

Open

Audit Committee

Agenda

6pm
Monday 28th September 2015
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor J Phillips
Vice-Chairman: Councillor T A Muir

Councillor P Dyke
Councillor J A Shaw

Councillor A T Hingley
Councillor J D Smith

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.

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 Rhiannon Foxall, Business Improvement Officer (Policy and Performance), Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732786 or email rhiannon.foxall@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Monday 28th September 2015

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 29th June 2015.	5
5.	Audit Findings Report for Wyre Forest District Council – 2014/15 Final Accounts To receive a report from grant Thornton detailing the findings of the audit of accounts for 2014/15.	8
6.	Statement of Accounts 2014/15 To receive a report from the Chief Financial Officer on the Statement of Accounts 2014/15.	40
7.	Internal Audit Monitoring Report Quarter Ending 30th June 2015 To receive a report from the Audit Manager/S151 Officer which informs Members of the Internal Monitoring Report for the quarter ended 30 th June 2015.	56

8.	<p>Risk Management Corporate Risk Register</p> <p>To receive a report from the Chief Financial Officer which provides an update on the Corporate Risk Register.</p>	73
9.	<p>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.</p>	
10.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.</p>	

Part 2

Not open to the Press and Public

11.	<p>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.</p>	
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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

MONDAY 29TH JUNE 2015 (6PM)

Present

Councillors: J Phillips (Chairman), T A Muir (Vice-Chairman), H E Dyke,
A T Hingley, M Rayner and J D Smith.

AUD.1 Apologies for Absence

Apologies for absence were received from Councillor P Dyke.

AUD.2 Appointment of Substitutes

Councillor H E Dyke was appointed as a substitute for Councillor P Dyke.

AUD.3 Declarations of Interests by Members

No declarations of interest were made.

AUD.4 Minutes

Agreed: The minutes of the meeting held on 30th March 2015 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.5 Audit Update Report

The Committee received a report from Grant Thornton in relation to the audit progress and update for 2014/15.

Members were led through the report and were very keen to receive a further briefing on Building a successful local authority trading company. It was agreed the item would be included on a future Members Forum agenda.

Agreed: The report be noted.

AUD.6 External Audit Fee Letter 2015/16

The Committee received an update report from Grant Thornton in relation to the planned audit fee for 2015/16.

Members welcomed the reduction in the fee from the previous year as set by the Audit Commission.

Agreed: The report be noted.

AUD.7 Internal Audit Monitoring Report Quarter Ended 31st March 2015

The Committee received a report from the Principal Auditor which informed Members of the Internal Audit Monitoring Report for the quarter ended 31st March 2015.

Members were led through the report and advised that the increase in consultancy and advice given by the Audit Team was partially down to key changes in the Council's banking procedures and how income was collected.

Agreed: The Internal Audit Monitoring Report for Quarter ended 31st March 2015 as detailed in the Appendix of the report to the Audit Committee be noted.

AUD.8 Internal Audit Annual Assurance Report 2014/15

The Committee received a report from the Section 151 Officer and Principal Auditor which sought approval of the Internal Audit Annual Assurance report for 2014/15.

Members were led through the report and advised that it was a statutory requirement for the Council to have an Internal Audit service as part of its Corporate Governance framework. An Annual Governance Statement was required to be published with the Council's Annual Statement of Accounts and the Internal Audit Annual Assurance report contributed towards the evidence required for the statement to be prepared.

Agreed: The Internal Audit Annual Assurance report for 2014/15 as attached at Appendix 1 of the report to the Audit Committee be approved.

AUD.9 Annual Governance Statement

The Committee received a report from the Chief Financial Officer which asked for the approval of the Annual Governance Statement and Annual Governance Action Plan 2014/15 for inclusion in the Statement of Accounts.

The Chief Financial Officer led Members through the report and highlighted the main significant governance issues which were being or needed to be addressed during the coming year.

Agreed: The Annual Governance Statement as attached at Appendix 1 of the report be approved.

AUD.10 Report on Final Accounts

The Committee received a report from the Chief Financial Officer which asked Members to consider the pre-audit copy of the Council's Statement of Accounts for the financial year 2014/15.

The Chief Financial Officer led Members through the report and highlighted the major variations against the revised budget for 2014/15.

Agreed:

The pre-audit Statement of Accounts approved by the Chief Financial Officer be endorsed.

The Chief Financial Officer be authorised to make minor changes to the copy of the Statement of Accounts endorsed above, prior to the statutory pre-audit deadline of the 30th June, should this be necessary.

There being no further business, the meeting ended at 6.58pm.



The Audit Findings for Wyre Forest District Council

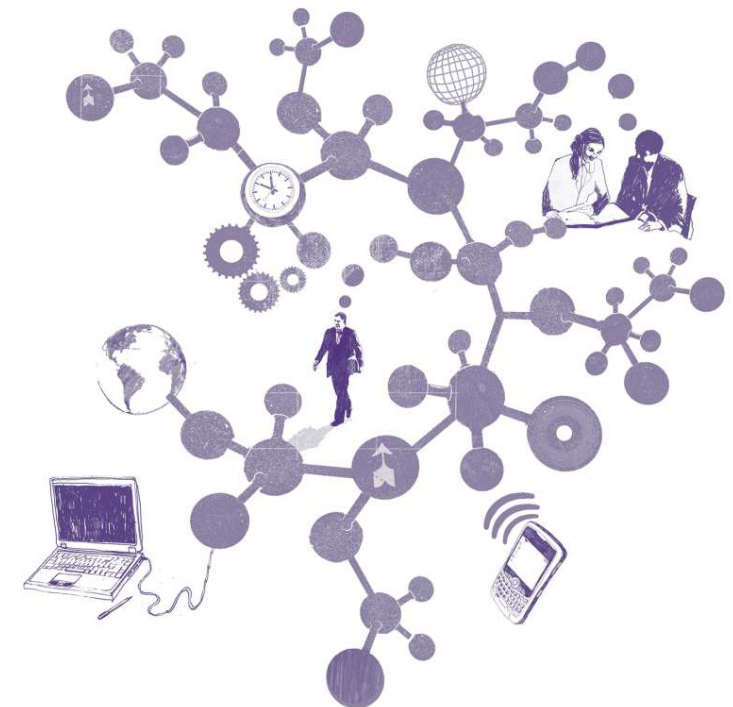
Year ended 31 March 2015

September 2015

Mark Stocks
Engagement Lead
T 0121 232 5437
E mark.c.stocks@uk.gt.com

Richard Percival
Senior Manager
T 0121 232 5434
E richard.d.percival@uk.gt.com

Kathryn Kenderdine
Executive
T 0121 232 5316
E kathryn.a.kenderdine@uk.gt.com



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A Audit opinion

Section 1: Executive summary

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02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Wyre Forest District Council's (the Council) financial statements for the year ended 31 March 2015. 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 260 (ISA UK&I).

