract Audit	10.25	30	34.17%
Consultancy and Advice	8.25	12.50	66.00%	Consultancy and Advice	8.25	50	16.50%
Irregularity	5.00	5.00	100.00%	Irregularity	5.00	20	25.00%
Specific Service Duties	4.75	6.25	76.00%	Specific Service Duties	4.75	25	19.00%
<b>Sub Total</b>	130.50	137.50	94.91%	<b>Sub Total</b>	130.50	550	23.73%

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

For the quarter to 30<sup>th</sup> June 2013 actual against plan is 94.9 % compared to a target of **95%**. Within the time allocated in the above table, during this first quarter of 2013~14 the Internal Audit Team have responded to 63 requests for advice and consultancy as categorised in the graph overleaf.



### Summary of Advice April~June 2013



**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**23<sup>RD</sup> SEPTEMBER 2013****Risk Management – Corporate Risk Register**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY:</b>	Delivering Together With Less
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>DIRECTOR:</b>	Chief Financial Officer
<b>CONTACT OFFICER:</b>	Tracey Southall <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 - Corporate Risk Register as at 31 <sup>st</sup> July 2013

**1. PURPOSE OF REPORT**

- 1.1 To inform Members of the Audit Committee of the current Corporate Risk Register, attached as Appendix 1.

**2. RECOMMENDATIONS**

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 31<sup>st</sup> July 2013.**

**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.
- 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 2013~14 has been developed and approved by the Corporate Management Team.

**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 projects.

4.2 The Audit Commission, have previously 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 September 2012 was the recommendation:

*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.*

This recommendation has been progressed and this is recognised in the Financial Resilience report of Grant Thornton, our new external auditors.

4.3 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of July 2013 and agreed by CMT. The Corporate Risk Register will continue to 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 17<sup>th</sup> March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

**7. RISK MANAGEMENT**

7.1 The consideration and management of risk is good practice. Risk Management processes are required to effectively manage and evidence the management of key risks as an aid to achieving the Council’s corporate objectives and demonstrating

good Corporate Governance allowing Managers to manage their risks and bring to a corporately acceptable level.

**8. EQUALITY IMPACT NEEDS ASSESSMENT**

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

**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 ~ 18<sup>th</sup> March 2013 Corporate Risk Register.

# Corporate Risk register 2013/14 snapshot report



CORPRISK01	<b>Regular change in the political balance /direction of the Council.</b> 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 and a vote on this issue in July 2013 failed to secure the required 2/3 majority. These issues have led to consensus politics.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 01 Corporate Plan Priorities	Alison Braithwaite	31-Mar-2014	IRM: The Wyre Forest Matters LSP Co-ordinator is arranging a date for the annual briefing together with a draft agenda.	25%	
	RA13/14 02 Updating Members	Alison Braithwaite	31-Mar-2014	Reports on the progress of the Wyre Forest Forward Programme are tabled to the monthly meetings of Group Leaders. This work is also being considered and scrutinised by the Strategic Review Committee as part of their programme of work on bringing together a package of recommendations to address the budgetary deficit the council faces now and over the coming years. Bi - monthly meetings of the Members' Forum continues to focus on projects supporting the delivery of the Wyre Forest Forward Programme.	40%	
	RA13/14 03 Delivery of the Wyre Forest Forward Programme	Alison Braithwaite	31-Mar-2014	Purposeful reviews are ongoing for Keep my Place Safe and Looking Good (Depot Services), Help Me with	40%	

				my Financial Situation (Revenues and Benefits), Support suitable Development (Development Management) and Enabling Support Services (Management Review). Monthly reports are tabled at meetings of Group Leaders together with the current savings for the Wyre Forest Forward Programme. The savings are also monitored and reviewed as part of the work of the Strategic Review Committee.		
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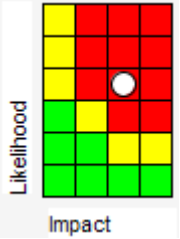
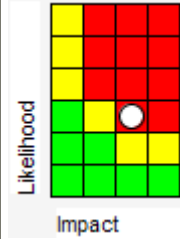
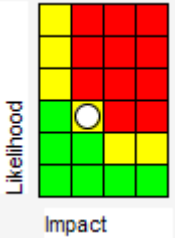

**CORPRISK02** **Unable to implement and embed new ways of working.** The Council is undergoing major transformational change that embraces review of processes cultural and behavioural change, increased standards of delivery etc.

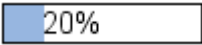

<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>			
------------------------	--	----------------------------	--	---------------------------	--	--	--

	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 03 Delivery of the Wyre Forest Forward Programme	Alison Braithwaite	31-Mar-2014	Purposeful reviews are ongoing for Keep my Place Safe and Looking Good (Depot Services), Help Me with my Financial Situation (Revenues and Benefits), Support suitable Development (Development Management) and Enabling Support Services (Management Review). Monthly reports are tabled at meetings of Group Leaders together with the current savings for the Wyre Forest Forward Programme. The savings are also monitored and reviewed as part of the work of the Strategic Review Committee.	40%	

CORPRISK03

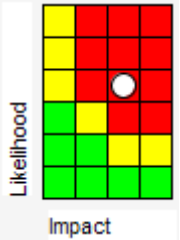
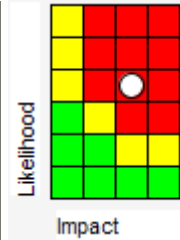
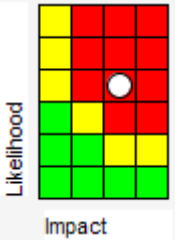