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 and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. 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 the Audit Committee in our Audit Plan on 30th March 2015.

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

- clearance of the final review points;
- obtaining and reviewing the final management signed letter of representation;
- review of final signed version of the Annual Governance Statement;
- updating our post balance sheet events review, to the date of signing the opinion; and

- completion of our review of the Council's Whole of Government Accounts return.

We received good quality draft financial statements and comprehensive working papers at the start of our audit, in accordance with the agreed timetable. Officers were supportive throughout the audit resulting in an efficient and effective audit. We would like to thank the Chief Financial Officer, the Principal Accountant and the Finance team for their help and support during our audit.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion in respect of the financial statements.

The key messages arising from our audit of the Council's financial statements are as follows.

- the planned disposal of the Council's two existing leisure centres as part of the re-provision of leisure services required a reconsideration of their estimated useful lives, reducing land and buildings carrying value from £34.43 million to £30.51 million;
- The Council takes a prudent approach to the recognition of non domestic business rate income and adjusts the NDR income recognised in year for the impact of collection fund deficits on the General Fund. In discussion with the Council we have agreed that the adjustment should be disclosed as a usable reserve rather than a provision. This has resulted in a movement from provisions to earmarked reserves of £1.503 million

Key issues arising from our audit cont.

Financial statements opinion cont.

- Business Rates Income can be volatile as the amounts due are subject to appeal over considerable periods. The Valuation Office issued a change in rateable value on a number of GP surgeries after the submission of the draft accounts. The Chief Financial Officer has therefore needed to re-assess the provision for Business Rate valuation appeals in the light of these national settlements. This has increased the Council's provision by £300,000.

Net cost of services increased by £3.325 million and the net contribution to general reserves reduced by £289,000 in the audited financial statements compared draft statements. These changes relates to the adjustments referred to above. Further details are set out in section two 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 Value for Money (VfM) conclusion.

Further detail of our work on VfM is set out in section three of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

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

Our work has not identified any control weaknesses which we wish to highlight for your attention.

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.

Grant Thornton UK LLP
September 2015

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

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. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 30th March 2015. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 30th March 2015.

Audit opinion

Our proposed audit opinion is set out in Appendix B.

We anticipate providing an unqualified opinion in respect of the financial statements.

We received good quality draft financial statements and comprehensive working papers at the start of our audit, in accordance with the agreed timetable. Officers were supportive throughout the audit resulting in an efficient and effective audit. We would like to thank the Chief Financial Officer, the Principal Accountant and the Finance team for their help and support during our audit.

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 (UK&I) 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>Improper revenue recognition</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA (UK&I) 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions 	<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 judgments.</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
<p>Operating expenses</p>	<p>Creditors related to core activities (e.g. supplies) understated or not recorded in the correct period</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls for this system • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested for unrecorded liabilities by reviewing payments after the year end • tested the accruals process (including goods receipted) 	<p>Our audit work has not identified any significant issues in relation to the risk identified</p>
<p>Employee remuneration</p>	<p>Employee remuneration and benefit obligations and expenses understated</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls for this system • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested the reconciliation of the payroll system to the general ledger, including proof in total of the monthly payroll to the general ledger. • completed a trend analysis of monthly payroll data • tested individual employees on a sample basis 	<p>We noted that employee expenses included in note 26 (amounts reported for resource allocation decisions – segmental reporting) included recharges and have been restated to £9.097 million. This is a presentational issue and has been corrected.</p> <p>Our testing of individual employees found that one employee had been underpaid. We therefore undertook an additional testing and no further issues were identified.</p>

Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Welfare expenditure</p>	<p>Welfare benefit expenditure improperly computed</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls for this system • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested the reconciliation of the benefits system to the general ledger • Tested benefit expenditure as per the guidance in HBCOUNT 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Significant matters discussed with management




	Significant matter	Commentary
1.	<p>The Council is currently building a new leisure centre to replace two existing leisure centres. The existing leisure centres were being depreciated over 16 years in the draft accounts in accordance with the estimates provided by the Council's external valuer.</p>	<p>The new leisure centre is planned to come in to use in July or August 2016. At this point the two existing leisure centres will be taken out of use and disposal or land consolidation progressed. In assessing the valuation and useful lives of the existing leisure centres account needs to be taken of the disposal plan and expected residual value.</p> <p>We suggested the following actions.</p> <p>The residual value of both leisure centres to be estimated based on current disposal plans.</p> <p>An assessment made of the useful life of both leisure centres based on when they will either be disposed or reclassified as assets held for sale.</p> <p>An estimation of the asset value based on the write down of the current valuation to the residual value over the re-assessed useful lives of each leisure centre.</p> <p>Note 4, (assumptions made about the future and other major sources of estimation uncertainty), amended to explain in overall terms the change in the accounting estimate.</p> <p>Management response</p> <p>The Chief Financial Officer agreed with our suggestion. The asset values and the estimated useful lives of the leisure centres has been restated.</p>
2.	<p>The draft accounts included a provision of £1.503 million relating to the Business Rates Retention.</p>	<p>The amount of Business Rate Income that should be credited to the General Fund is governed by statute. The amount credited must be the share of the estimated Business Rate income per the NDR1 return which is submitted in the January before the year end.</p> <p>It can be difficult to estimate the NDR income that will be collected each year. The Council's 2014/15 NDR1 return did not include an estimate of the Council's share of the 2013/14 Business Rate deficit of £767,000. In 2014/15 the Business Rates element of the Collection Fund was again in deficit and the Council's share of this deficit was £736,000 (before amending for GP surgeries appeals). The cumulative deficit at 31 March 2015 was therefore £1.503 million.</p> <p>To mitigate the impact of the cumulative Business Rate deficit on the General Fund in future years the 2014/15 draft accounts included a provision £1.503 million. This is a prudent approach but we questioned its compliance with CIPFA guidance.</p> <p>We suggested that the amount set aside to mitigate the impact of the cumulative Business Rate deficit on the General Fund in future years could be included as an earmarked reserve within the General Fund balance and disclosed in Note 7 (transfers to/from earmarked reserves).</p> <p>Management response</p> <p>The Chief Financial Officer sought an informal view on this issue from CIPFA and concluded that restatement to earmarked reserves was appropriate.</p>

Significant matters discussed with management



	Significant matter	Commentary
3.	<p>The Council is liable for successful appeals against business rates and has, therefore, recognised a provision for the best estimate of the amount that businesses will be refunded up to 31 March 2015, once the Valuation Office Agency (VOA) settles the appeals.</p> <p>However, there are some practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged was challenging. In particular the appeals process is managed by the VOA and so the Council is reliant on the information provided to them by the VOA.</p>	<p>After completion of the draft accounts the VOA settled a range of appeals nationally relating to among other issues GP surgeries. The settlements were more significant than anticipated, with rateable values being reduced by more than was anticipated. This reduced income for authorities with GP surgery valuation appeals.</p> <p>Valuation appeals are aggregated on to one of two lists depending on when the appeal was originally lodged; the 2005 or 2010 list. In August 2015 the Council was advised that the VOA would be backdating appeals on GP surgeries. The total provision in the Collection Fund was increased by £750,000 in response to this. The VOA has, however confirmed that the 2005 list will not be re-opened for this national change, which means that the impact for the Council is not as large as for some other authorities.</p> <p>Management response</p> <p>The Chief Financial Officer has needed to re-assess the provision for Business Rate valuation appeals in the light of these national settlements. This has increased the Council's provision by £300,000, and has impacted on the reserves available to the Council.</p>

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
Revenue recognition	The Council's policy on revenue recognition is included as note 1.2 to the Statement of Accounts	The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice Minimal judgement is involved Accounting policy is properly disclosed	 (Green)
Estimates and judgements	Key estimates and judgements include: <ul style="list-style-type: none"> • pension fund valuations • useful life of capital assets • revaluations • impairments • Icelandic Investments • Property, Plant and Equipment (PPE) valuations 	The Council's policy is appropriate and consistent with the Local Government Code of Accounting Practice Key judgements, material estimates and accounting policies are properly disclosed	 (Green)
Going concern	Management Team have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Management Team's assessment and are satisfied with managements' assessment that the going concern basis is appropriate for the 2014/15 financial statements.	 (Green)

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates & judgements continued

Accounting area	Summary of policy	Comments	Assessment
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	 (Green)

Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

Accounting policies, Estimates & Judgements– review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>Estimates and judgements - Property, Plant & Equipment</p> <p>In previous years the Council carried out a rolling programme of revaluations, with the date of the valuations varying up to five years. This approach was similar to many other authorities and you had satisfied yourselves that the carrying amount of Property, Plant and Equipment (based on these valuations) did not differ materially from the fair value at 31 March 2014.</p> <p>However, in our view this rolling programme did not meet the Code's requirement to value items within a class of property , plant and equipment simultaneously, as this Code requirement, which is based on IAS 16 Property, Plant and Equipment, only permits a class of assets to be revalued on a rolling basis provided that:</p> <ul style="list-style-type: none"> • the revaluation of the class of assets is completed within a 'short period' • the revaluations are kept up to date. <p>We would normally expect this 'short period' to be within a single financial year. This is because the purpose of simultaneous valuations is to 'avoid reporting a mixture of costs and values as at different dates'. This purpose is not met where a revaluation programme for a class of assets straddles more than one financial year.</p>	<p>Page 44 of the accounts sets out the authority's rolling programme of revaluations. This explains that the programme of rolling reviews has been modified to ensure that classes of assets are re-valued simultaneously and sufficiently regularly to ensure the carrying value does not differ materially from the fair value.</p> <p>These changes were discussed with us and we are satisfied that the revaluation of sub-classes of assets was sufficient to provide a basis for the valuer to form a judgement on those assets not revalued.</p>

Assessment
 ✓ Action completed
 X Not yet addressed

Other communication requirements

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

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no non-trivial omissions in the financial statements
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations from third parties for loans and investments after obtaining authorisation from management.

Internal controls

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

Our audit included consideration of internal controls 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. We considered and walked through the internal controls for Employee Remuneration, Operating Expenses and Welfare Benefits as set out on page 9 and 10 above.

The controls were found to be operating effectively and we have no matters to report to the Audit Committee.

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements 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

All adjusted misstatements are set out below along with the impact on the primary statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000
1 Restatement of leisure centre valuations Restated to reflect the revised useful lives and estimated residual values	3,919	(3,919)
2 Restatement of Business Rates Retention Transferred from provision to earmarked reserves as requirements for a provision not met	(1,503)	1,503
3 Restatement of Business Rates Valuation Provision Management reconsidered the provision following the settlement of GP surgery appeals on the 2010 list	300	(300)
Overall impact	£2,716	£(2,716)

Disclosure and reclassification changes

The table below provides details of disclosure and reclassification 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	Note 3 Critical Judgements in Applying Accounting Policies	Business Rates Retention – wording amended to refer to earmarked reserve rather than provision
2	Disclosure	Note 4 Assumptions made about the future and other major sources of estimation uncertainty	Leisure Centre valuation – additional wording included to explain basis for estimating depreciation taking into account disposal plans
3	Disclosure	Note 6 – Adjustments between accounting basis and funding basis under regulations	Charges for estimated useful lives and residual values of non current assets restated to reflect revised leisure centre depreciation
4	Reclassification	Note 7 – Transfers to/from earmarked reserves	Collection Fund reserve added for Business Rates deficits
5	Disclosure	Note 11 – Property Plant and Equipment	Valuation restated to reflect revised leisure centre depreciation
6	Reclassification	Note 20 – Provisions	Business rates appeals provision restated Business rates retention provision deleted
7	Disclosure	Note 26 – Amounts reported for resource allocation decisions – segmental reporting	Employee expenses restated

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

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.

Overall our work highlighted the Council continues to have effective arrangements in place to secure financial resilience. This includes appropriate processes for setting and monitoring budgets. We noted that 2014/15 outturn deliver was better than forecast, although the subsequent revision of the Business Rates provision for valuation appeals reduced the net contribution to General Reserves from £553,000 to £264,000. The Council has a clearly focused medium term financial strategy supported by challenging but achievable savings plans. This includes the planned use of reserves, but in our view this not excessive.

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

Overall our work highlighted that the Council has a good understanding of its financial environment and there is effective engagement with Members and other key stakeholders. Financial decision making covers the full range of the Council's services and the impact of decisions is reviewed through the quarterly performance monitoring arrangements. The Council has continued to monitor its cost base, in particular the reasons for budget variances are clearly articulated in budget monitoring reports. There is a transformation plan in place, Wyre Forest Forward, and progress against the key deliverables is being monitored and reported.