**Unable to improve the economic prosperity of the district.** Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy.





<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 04 State of the Area Debate	Mike Parker	31-Mar-2014	<p>Meeting undertaken with CROWN (Community Regeneration Organisations North Worcestershire) and member champion for third sector to explore opportunities for closer working; further meeting planned.</p> <p>Second year of apprenticeship programme with Kidderminster College implemented and well received with good take up of £50,000 grant support to employers. North Worcestershire and Employment Skills Board established and two meetings undertaken; action plan agreed and in early stages of implementation.</p> <p>Successful bid for pinch point funding (£5m) for Hoo Brook Link Road; bids also made to both LEPs for remainder through Local Major Transport Scheme funding. WCC committed to design and delivery of road; planning application expected shortly.</p> <p>Leasing of new industrial unit for business incubator conversion expected to be completed early September; conversion anticipated by end of October with occupation following. Policy and principles for</p>		

				leasing units has been agreed by Cabinet Review Group.		
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**CORPRISK04** **Unable to deliver good quality, affordable homes.** The need for good quality, decent and affordable homes in the district is increasing but supply is decreasing.

<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>			
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 05.1 Local Authority Mortgage Schemes including Shared Ownership Model	Tracey Southall	31-Mar-2014	Rates continue to be monitored but differential remains too low to launch. Sector are working on the development of the shared ownership model but this is not yet signed off.	40%	
	RA13/14 06 Delivering actions set out in Housing Strategies	Kate Bailey; Paul Curry	31-Mar-2014	Implementation of year 2/3 actions underway	100%	
	RA13/14 07 Council Scrutiny of Housing	Kate Bailey; Paul Curry	31-Mar-2014	Implementation of HRP recommendations underway. Affordable housing SPD to LDF in Sept and then early engagement commences.	100%	
	RA13/14 08 Procuring a new contract for Housing Services	Kate Bailey; Paul Curry	31-Mar-2014	TS: Tenders now complete.	100%	

**CORPRISK05** **Do not meet achieve savings targets.** Plans are in place to achieve savings but these must be delivered for the budget to balance.



Original Matrix		Current Risk Matrix		Target Risk Matrix			
	Likelihood		Likelihood		Likelihood		
	Impact		Impact		Impact		

	Code & Title	Assigned To	Due Date	Latest Note		
Linked Action	RA13/14 09 Efficiency Strategy	Tracey Southall	31-Mar-2014	Monthly budgetary control reports to Directorates to timetable. Refine depending on process review in late 2013/14.	<input type="text" value="30%"/>	
	RA13/14 10 Annual Procurement	Tracey Southall	31-Mar-2014	A joint working arrangement with Redditch and Bromsgrove Council is being trialled. Progress will be monitored to ensure we continue to meet procurement savings.	<input type="text" value="30%"/>	

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 policies, including Universal Credit, Localisation of Council Tax Benefit and Retention of Business Rates represent significant change to key funding streams. The risk of this change having an adverse impact on the sustainability of the budget is high and must be managed carefully. For example, further significant reductions in Government grant and top slicing of new homes bonus in 2015/16 onwards significantly increase this corporate risk.

Original Matrix		Current Risk Matrix		Target Risk Matrix			
	Likelihood		Likelihood		Likelihood		
	Impact		Impact		Impact		

	Code & Title	Assigned To	Due Date	Latest Note		
Linked Action	RA13/14 11 Preparing Budgets	Tracey Southall	31-Mar-2014	Work on pay budgets has commenced and a revisited, accelerated timetable agreed for the overall base budget.	<input type="text" value="10%"/>	



				To meet this earlier deadline processes and working practices are being reviewed. All budget results are now being considered by the Strategic Review Committee who will make recommendations to Cabinet and consider the potential for savings/increasing income generation.		
	RA13/14 12 Collection of Council Tax and Business Rates	Tracey Southall	31-Mar-2014	All Council Tax Payers now have to pay at least 8.5%. Processes for introducing monitoring are being set up. Report to Strategic Review Committee on 31st July.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;">15%</div>	
	RA13/14 13 Leisure Future Project	Kay Higman	31-Mar-2014	Discussions with Victoria Carpets Ltd regarding the purchase of the land are ongoing. When these have been concluded the next step will be to invite selected companies to tender for the contract to design and build, operate and maintain the leisure centre.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;">50%</div>	
	RA13/14 14 Municipal Mutual Insurance Clawback - Budget Pressure	Tracey Southall	31-Mar-2014	The Council has been advised that the MMI Scheme of Administration has been triggered and the Council may be subject to a 15% levy on Potential Clawback Liability	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;">20%</div>	

CORPRISK07

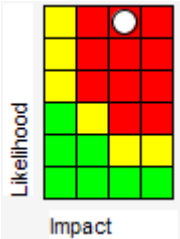
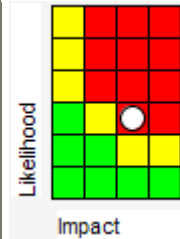
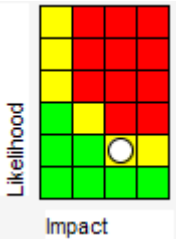

**Council 'misses' important issues and/ or is in breach of a requirement.** The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements etc.