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 has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance	<p>The outturn report identified that savings targets were over achieved by over £260,000 allowing £553,460 to be added to General Reserves rather than the planned £292,660. However, in August 2015 the Council was advised that the VOA would be settling appeals on GP surgeries following a tribunal case elsewhere. The decision was taken to increase the Council's provision for appeals reducing the contribution to General Reserves to £263,890.</p> <p>The Council has continued to effectively manage its liquidity and has an approved Treasury Management Strategy in place. Workforce management is a key part of the Wyre Forest Forward improvement agenda. As at September 2015 88% of agreed workforce recommendations were reported as implemented.</p> <p>The Medium Term financial Strategy includes the planned use of reserves. The Council has sufficient reserves to meet these planned commitments over the next three years taking into account the level of General Fund and Earmarked reserves. There is however future uncertainty due to the need to deliver saving plans and a lack of clarity of the impact of potential further funding cuts.</p>	Green
Strategic financial planning	<p>The Council has an agreed three year financial strategy in place which we reviewed and concluded that it is realistic and achievable although the savings plans are demanding. The overall planning assumptions continue to be robust. The Council is planning some significant asset disposals during the planning period and consideration could be given to including a forecast of the annual capital receipts balance as part of capital programme planning.</p> <p>Financial and corporate planning processes continue to be integrated. The Financial Strategy identifies relevant risk management issues and includes the forecast capital programme. The Financial Strategy is updated annually, linked to the annual budget cycle and is informed by the corporate plan. The Financial Strategy considers volatilities, particularly those relating to Business Rate income and New Homes Bonus. Scenario planning in years 2 and 3 is problematic as there is a high level of uncertainty about potential funding cuts.</p>	Green

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission, and additional indicators identified by ourselves. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual risk identified	Summary findings	RAG rating
Financial governance	<p>There is a clear understanding of the Council's financial environment. The Council continues to have a clear long term plan, Wyre Forest Forward, which it is implementing. The Chief Finance Officer is a member of the leadership team and as part of her role effectively communicates the financial implications of the risks the Council is managing. There is a clear awareness of key income sources and their sensitivity to economic change.</p> <p>There is effective member and executive engagement in financial decision making, particularly in the consideration of budget proposals, the Financial Strategy and developing savings plans. There is also an effective Audit Committee in place (which GT attend) which provides robust challenge on financial matters and assurance on risk management arrangements.</p> <p>Budget monitoring arrangements and reporting are fit for purpose and provide Members with the opportunity to challenge. They are responsive to improving vfm and efficiency through the focus given to savings delivery. The reports provide an overview of savings performance by scheme, including the savings still to be delivered and the size of the unidentified gap. Consideration could be given to RAG rating individual schemes to highlight the key risks to savings delivery.</p>	Green
Financial control	<p>Budget setting arrangements are effective and include public consultation. The Council has a strong record of savings delivery but savings plans are challenging. The Council have a savings programme which is split into Wyre Forest Forward (WFF) savings and Cabinet Proposal savings. For 2014/2015 the total target savings was £1.5 million this rises to £2.3 million in 2017/2018.</p>	Green

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission, and additional indicators identified by ourselves. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual risk identified	Summary findings	RAG rating
Prioritising resources	<p>The Council continues to demonstrate leadership and challenge in prioritising resources. This includes adequate consultation arrangements. The outcomes of public consultation on the 2015/16 budget proposals were reported to Cabinet in February 2015. There was a comparatively low number of respondents – 183, but the report notes that there was extensive consultation with Council Tax Payers, Business Rate payers and Staff, and Members of the Council. The report summarises the consultation responses received and also includes the alternative budget proposals received from the Labour Party and UKIP.</p>	Green
Improving efficiency & productivity	<p>The Council has continued to monitor its cost base. In particular the reasons for budget variances are clearly articulated in budget monitoring reports and the Council also remains engaged with other Worcestershire districts and compares their cost base to them.</p> <p>Review of VfM profiles indicates:</p> <ul style="list-style-type: none"> - the Council has a comparatively high net spend per head - Service spending is generally average to low with two exceptions; Benefits and Sustainable Economy - Benefits has a comparatively high volume of claimants and level of discretionary spend - Spending on economic development and highways is comparatively high. <p>There are no indications that improvement plans are not being implemented or that key services are ineffective. In particular:</p> <ul style="list-style-type: none"> - minimum service standards are being met; - outsourcing is not being implemented as a response to poor service delivery; - there are no indications of financial failures in joint ventures; and - major capital projects (new leisure centre) are on track. 	Green

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

Fees, non-audit services and independence

We confirm below our final fees charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Council audit	65,248	65,248
Grant certification	12,220	12,220
Total audit fees	77,468	77,468

The grant certification fee is subject to the completion of our audit of the Council's Housing Benefit Subsidy claim. We will inform the Chief Finance Officer if additional audit work is required.

Fees for other services

Service	Fees £
Non audit related services – Place Analytics	5,000

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 Financial Reporting Council'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.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) 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).

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.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
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 auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYRE FOREST DISTRICT COUNCIL

We have audited the financial statements of Wyre Forest District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Wyre Forest District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial and explanatory forewords to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Wyre Forest District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the financial and explanatory forewords for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



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WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
28th SEPTEMBER 2015**STATEMENT OF ACCOUNTS 2014/15**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICERS:	Tracey Southall Ext. 2100 tracey.southall@wyreforestdc.gov.uk Lisa Hutchinson Ext. 2120 lisa.hutchinson@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Draft Letter of Representation 2014/15 Appendix 2 –Statement of Accounts Overview 2014/15

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 2014/15 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 2014/15; 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 2014/15 be approved.**
- 2.2 The Letter of Representation for 2014/15 attached at Appendix 1 be approved.**

3. BACKGROUND

- 3.1 The draft Statement of Accounts was certified as a true and fair position by the Chief Financial Officer, and endorsed by Audit Committee at the meeting held on June 29th 2015.
- 3.2 During the course of the audit there were a number of issues raised by the Auditors and the Accounts were amended accordingly. Most of these were changes to disclosures that improve the presentation of the clarity of the financial statements for the users of the accounts. There were three notable exceptions; the first was in relation to valuations for the two current leisure centre assets to reflect a one off valuation adjustment and an accelerated rate of depreciation given the new leisure facility under construction on the Silverwoods site. The second was a redesignation of the former Business Rates Provision as a Collection Fund Ear Marked Reserve. This was a change due to the interpretation of the complex technical accounting

Agenda Item No. 6

requirements in relation to Business Rates. Neither of these two revisions impact on the overall final outturn position although they do change the Balance Sheet and are therefore of importance to the reader. The leisure centre asset valuation change reduces the asset values, thus increasing the net negative worth of the Council as shown on the Balance Sheet. The third adjustment relates to the need for an increase in the Provision for payment of Business Rates appeals following receipt of new information from the Valuation Office in August 2015. This has resulted in an adjustment of circa £290k meaning that rather than contributing £554k to balances, as reported on the 29th June 2015, there is now a contribution to general reserves of £264k. This compares to the planned contribution to general reserves of £293k in the revised budget. The change has not affected the contribution to two risk reserves of £250k (the first was £100k to top up the Business Rates Risk Reserve; the second was £150k to replenish the Transformation Fund). Whilst this reduction in contribution to general reserves is not helpful for the future Financial Strategy, the additional contributions to the risk reserves are necessary and the Council remains in a relatively strong financial position subject to future funding announcements. 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 has now concluded its audit of the accounts and has indicated it will be providing an unqualified opinion.
- 3.4 Incorporating the agreed changes, the Statement of Accounts will be published by 30th September 2015, 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 Audit Findings Report. 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 2014/15 has been concluded and Grant Thornton has indicated it will issue an unqualified Opinion.

5. FINANCIAL IMPLICATIONS

- 5.1 This is a financial report identifying changes to the Statement of Accounts 2014/15 following the audit, and presentation of the Letter of Representation.
- 5.2 An adjustment of circa £290k has been made to increase the Provision for Business Rates Appeals in response to the information received from the Valuation Office in August 2015. This means that rather than contributing £554k to balances, as reported on the 29th June 2015, there is now a lower contribution to reserves of £264k.

6. LEGAL AND POLICY IMPLICATIONS

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

7. RISK MANAGEMENT

- 7.1 The accounts must be published by the 30th September 2015, 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 2014/15 by 30th June 2015, and for these to be audited and published by 30th September 2015. 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 2014/15 Statement of Accounts.

10. CONSULTEES

- 10.1 Corporate Leadership Team/Cabinet Member and Leader of the Council
10.2 Grant Thornton

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2011
11.2 Audit Committee Report 29th June 2015
11.3 Code of Practice of Local Government Accounting 2014/15

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

Tracey Southall
Chief Financial Officer
tel: 01562 732125
fax: 01562 732104
email: tracey.southall@wyreforestdc.gov.uk
my ref: TS/LH/JHL

28th September 2015

Dear Sirs

Wyre Forest District Council
Financial Statements for the year ended 31st March 2015

This representation letter is provided in connection with the audit of the financial statements of Wyre Forest District Council for the year ended 31st March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

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

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code"); which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Chief Executive Directorate
Wyre Forest House
Finepoint Way
Kidderminster
DY11 7WF

Tracey Southall, Chief Financial Officer

- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Council has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these and are free of material misstatements, including omissions.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv 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

- xv 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.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council involving:
 - a management;
 - b employees who have significant roles in internal control; or
 - c others where the fraud could have a material effect on the financial statements.
- xx We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 28th September 2015.

Signed on behalf of Wyre Forest District Council

Name.....Tracey Southall

Position...Chief Financial Officer

Date.....28th September 2015

Name.....Councillor Julian Phillips

Position...Chair of the Audit Committee

Date.....28th September 2015

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2014/15 – OVERVIEW

1. INTRODUCTION

Each year the Council has to produce a set of accounts just like any other organisation. The formal document is the Statement of Accounts (Statement) which sets out the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The full Audited Statement will be published on the Council's web-site by 30th September 2015. 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 2014/15 Statement of Accounts was 30th June 2015 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Cabinet – 23rd June 2015 (Major Variations only); and then
- : Chief Financial Officer approval/Audit Committee endorsement – 29th June 2015
- : Audit Committee – 28th September 2015 (audited version)

The Accounts are audited by Grant Thornton who are the Council's external auditors. Regulations require that the Statement of Accounts is published by 30th September 2015.

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 2014/15. This includes full compliance with the International Financial Reporting Standards (IFRS).

The Accounts present a true and fair view of the financial position of Wyre Forest District Council for the year ended 31st March 2015. 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 within the Annual Governance Statement.

4. **KEY COMPONENTS**

The Council's accounts for the financial year ended 31st March 2015 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, The Office of the Police and Crime Commissioner for West Mercia, and The Hereford and Worcester Fire Authority.

The Business Rates Retention Scheme is in its second year and the main aim is to give Councils a greater incentive to grow businesses in their areas. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain a proportion of the total Business Rates received. The share retained by this Council is 40% with the remainder paid to Central Government (50%), Worcestershire County Council (9%) and Hereford and Worcester Fire Authority (1%).

(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 financial landscape continues to be very challenging. The continuing Wyre Forest Forward Transformation programme in 2014/15, and work with the cross party Cabinet Financial Strategy Advisory Panel enabled the Council to set a forward-looking budget for 2015/16, including a 1.94% increase in Council Tax and continued investment in the key priority of economic and regeneration initiatives, aided by membership of both the Worcestershire and Greater Birmingham and Solihull Local Enterprise Partnerships.

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

2013/14 Net Expenditure/ (Income) (restated) £000's	Service Area	2014/15 Net Expenditure/ (Income) £000's
1,183	Central Services to the Public	1,107
4,258	Cultural and Related Services	7,073
2,828	Environment and Regulatory Services	2,856
1,744	Planning Services	1,134
414	Highways and Transport Services	510
1,512	Housing Services	1,495
2,459	Corporate and Democratic Core	2,690
390	Non Distributed Costs	266
14,788	Net Cost of Services	17,131
442	Parish Precepts	463
162	Other Net Operating (Income)/Expenditure	(97)
(44)	Net Investment (Income)/Borrowing Costs	111
(2,637)	Other Accounting Adjustments*	(3,729)
12,711	Amount to be met by Government Grant/Council Tax	13,879
	Funded by:	
(1,668)	Business Rates Retention	(3,070)
(3,753)	Revenue Support Grant	(2,912)
(6,521)	Council Tax	(6,820)
(114)	Non-service related government grants	(78)
(782)	New Homes Bonus	(1,263)
<u>(127)</u>	Movement in Revenue Fund Balance	<u>(264)</u>
<p>* This takes into account entries required to reflect issues including depreciation, changes in market value of assets and the position of this Council's Pension assets and liabilities administered in the County Council Pension Fund</p>		

7. OVERALL BUDGET VARIATIONS

Major revenue variations between the revised budget and actual were shown in Appendix 1 to the report to Cabinet on 23rd June 2015.

In addition to these variations previously reported there is now a further reduction to funding from Business Rates of £290k for 2014/15 as a direct result of Business Rates appeals in respect of Doctor Surgeries notified to us in August 2015 by the Valuation Office Agency (VOA). This has reduced our contribution to reserves from £554k to £264k for this year.

A further analysis of actual compared to the original budget used for 2014/15 is contained in the full Statement.