<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		
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Code & Title	Assigned To	Due Date	Latest Note
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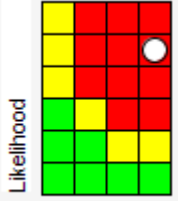
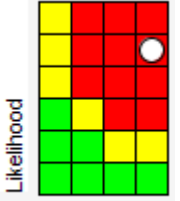
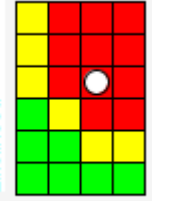

<b>Linked Action</b>	RA13/14 15 Support and advise on major strategic projects	Jane Alexander	31-Mar-2014	JA: Advice and support continues to be given on an ongoing basis for all major projects including STC4 and the Leisure Centre.	50%	
	RA13/14 16 Legal/probity requirements	Jane Alexander	31-Mar-2014	checks are carried out between January & March each year so will be completed early 2014	0%	




**CORPRISK08** **Fully formed IT strategy is not developed and implemented.** There continues to be significant investment in the development of technology at the Council. In 2011/12 there was major improvement in the delivery of ICT across the Council, including the move to the Exchange email system and upgrade to MS Office 2007. There was a successful migration of the server room to Wyre Forest House in 2012. The focus now is on implementing a new website and supporting the move to greater self-service by customers.

<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		Dave Johnson	
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Code & Title	Assigned To	Due Date	Latest Note			
<b>Linked Action</b>	WFF 13/14 13 Delivery of the ICT Strategy	Dave Johnson	31-Mar-2014	New Strategy has been approved with project group set up to investigate Document Management moving forward and customer payment options. New call centre has already been implement and a new open source website content management system agreed. Work program for 2013 / 2014 has been agreed as part of the strategy board.	30%	

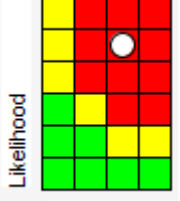
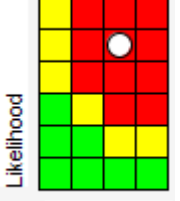
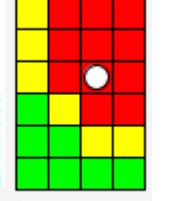

**CORPRISK10** **Not able to maintain a skilled and motivated workforce.** Against the background of low or zero pay increases and other changes to conditions the Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer. The restructure following the move to the Wyre Forest House has provided slimmer management structures and more devolution of responsibility which should assist in motivation and retention of the workforce, alongside rolling out a management development programme.


Original Matrix		Current Risk Matrix		Target Risk Matrix			
	Likelihood		Likelihood		Likelihood		
	Impact		Impact		Impact		

	Code & Title	Assigned To	Due Date	Latest Note		
Linked Action	RA13/14 17 Wyre Forest Management Deveopment Programme	Rachael Simpson	31-Mar-2014	Dates arranged for Managing Beyond the Basics for Managers (Customer Facing) and Insights for Transformation & Communications Section	<input type="text" value="25%"/>	
	RA13/14 18 WF20 and CMT	Rachael Simpson	31-Mar-2014	Senior HR Advisors continue to meet with WF20 Managers on a bi monthly basis	<input type="text" value="25%"/>	
	RA13/14 19 Initiatives to support colleagues through organisational change	Rachael Simpson	31-Mar-2014	Looking at a suite of well-being initiatives to support workforce	<input type="text" value="20%"/>	

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. The Management Review, together with the prospect of further restructuring, the pace of change and need to continue to deliver key projects, represent a significant resourcing risk over the next 12 months.

Original Matrix		Current Risk Matrix		Target Risk Matrix			
	Likelihood		Likelihood		Likelihood		
	Impact		Impact		Impact		

	Code & Title	Assigned To	Due Date	Latest Note		
Linked Action	RA13/14 20 Monitoring and Managing Resources	Corporate Management	31-Mar-2014	IRM: Reviews of 'Keep my place safe and looking good' and 'Making good'	<input type="text" value="10%"/>	


		Team; Ian Miller		development happen' continue to progress and have significant resources. Need to agree timetable and resourcing of Accountancy review.		
	RA13/14 21 Involving appropriate staff to spread resources	Corporate Management Team; Ian Miller	31-Mar-2014	IRM: Joined West Midlands Reshaping Public Services Academy to share skills and experience.	10%	

CORPRISK12

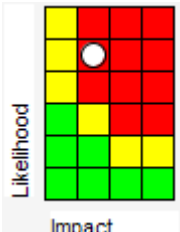
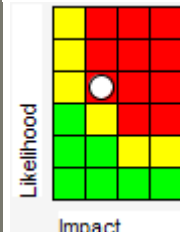
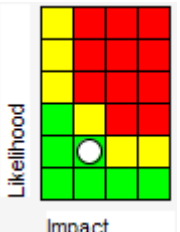

**Significant Corporate Projects leading to operational/efficiency savings not delivered effectively.** The Council has a number of complex significant projects to deliver, approved and reflected in the medium term financial strategy. These will be challenging to deliver to time and to budget and will require excellent project management supported by appropriate resourcing.