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

Civic & Administrative Buildings	3
Car Parks	28
Asset under Construction	1
Trading Estates & Enterprise Centres	5
Public Conveniences	12
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3
Museums	1
Sports, Social Clubs, Fields & Parks	24
Nature Reserves	4
Other Land & Buildings	32
Vehicles	71
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

31/03/14 £000's	What the Council owns and is owed	31/03/15 £000's
	What we own:	
51,392	Buildings, Land, Vehicles and Equipment	46,588
79	Inventories	65
10,365	Cash Invested	15,696
4,813	Money owed to the Council	4,172
	What we owe:	
(10,587)	Money owed by the Council	(16,761)
(49,012)	Pension Fund Liability	(60,084)
7,050	Total Value of what we own/(owe)	(10,324)
	Financing:	
	Usable Reserves	
2,129	Capital Expenditure Reserve	1,813
4,955	Earmarked Reserves	7,071
3,295	General Reserves	3,559
577	Capital Grants Unapplied	434
	Unusable Reserves	
45,177	Capital Financing Reserves	37,040
(49,012)	Pensions Reserve	(60,084)
(71)	Short-term Accumulated Absences Account	(157)
7,050	Total Reserves	(10,324)

10. WHAT ARE OUR RESERVES?

31/03/14 £000's	General Fund Reserves:	31/03/15 £000's
3,168	At beginning of the year	3,295
127	Movement in Revenue Fund Balance	264
3,295	Balance at the end of the year	3,559
<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 £1m.</p>		

31/03/14 £000's	Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:	31/03/15 £000's
	The savings and money set aside for the future are :-	
2,129	Capital Expenditure Reserve	1,813
4,955	Earmarked Reserves	5,268
-	Collection Fund Reserve	1,803
577	Capital Contributions Unapplied (Grants)	434
7,661	Total Capital and Revenue Reserves	9,318

11. HOW WELL HAVE WE PERFORMED?

Finances:

Borrowing Money – the Council took out a further 5 loans from the Public Works Loan Board (PWLB) during 2014/15 (net of in-year maturities that were replaced) taking the total borrowing up to £10m.

The rates are as follows:

- 12/13 £1m @ 2.62% for 9 years
- 13/14 £1m @ 1.52% for 5 years
- 14/15 £2m @ 0.95% for 2 years
- 14/15 £1m @ 3.99% for 19 years
- 14/15 £1m @ 3.54% for 42 years
- 14/15 £1m @ 3.44% for 25 years
- 14/15 £1m @ 2.99% for 24 years
- 14/15 £1m @ 2.87% for 26 years
- 14/15 £1m @ 2.80% for 22 years

Investing Money - average interest rate 0.51% (compared to a benchmark 7 day LIBID average rate of 0.35%)

Payment of what we owe:

Prompt payment – we paid 97.61% of all invoices within 30 days

Collection of what is owed to us:

Council Tax - we collected 96.46%

Business Rates – we collected 97.28%

Performance against national and local measures:

Over the last 12 months the Council has continued to focus on the use of measures as part of its Wyre Forest Forward Programme to underpin the delivery of the systems thinking methodology rather than relying on traditional Performance Indicators (PI's) or Targets. The dash-board of measures which support our purposes are “customer focussed” to ensure improvements or changes respond to the customer's experience.

The measures 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.

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

12. SUMMARY

This Overview gives a summary of the Statement of Accounts 2014/15, which is a snapshot of this Council's finances as at 31st March 2015, showing:-

- How we raised income during the year
- How we spent money during the year
- How we performed against our budget
- How we performed in looking after the money
- How much money we have at 31st March 2015 (reserves)
- How the money is invested at 31st March 2015 (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's 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 most significant issue facing the Council remains its financial position. Our net revenue budget will have reduced from £16.4m in 2009/10 to £11.47m in 2017/18 based upon current plans. This represents a fall of around 30% in absolute terms, and more in real terms. The Council continued to protect key front-line services in 2014/15 despite significant reductions in government grant. It is streamlining services as part of the Wyre Forest Forward Programme. The approved budget proposals go a very considerable way towards closing the gap between what we are spending and our income. Alongside this work, the Council is overseeing its most significant capital investment programme in many years, including the new leisure centre, for which construction is well under-way, as well as major injections of finance in its key priority of securing the economic prosperity of the district.

This was the second year of the new Business Rates Retention Scheme and the Worcestershire Business Rates Pool was unable to protect the member Councils including Wyre Forest against the severe impact of the GP Surgery appeals in 2014/15. This has resulted in a lower contribution to General Reserves of £264k from the 2014/15 accounts; a reduction of around £290k as a direct result of Business Rates appeals compared to the previously reported saving of £554k for this year. Pool membership will continue to be closely monitored and our position considered as part of the budget process.

We know that Government Funding will fall further in the future; the Summer Budget announced in early July 2015 launched the Chancellor's spending review with a call for £20bn cuts to Whitehall budgets. Local Government is expected to face significant cuts likely to range between 25% and 40% of budgets over the next few years. This has set the scene for another challenging budget cycle for 2016/17.

The individual position of this Council will not be known until November 2015 at the earliest when the Government should issue more specific funding details. Whilst we are progressing well with ambitious savings plans, it is likely the next budget process will introduce increased savings plans. The progression of the new Town Council for

Agenda Item No. 6
Appendix 2

Kidderminster and other proactive transformation work streams will provide some mitigation of risk during the next budget cycle and help ensure continuity of a sustainable budget.

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

A full copy of the Statement of Accounts will be published on the Council's website by the 30th of September 2015.

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
28TH SEPTEMBER 2015

INTERNAL AUDIT MONITORING REPORT
QUARTER ENDED 30TH JUNE 2015

OPEN	
CABINET MEMBER	Councillor Nathan Desmond
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 30 TH June 2015

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th June 2015, attached as Appendix 1.

2. RECOMMENDATION

The Audit Committee is asked to CONSIDER:

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 30th June 2015 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 2015~16 in March 2015. This plan takes into account changes in priorities and risk and provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority.
- 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 Leadership Team and to the External Auditors.

3.5 The Report attached as an Appendix contains 5 sections which are:

- Section 1 **Follow up** reviews undertaken in the quarter (cyclical)
Incorporating Recommendations in progress
- Section 2 **Final** internal audit reports issued in the quarter
- Section 3 **Draft** internal audit reports issued in the quarter
- Section 4 **Work In Progress** to include draft reports issued following completion of 2014~15 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. The final audit report will recognise those areas of improvement and recommendations promptly actioned during the course of the audit, in order to raise the overall level of assurance given by Internal Audit at the completion of the full review.

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 Internal Audit Charter requires 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 Leadership Team have confirmed that action would be taken immediately should an internal audit review report a significant weakness which could lead to a potentially serious issue.

4. KEY ISSUES

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been 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 Standards¹. Procedures are monitored to ensure that the Internal Audit Team procedures remain compliant.
- 4.4 The Internal Audit Charter requires an annual opinion on the Council's internal control environment. 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.

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 2015 section 5(1) require that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

¹ The UK Public Sector Internal Audit Standards (UKPSIAS) from April 2013

7. EQUALITY IMPACT NEEDS ASSESSMENT

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

8. RISK MANAGEMENT

- 8.1 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.
- 8.2 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.
- 8.3 The Internal Audit service is one element of the Council's assurance/internal control framework.
- 8.4 A relevant member of the Internal Audit Team will continue to be involved in future Wyre Forest Forward Systems Thinking reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.

9. CONCLUSION

- 9.1 The work undertaken by the Internal Audit Team in the quarter ended 30th June 2015 is reported within Appendix 1. This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team.

10. CONSULTEES

- 10.1 Corporate Leadership Team
Cabinet Member for Resources & Transformation

11. BACKGROUND PAPERS

- 11.1 25th March 2015 ~ Audit Committee ~ Internal Audit Annual Audit Plan 2015~16
24th March 2014 ~ Audit Committee ~ Internal Audit Charter
Accounts and Audit Regulations 2015 (SI 234)

INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
30th June 2015**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30th June 2015

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<i>Cheryl Ellerton</i> AUDIT MANAGER	
<i>Tracey Southall</i> SECTION 151 OFFICER	

10th September 2015

SECTION 1

Quarter Report to the 30th June 2015

Summaries of Follow up Reviews undertaken in the Quarter

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

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

SECTION 2

SECTION 1 FINAL AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30th June 2015		
	ASSURANCE	PAGE
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KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.
S = Some	Sufficient framework of controls but some weaknesses identified ~ provides adequate assurance.	Summary page of Audit Report together with any significant findings and associated recommendations where appropriate.
L = Limited	Significant lapses/breakdown in individual controls ~ at least on significant weakness ~ provides partial assurance.	Summary page of Audit Report and significant findings and associated recommendations.
U = Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance. A significant internal control is one which is key to the overall framework of controls.	Summary page of Audit Report and significant findings and associated recommendations.

Agenda Item No. 7

AUDIT REPORT TITLE: Accounts Payable {Corporate Creditors} ~ Compliance ~ 2014-15 BUDGET: Various REF:	ACTION PLANS: 31st October 2014 DRAFT REPORT ISSUED: 24th March 2015 FINAL REPORT ISSUED: 24th June 2015	SERVICE: Finance ~ Accountancy {Chief Executive} RESPONSE RECEIVED: 24th June 2015
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual reviews undertaken as part of the 2014-15 annual audit plan. The review concentrated on ensuring that the controls in place over the system for the payment of the Council's creditors (Accounts Payable) are operating as intended. The review comprised examination of the Council's procedures for the ordering, processing and payment of invoices and that these procedures operate within current Contract Procedure Rules and Financial Regulations.

Testing was undertaken in July 2014 and January 2015 on samples of invoices processed for payment during April-July 2014 & December-January 2015. The detailed compliance testing ensured that requisitions/official purchase orders were raised prior to the receipt of goods/services and invoices were bona fide, paid promptly and the expenditure correctly recorded within the Agresso Financial Management System including any VAT payable to HMRC. Additionally, supplier VAT registration numbers were verified.

During the course of the review an action plan was issued to the Financial Services Manager to advise of any matters arising following the initial period of testing in order that they may be addressed promptly and remedial action taken where appropriate. Those observations arising from the initial testing were acknowledged and are detailed below for completeness.

Following the second phase of testing, whilst issues raised from the first phase of testing did arise, the current Finance Intervention has since implemented changes to the requisitioning and the Goods Receipting processes to alleviate issues arising from work flow and ensure prompt payment to suppliers. From the sample tested, on one occasion an order had not been raised prior to the invoice being received which although not detrimental to service delivery did not allow for commitment accounting. One further invoice examined had not been paid promptly, the delay in payment for the invoice was due to goods not being receipted in a timely manner.

Conclusion

On the basis of the work undertaken, the review has concluded that the system for the ordering and payment of goods/services is operating well. The overall conclusion therefore is that at this time **SOME** assurance can be given that the internal controls in place for the electronic ordering, processing and payment of Council invoices are operating effectively.

Agenda Item No. 7

AUDIT REPORT TITLE: Accounts Payable {Corporate Creditors} Reconciliation 2014-2015 BUDGET: Various REF:	ACTION PLANS: November 2014/January 2015 {Verbal} DRAFT REPORT DATE ISSUED: 23rd June 2015 FINAL REPORT DATE ISSUED: 24th June 2015	SERVICE: Finance ~ Accountancy {Chief Executive} RESPONSE RECEIVED DATE: 24th June 2015
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Assurance Levels	Definition	Recommendation Rankings	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.	Advisory	Low risk – recommendation for consideration
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.	Other	Medium risk - action required but not urgent
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.	Significant	High risk – urgent action needed
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		

Overview

This Audit forms part of the annual assurance reviews undertaken as part of the 2014-15 annual audit plan. The review concentrated on ensuring that the controls in place over the system for the payment of the Council's creditors made via Accounts Payable within the Agresso Financial Management System are operating as intended. In addition, the review comprised review of management information based on predetermined parameters i.e. of the creation of supplier accounts, regular review of open purchase orders,

RECONCILIATIONS

The reconciliation for weeks commencing 25th August 2014 and 14th November 2014 were examined. The review found that processes within the Accountancy and Support Services Teams is working effectively.

MANAGEMENT INFORMATION

As part of the audit review process one duplicated pro-forma payment for £172.00 was identified for which recovery action was implemented with a Debtor Account raised.. The review also identified a number of duplicated supplier accounts. Within the Accounts Payable module, several "old" invoices were not 'parked' and no reason for holding the invoice had been recorded. Similarly, a number of "old" orders remained open and had not been closed as complete; requests to close open orders had not been actioned. The Finance Intervention is on going, and during the process the Financial Services Manager and Accountancy Team are working with Internal Audit to ensure that whilst efficiencies are being achieved and business improvements made to enhance the service delivery identified risks will be carefully managed. During the audit as a consequence of the Finance Intervention a new process was introduced relating to the creation of supplier accounts additionally a review was completed to reduce the number of duplicated supplier accounts on the master file. All open orders were reviewed as part of the year end procedure which enabled several open orders to be closed or goods receipted. This proved very beneficial in assisting the financial statement closedown, and it is intended that this will be quarterly exercise.