<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 03 Delivery of the Wyre Forest Forward Programme	Alison Braithwaite	31-Mar-2014	Purposeful reviews are ongoing for Keep my Place Safe and Looking Good (Depot Services), Help Me with my Financial Situation (Revenues and Benefits), Support suitable Development (Development Management) and Enabling Support Services (Management Review). Monthly reports are tabled at meetings of Group Leaders together with the current savings for the Wyre Forest Forward Programme. The savings are also monitored and reviewed as part of the work of the Strategic Review Committee.	40%	
	RA13/14 22 Systems Thinking	Corporate Management Team; Ian Miller	31-Mar-2014	IRM: Management changes and new team working approaches implemented at Depot.	20%	

	RA13/14 23 Carbon Management Plan	Paul Curry; Mike Parker	31-Mar-2014	New lights and controls - tenders received and evaluated. Currently in process of awarding contract for works. Heating provision and controls - specifications still being designed with assistance from Carbon Trust.	<div style="border: 1px solid black; width: 80px; height: 20px; background-color: #cfe2f3; display: flex; align-items: center; justify-content: center;">22%</div>	
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**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 engagement (both internal and external) are key to this gradual progression - along with purposeful service delivery.

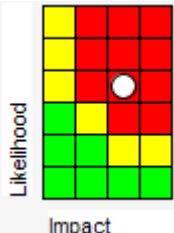
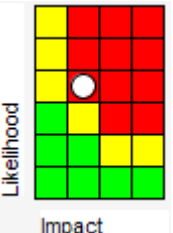
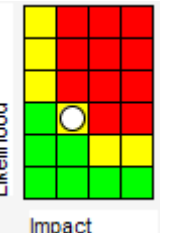

<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 24 Council's Reputation	Jane Doyle; Suzanne Johnston-Hubbold	31-Mar-2014	Following the reputation workshops held with Senior Managers and Members in March and July, a one page 'Reputation Matters' Flyer is being created as a reminder of the do's and don'ts of good reputation management. Further follow on work will be delivered to see what changes staff and Members have made following the externally facilitated workshop sessions.	<div style="border: 1px solid black; width: 80px; height: 20px; background-color: #cfe2f3; display: flex; align-items: center; justify-content: center;">40%</div>	
	RA13/14 25 Employee and Member Engagement	Jane Doyle; Suzanne Johnston-Hubbold	31-Mar-2014	Ongoing activity in engaging both Employees and Members to support them with their roles and effective internal and external communications, includes: bi monthly Members' Forum, Meet Ups for Staff and the Staff Sounding Board, Staff Suggestion Scheme, Meet Ups for Staff and Members together. In	<div style="border: 1px solid black; width: 80px; height: 20px; background-color: #cfe2f3; display: flex; align-items: center; justify-content: center;">40%</div>	


				September the Annual Staff Survey will be launched and in December the Annual Member Survey. The feedback from all of these activities is continually used to better support the transformation of the council and service delivery.		
	RA13/14 26 Systems Thinking - Leadership Action Plan	Corporate Management Team	31-Mar-2014	Leadership dashboard in place. Second phase of leadership development undertaken.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; color: white; display: flex; align-items: center; justify-content: center;">20%</div>	

CORPRISK14

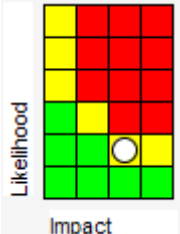
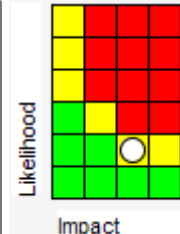
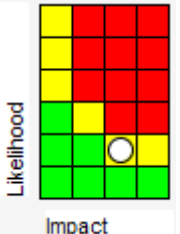

**Member skills and/or competencies are inadequate.** All political groups sometimes struggle to find suitable candidates to stand. This may be alleviated to a degree by the reduction in size of the Council in 2015. Member training takes place but is not universally attended. Increased pressure on members to develop specialist roles and devote more time.





<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 02 Updating Members	Alison Braithwaite	31-Mar-2014	Reports on the progress of the Wyre Forest Forward Programme are tabled to the monthly meetings of Group Leaders. This work is also being considered and scrutinised by the Strategic Review Committee as part of their programme of work on bringing together a package of recommendations to address the budgetary deficit the council faces now and over the coming years. BI - monthly meetings of the Members' Forum continues to focus on projects supporting the delivery of the Wyre Forest Forward Programme.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; color: white; display: flex; align-items: center; justify-content: center;">40%</div>	

	RA13/14 27 Member Training	Alison Braithwaite	31-Mar-2014	Members are advised of training courses and seminars that they may find of use to support them with their community leadership roles. Members are encouraged to report back to the Members' Forum of training they have attended so they can cascade any learning and key messages that will support all Members in their roles and overall development. Training for Chairs and Vice Chairs of Committees was undertaken at the beginning of the municipal year. A number of Members recently attended the reputation management workshop which was held specifically for them	35%	
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**CORPRISK15** Unable to ensure a secure network which would make it vulnerable to attacks and threats. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.

<b>Original Matrix</b>		<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>		Dave Johnson	
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	Code & Title	Assigned To	Due Date	Latest Note		
<b>Linked Action</b>	RA13/14 28 Quarterly review of network security	Dave Johnson	31-Mar-2014		0%	
	RA13/14 29 Annual Penetration Tests	Dave Johnson	31-Mar-2014	Annual Penetration test complete, critical actions have been addressed including server patching	80%	
	RA13/14 30 Ongoing patching of servers/workstations	Dave Johnson	31-Mar-2014	Server patching is an on-going task with 80% + currently full patched	70%	
	RA13/14 31 Cessation of unmanaged end user devices	Dave Johnson	31-Mar-2014	Plans in place to remove un-manged devices and roll out hardware certificates and tow factor	10%	



**Agenda Item No. 11 Appendix 1**

				authentication to those user that don't already have it		
	RA13/14 32 Monitor OS support and upgrade accordingly	Dave Johnson	31-Mar-2014	Plans to update XP to Windows 7 once SCCM implemented.	0%	
	RA13/14 33 Carry out security assessments prior to any infrastructural changes	Dave Johnson	31-Mar-2014	On-going as we perform any infrastructure upgrades	20%	

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE**  
**23<sup>RD</sup> SEPTEMBER 2013****Corporate Governance Framework – Position Statement**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY:</b>	Delivering Together With Less
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>DIRECTOR:</b>	Chief Financial Officer Solicitor to the Council
<b>CONTACT OFFICER:</b>	Tracey Southall <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a> Caroline Newlands <a href="mailto:caroline.newlands@wyreforestdc.gov.uk">caroline.newlands@wyreforestdc.gov.uk</a>
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>APPENDIX:</b>	Appendix 1 - Review of compliance with the Corporate Governance Framework Position Statement

**1. PURPOSE OF REPORT**

- 1.1 This report is to update the Audit Committee on the councils arrangements for Delivering Good Governance in Local Government based on the published guidance of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (/SOLACE).

**2. RECOMMENDATION**

- 2.1 **Audit Committee is asked to note the current position in respect of the Corporate Government Framework as attached.**

**3. BACKGROUND**

- 3.1 A report was presented to the Audit committee on 17 March 2008, detailing a new Corporate Governance Framework *Delivering Good Governance in Local Governance*, which has been developed jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives (SOLACE).
- 3.2 A further report was presented to the Audit Committee on 29 June 2009, which presented the results of the self assessment in relation to the adoption of the six core principles which underpin the governance of each local government body, these being
1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

## Agenda Item No. 12

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of members and officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability

### 3.3 The self assessment considered:-

- The extent to which the authority complies with the principles and elements of good governance set out in the Framework.
- Systems, processes and documentation that provide evidence of compliance.
- The individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified.
- The issues that have not been addressed in the authority and consider how they should be addressed.
- The individuals who would be responsible for undertaking the actions that are required.

3.4 In March 2010, a comprehensive review of the implementation of the action points was undertaken which identified that the majority of actions had been completed. With a further report to the Audit Committee on 14<sup>th</sup> March 2011 reviewing the areas where there were outstanding actions in March 2010 as well as areas where there has been a change in the last twelve months.

3.5 CIPFA/SOLACE reviewed the Framework during 2012 to ensure it remained “fit for purpose” and issued further guidance in late December 2012 with the key message for local authorities to review and report on the effectiveness of their governance arrangements and meet the governance standard.

3.6 Key elements of the systems and processes that comprise an authority's governance now include arrangements for:-

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- reviewing the authority's vision and its implications for the authority's governance arrangements
- translating the vision into objectives for the authority and its partnerships
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

## **Agenda Item No. 12**

- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- ensuring effective management of change and transformation
- ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring effective arrangements are in place for the discharge of the monitoring officer function
- ensuring effective arrangements are in place for the discharge of the head of paid service function
- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistle blowing and for receiving and investigating complaints from the public
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- enhancing the accountability for service delivery and effectiveness of other public service providers
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

### **4. KEY ISSUES**

4.1 The main change relates to the list of key elements that comprise the governance framework. The main changes as summarised below:-

- Counter Fraud and anti corruption arrangements;
- Effective management of change/transformation
- Compliance with CIPFA statement on role of Head of Internal Audit
- Discharge of Monitoring Officer function
- Discharge of head of Paid Service function
- Enhancing accountability for service delivery/effectiveness of other public service providers

- 4.2 The evidence detailed at Appendix 1, demonstrate that the Council's Governance arrangements are robust and operating effectively. A review of the main changes as detailed above, will be undertaken with findings on any outstanding actions presented to the Audit Committee in December 2013.

**5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications relating to this report.

**6. LEGAL & POLICY IMPLICATIONS**

- 6.1 It is a requirement under the Accounts and Audit Regulations 2003 (amended 2006) that the Council prepares an Annual Governance Statement, the adoption of the Corporate Governance Framework assists with this requirement.

**7. RISK MANAGEMENT**

- 7.1 The purpose of a regular review of the Corporate Governance Framework is to identify any gaps in the Council's existing corporate governance arrangements. By addressing any gaps, the Council is minimising its exposure to risk.

**8. EQUALITY IMPACT NEEDS ASSESSMENT**

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

**9. CONCLUSION**

- 9.1 A review undertaken of the Council's Governance arrangements has identified that these arrangements are adequate and operating effectively in practice. The review identified some areas where there is the scope for further improvement and officers will address and in the whole these have been addressed.

**10. CONSULTEES**

- 10.1 Corporate Management Team.

**11. BACKGROUND PAPERS**

- 11.1 Delivering Good Governance in Local Government CIPFA/SOLACE Framework 2007.  
Application Note To Delivering Good Governance In Local Government March 2010.  
Delivering Good Governance In Local Government: Addendum December 2012.

**Wyre Forest District Council**

**CORPORATE GOVERNANCE FRAMEWORK**

**Core principle 1: Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

<b>Supporting Principles</b>	<b>Council Action</b>	<b>Council Evidence (Updated July 2013)</b>
<p>1a) Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users.</p>	<ul style="list-style-type: none"> <li>• Develop and promote its purpose and vision.</li> <li>• Review regularly its vision (purposes and values) for the District and its implications for governance arrangements.</li> <li>• Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.</li> <li>• Publish an annual report on a timely basis to communicate the Council's activities, achievements, financial position and performance.</li> </ul>	<ul style="list-style-type: none"> <li>○ Sustainable Community Strategies (County and District) ~ Making A Real Difference</li> <li>○ Corporate Plan 2011~14</li> <li>○ Wyre Forest Forward Programme to provide a comprehensive programme of transformation</li> <li>○ Medium Term Financial Strategy</li> <li>○ Partnership Framework</li> <li>○ Annual Council Report Communications, Consultation &amp; Brand Strategy</li> <li>○ Council newspaper Wyred In Residents Magazine</li> <li>○ Social Media, Facebook and Twitter accounts</li> <li>○ Annual Governance Statement</li> </ul>
<p>1b) Ensuring that users receive a high quality of service whether directly or in</p>	<ul style="list-style-type: none"> <li>• Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality</li> </ul>	<ul style="list-style-type: none"> <li>○ Performance Management Framework</li> <li>○ Data Quality Policy</li> <li>○ Monthly monitoring of Council using the principles of Systems Thinking developed a number of measures to monitor progress in delivering purposes.</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
partnership or by commissioning.	<p>effectively and regularly is available .</p> <ul style="list-style-type: none"> <li>• Put in place effective arrangements to identify and deal with failure in service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>○ Quarterly general performance summaries</li> <li>○ Communications, Consultation &amp; Brand Strategy</li> <li>○ Value for Money Policy</li> <li>○ Scrutiny Committee</li> <li>○ Audit Committee</li> </ul>
1c) Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.	<ul style="list-style-type: none"> <li>• Decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively.</li> <li>• measure the environmental impact of policies, plans and decisions.</li> </ul>	<ul style="list-style-type: none"> <li>○ Annual Audit &amp; Inspection Letters</li> <li>○ Budget</li> <li>○ Value for Money Policy</li> <li>○ Annual Statement of Accounts</li> <li>○ Partnership Framework</li> <li>○ Sustainability Policy/Strategy</li> <li>○ Climate Change Strategy</li> <li>○ Carbon Management Plan</li> <li>○ Audit Committee</li> <li>○ Scrutiny Committee</li> <li>○ Strategic Review Committee</li> </ul>

**Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles**

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
2a) Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	<ul style="list-style-type: none"> <li>• Set out a clear statement of the respective roles and responsibilities of the Cabinet and of individual Cabinet members and the Council's approach to putting this into practice.</li> <li>• Set out a clear statement of the respective roles and responsibilities of other Council members, members generally and of senior officers.</li> </ul>	<ul style="list-style-type: none"> <li>○ Constitution</li> <li>○ Members' Annual Activity Report</li> <li>○ Member training (group and individual) to include Audit Committee, Planning, and Treasury Management.</li> </ul>
2b) Ensuring that a constructive working relationship exists between authority members and officers and that the	<ul style="list-style-type: none"> <li>• Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.</li> </ul>	<ul style="list-style-type: none"> <li>○ Constitution, including Codes &amp; Protocols and responsibilities of Chief Executive, Chief Finance Officer as S 151 Officer and Solicitor to the Council as Monitoring Officer</li> <li>○ Scheme of Delegation</li> <li>○ Standards training</li> <li>○ Member / Officer Protocol</li> </ul>



Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>responsibilities of members and officers are carried out to a high standard.</p> <ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Make a chief executive or equivalent responsible and accountable to the Council for all aspects of operational management.</li> <li>• Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>• Make a senior officer (the S151 officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</li> <li>• Ensuring the financial management arrangements conform with the governance requirement of the CIPFA Statement on the Role of the Chief Financial Officer in Local government (2010) .</li> <li>• Ensuring assurance arrangements confirm with the governance</li> </ul>	<ul style="list-style-type: none"> <li>○ Chief Finance Officer is the nominated S151 Officer (July 2013 CMT restructure).</li> <li>○ Compliance with the Cipfa Statement on the Role of the Chief Financial Officer in Local Government.</li> <li>○ Compliance with the Cipfa Statement on the Role of the Head of Internal Audit in Public Service Organisations</li> <li>○ Solicitor to the Council is the nominated monitoring officer (July 2013 CMT restructure)</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
	<p>requirement of the CIPFA Statement on the Role of the Head of Internal Audit (2010).</p> <ul style="list-style-type: none"> <li>• Make a senior officer (usually the monitoring officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</li> </ul>	
<p>2c) Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other.</p>	<ul style="list-style-type: none"> <li>• Develop protocols to ensure effective communication between members and officers in their respective roles.</li> <li>• Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable).</li> <li>• Ensure that effective mechanisms exist to monitor service delivery.</li> <li>• Ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are</li> </ul>	<ul style="list-style-type: none"> <li>○ Communication, Consultation &amp; Brand Strategy</li> <li>○ No Surprises protocol</li> <li>○ Corporate Plan 2011~14 (development process including stakeholder consultation with citizens' panel )</li> <li>○ Major consultation exercises with public to include Cabinet Budget Proposals; Council Tax Discount Scheme; Discretionary Rate Relief Discretionary Rate Relief, New Leisure Centre</li> <li>○ Partnership Framework</li> <li>○ Performance Management Framework</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
	<p>clearly articulated and disseminated.</p> <ul style="list-style-type: none"> <li>• When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council.</li> <li>• When working in partnership</li> <li>• Ensure that there is clarity about the legal status of the partnership.</li> <li>• Ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</li> </ul>	

**Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>3a) Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	<ul style="list-style-type: none"> <li>• Ensure that the Council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect.</li> <li>• Ensure that standards of conduct and personal behaviour expected of members and staff, or work between members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols.</li> <li>• Put in place arrangements to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</li> </ul>	<ul style="list-style-type: none"> <li>○ Corporate Governance Framework</li> <li>○ Constitution ~Codes of Conduct, Contract Procedure Rules</li> <li>○ Wyred Weekly for all staff.</li> <li>○ Regular Corporate Briefings for all staff to meet the Leader and Chief Executive</li> <li>○ Back to the Floor with the Chief Executive.</li> <li>○ Introduction of WF20 to strengthen engagement between CMT and staff.</li> <li>○ CMT and WF20 minutes available to all staff.</li> <li>○ Equality &amp; Diversity Scheme Theft, Fraud &amp; Corruption policy</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>3b) Ensuring that organisational value are put into practice and are effective</p>	<ul style="list-style-type: none"> <li>• Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.</li> <li>• Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.</li> <li>• Develop and maintain an effective standards committee</li> <li>• use the Council’s shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the organisation.</li> <li>• In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners’ behaviour both individually and collectively.</li> </ul>	<ul style="list-style-type: none"> <li>○ Ethics &amp; Standards Committee</li> <li>○ Corporate Values (Corporate Plan)</li> <li>○ Purposes and Measures</li> </ul>

**Core principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>4a) <b>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</b></p>	<ul style="list-style-type: none"> <li>• Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council’s performance overall and that of any organisation for which it is responsible.</li> <li>• Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</li> <li>• Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</li> <li>• Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or</li> </ul>	<ul style="list-style-type: none"> <li>○ Constitution</li> <li>○ Council structure, including Audit Committee Scrutiny Committee Strategic Review Panel and Treasury Management Review Panel</li> <li>○ Council &amp; Committee minutes, including a dedicated ICT system (Cairo)</li> <li>○ Independent Audit Committee with annual training for newly appointed Members to include interpretation of the Financial Statements and the International Finance Reporting Standards..</li> <li>○ Complaints procedure in place with a 3 step process for handling complaints. Reinforced through the “Let Us Know” accessible via the website.</li> <li>○ Whistle-blowing Policy available on the intranet</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
	<p>make other appropriate arrangements for the discharge of the functions of such a committee.</p> <ul style="list-style-type: none"> <li>• Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</li> </ul>	
<p>4b) Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<ul style="list-style-type: none"> <li>• Ensure that those making decisions whether for the Council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.</li> <li>• Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>○ Data Quality Policy and action plan</li> <li>○ Performance Management Framework, systems and processes</li> <li>○ Financial, legal, policy and risk management implications and considerations are set out in Council reports</li> <li>○ Communication, Consultation &amp; Brand Strategy</li> <li>○ Compliance with the Cipfa Statement on the Role of the Chief Financial Officer in Local Government.</li> </ul>
<p>4c) Ensuring that an effective risk management system is in place</p>	<ul style="list-style-type: none"> <li>• Ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their jobs.</li> <li>• Ensure that effective arrangements</li> </ul>	<ul style="list-style-type: none"> <li>○ Risk Management Policy &amp; Strategy</li> <li>○ The corporate risk register is regularly reviewed by CMT and reported to the Audit Committee every 6 months.</li> <li>○ Whistle-blowing Policy available on the intranet</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
	<p>for whistle-blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access.</p>	
<p>4d) Using their legal powers to full benefit of the citizens and communities in their area</p>	<ul style="list-style-type: none"> <li>• Actively recognise the limits of lawful activity placed on it by, for example, the ultra vires doctrine but also strive to utilise its powers to the full benefit of its communities.</li> <li>• Recognise the limits of lawful actions and observe both the specific requirements of legislation and the general responsibilities placed on the Council by public law.</li> <li>• Observe all specific legislative requirements placed upon it, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law               <ul style="list-style-type: none"> <li>- rationality, legality, and natural justice</li> <li>- into procedures and decision making processes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Compulsory purchase orders to facilitate area regeneration</li> <li>○ Property transfer proposals (Quirk) to ensure community benefit</li> <li>○ High profile regulatory prosecutions in Crown Court for unauthorised development and encroachment</li> <li>○ Voluntary property registration of Council's entire land holdings to provide accessibility and protection of the Council's real estate</li> </ul>



**Core Principle 5: Developing the capacity and capability of members and officers to be effective**

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>5a) Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<ul style="list-style-type: none"> <li>• Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</li> <li>• Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>○ Induction Programme</li> <li>○ Job descriptions / Members' Role &amp; Accountability Statements</li> <li>○ Training Plan</li> <li>○ Member / Employee Development Reviews</li> <li>○ Competency Framework</li> <li>○ Member Development Charter</li> <li>○ Statutory Officers sit on the Council's CMT.</li> <li>○ Statutory Officers hold the required qualifications.</li> <li>○</li> <li>○ Wyred Weekly for all staff.</li> <li>○ Regular Corporate Briefings for all staff to meet the Leader and Chief Executive</li> <li>○ Introduction of WF20 to strengthen engagement between CMT and staff.</li> <li>○ CMT and WF20 minutes available to all staff.</li> <li>○ "Meet Ups" for all Employees</li> </ul>
<p>5b) Developing the capability of people with governance responsibilities and evaluating their performance as</p>	<ul style="list-style-type: none"> <li>• Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.</li> <li>• Develop skills on a continuing basis to improve performance including the ability to scrutinise</li> </ul>	<ul style="list-style-type: none"> <li>○ Competency Framework</li> <li>○ Member Development Charter</li> <li>○ Member / Employee Personal Development Review Scheme</li> <li>○ Training Plan as identified as part of the Personal Development Reviews</li> </ul>

Supporting Principles	Council Action	Council Evidence (Updated July 2013)
<p>individuals and as a group.</p>	<p>and challenge and to recognise when outside expert advice is needed.</p> <ul style="list-style-type: none"> <li>• Ensure that effective arrangements are in place for reviewing the performance of the Cabinet as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.</li> </ul>	
<p>5c) Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.</p>	<ul style="list-style-type: none"> <li>• Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.</li> <li>• Ensure that career structures are in place for members and officers to encourage participation and development.</li> </ul>	<ul style="list-style-type: none"> <li>○ Community Leadership Fund Scheme</li> <li>○ Consultations with residents on key issues.</li> <li>○ Public involvement is encouraged at Council meetings</li> <li>○ Employee Personal Development Reviews to identify training and assist with succession planning.</li> <li>○ Implemented Equality Impact Assessments to ensure there is no discrimination</li> </ul>

**Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability**

Supporting Principles	Council Action	Council Evidence (July 2013)
<p>6a) Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p>	<ul style="list-style-type: none"> <li>• Make clear to itself, all staff and the community, to whom it is accountable and for what.</li> <li>• Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required.</li> <li>• Produce an annual report on the activity of the scrutiny function.</li> </ul>	<ul style="list-style-type: none"> <li>○ Annual reports of Scrutiny Chairs to Full Council</li> <li>○ Consultations: New Leisure Centre; Review of Polling Places; Tenancy Strategy (Housing &amp; Homelessness)</li> <li>○ Full partner in Wyre Forest Matters</li> </ul>
<p>6b) Taking an active and planned approach to dialogue with and accountability to the public to</p>	<ul style="list-style-type: none"> <li>• Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.</li> </ul>	<ul style="list-style-type: none"> <li>○ Single Equality Scheme</li> <li>○ Communication, Consultation &amp; Brand Strategy</li> <li>○ 3 step process for handling complaints. Reinforced through the “Let Us Know” accessible via the website.</li> <li>○ Community Strategy and meetings of Local Strategic Partnership, Wyre Forest Matters</li> <li>○ Web Cast of Council Meetings</li> </ul>

Supporting Principles	Council Action	Council Evidence (July 2013)
<p>ensure effective an appropriate service delivery whether directly by the authority, in partnership or by commissioning.</p>	<ul style="list-style-type: none"> <li>• Hold meetings in public unless there are good reasons for confidentiality.</li> <li>• Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities, and establish explicit processes for dealing with these competing demands.</li> <li>• Establish a clear policy on the types of issues it will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has change as a result.</li> <li>• On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the</li> </ul>	<ul style="list-style-type: none"> <li>○ Website, Wyred In , council tax leaflet and other publications</li> <li>○ No barriers Scheme</li> <li>○ Active membership of County-wide equality &amp; diversity partnership project (TEDS)</li> <li>○ Annual Council Report</li> <li>○ Parish Forums</li> <li>○ Meetings held in public, and public speaking at Full Council meetings</li> <li>○ Web Cast of Council, Cabinet, Planning, Committee, and Licensing &amp; Environment Committee.</li> <li>○ Publication Scheme under the Freedom of Information Act</li> <li>○ Transparency Section on the Council Website providing details of expenditure and pay.</li> <li>○ State of the Area Debates 2012 &amp; 2013</li> </ul>

Supporting Principles	Council Action	Council Evidence (July 2013)
	satisfaction of service users in the previous period.	
	<ul style="list-style-type: none"> <li>• Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution.</li> <li>• Website publication of key policies and decisions.</li> <li>• All confidential reports are approved as such by the Monitoring Officer or another solicitor.</li> <li>• All Freedom of Information Appeals are considered by the Ethics and Standards Committee.</li> <li>• The Council maintains a Publication Scheme for information               <ul style="list-style-type: none"> <li>○ Forward Plan</li> </ul> </li> </ul>
6c) Making best use of Human Resources by taking an active and planned approach to meet responsibilities of staff	<ul style="list-style-type: none"> <li>• Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</li> </ul>	<ul style="list-style-type: none"> <li>○ The Council holds monthly meetings with Trade Union representatives and further meetings as required on specific issues</li> </ul>

**Wyre Forest District Council  
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