Conclusion

On the basis of the work undertaken, the review has concluded that within the Creditors (Accounts Payable) System there are areas that are well managed and controlled. Whilst **FULL** assurance can be given on the completion of the weekly reconciliations, improvements could be made to enhance the Management Information available from the system by ensuring that open orders are regularly reviewed, and risks are mitigated in respect of potential duplicated supplier accounts/ duplicate payments. The overall conclusion therefore, is that **SOME** assurance can currently be given that the internal controls in place within the key system for Corporate Creditors (Accounts Payable) are operating as intended.

AUDIT REPORT TITLE: Journals 2014-15 (Subsidiary of Budgetary Control & Monitoring)		ACTION PLANS: N/A DRAFT REPORT DATE ISSUED: 24 th June 2015 FINAL REPORT DATE ISSUED: 6 th July 2015 {Q1 to 30.06.15}		SERVICE: Chief Executive Office (Accountancy) RESPONSE RECEIVED DATE: 30 th June 2015	
BUDGET: REF:					
Assurance Levels	Definition		Recommendation Rankings	Definition	
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.		Advisory	Low risk – recommendation for consideration	
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.		Other	Medium risk - action required but not urgent	
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.		Significant	High risk – urgent action needed	
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.				

Overview:

This Audit forms part of the annual assurance reviews undertaken as part of the 2014-15 annual audit plan and supports the final account audit undertaken by the Council's external auditors, Grant Thornton. The review sought to ensure that the system in place for journal transfers complied with control objectives; that each journal is uniquely referenced; includes adequate narrative explaining the transfer and are correctly authorised and that Journals are not being actioned to prevent proper authorisation of virements. The work undertaken by the External Auditors as part of their 2013-14 final accounts audit was considered as part of this review.

A sample of journals was examined to ensure that they were created and authorised by appropriate employees. Once the journals are raised, checks were made to confirm that the transfers had been correctly posted into the Agresso (Financial Management System) with supporting relevant documentation i.e. uniquely referenced with appropriate narrative. The sample included high and low values, rounded sums, an ear marked reserve, the same amount recurring, several journals actioned on the same day and journals processed with weekend dates. A report detailing journals raised and posted to Agresso (FMS) within Accountancy Team was examined to verify that they were reviewed by the Principal Accountant.

Small and low value journals for the recharge of corporate costs were being approved by Directors. Of the 3584 journals reviewed, 12% related to corrections/reversing of transactions miscoded, the majority of these relating to the miscoding of income posted directly into the general ledger. Accountancy journals are printed off and reviewed by a Principal Accountant on a quarterly basis. The management of ear marked reserves is being reviewed as part of the Councils Finance Intervention.

Conclusion:

On the basis of the work undertaken, the review concluded that on the whole the internal controls in place for the raising and posting of Journals to the Agresso (FMS) system is well managed. There were however, opportunities for improvement to further enhance the system to ensure transactions are coded correctly at source, and this will be reviewed as part of the phase 2 finance intervention. The overall conclusion therefore, is that **SOME** assurance can be given on the internal controls in place for this processing and reconciliations of Journals within the financial records.

Agenda Item No. 7

AUDIT REPORT TITLE: Income To Bank ~ Housing Act Advances 2014-15	DRAFT REPORT DATE ISSUED: 7 th April 2015 {Q4 31.03.15}	SERVICE: Chief Executive (Accountancy ~ Finance)
BUDGET: Balances Outstanding @ 01.14.15 £8135.00 REF:	FINAL REPORT DATE ISSUED: 6 th July 2015 {Q1 30.06.15}	RESPONSE RECEIVED DATE: 30th June 2015

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

Overview:

This Audit forms part of the annual assurance reviews undertaken as part of the 14-15 annual audit plan. The review forms part of the Income to Bank compliance testing and concentrated on the subsidiary system of Housing Act Advances repayments which stands alone from other income streams reported under their respective system reviews.

Housing Act Advances

As at 1st April 2014 only 4 mortgage accounts remained outstanding. During the year two mortgagees made final payments on their account. All four accounts were selected for compliance testing to ensure all repayments had been receipted and reconciled against their respective mortgagees account, recorded in the financial records and any interest and redemption figures correctly calculated.

It was identified that of the 4 mortgage accounts, the brought forward balances and interest calculations as at 1st April 2014 had been correctly calculated and verified by the Accountant as were the ½ yearly balances and interest. Two mortgages were redeemed during the financial year. However, for one mortgage the redemption figure was incorrectly calculated, the mortgagee duly paid the original figure provided leaving a small unpaid balance which has since been written off in agreement with the Chief Financial Officer. Payments made by two mortgagees after the ½ year reconciliation had been recorded within the financial records but not on the mortgagees’ accounts. As at February 2015 only two mortgage accounts remained outstanding total £5, 358.24 for which an advisory recommendation has been included relating to these balances.

The Housing Act Advances reconciliation also includes the mortgagees providing evidence of their buildings insurance details. At the time of the review the records identified these as being out of date. The individual mortgage account manual records are held on an open shelf in the Accountancy Section office and in unprotected spreadsheets.

Conclusion:

On the basis of the work undertaken the review has concluded that the systems in operation for the processing of Housing Act Advance payments into the Agresso Financial Management System is working effectively however there are areas for consideration. The overall conclusion is that **SOME** assurance can be given on the internal controls in place for the reconciliation of all Housing Act Advance to the mortgagee’s accounts although controls should be introduced to ensure that the Mortgagee information is up to date and held securely.

Quarter Report to the 30th June 2015

DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30th June 2015		
TITLE	DATE OF ISSUE	CURRENT STATUS OF REPORT
-	-	-

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

SECTION 4

The following Action Plans have been issued to Managers. In addition, the table below shows the status of reviews currently in progress to cover the current on ~ going testing within the 2015~16 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 30th June 2015		Status	Action Plans			DATE OF COMPLETION OF FIELD WORK
RISK ASSESSMENT	AUDIT REVIEW	As At 31.03.15	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	
RA74	<u>Core Financial Systems (Annual Assurance Reviews)~ 2015/16 Annual Audit Plan</u> <u>Accounting Cash To Bank</u> Income & Expenditure Bank Reconciliation	Stage 1	06.07.15			
RA88	<u>Benefits (Inc Council Tax Discounts (Local Scheme))</u> Council Tax Reduction (Local Scheme)	Stage 2	-			
RA82	<u>Council Tax</u> Ctax Reconciliations ~ {To include Gross Debit 2015/16}	Stage 2	-			
RA80	<u>Creditors (Accounts Payable)</u> Creditors {Accounts Payable } ~ Compliance	Stage 1	06.07.15			
RA84	<u>National Non Domestic Rates</u> NNDR ~ Reconciliations ~ {To include Gross Debit 2015/16}	Stage 2	-			
RA85	<u>Payroll (Including Mileage & Subsistence Claims</u> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team)^ ^ Field Work includes Local Government Pension Scheme & Local Pay Award	Stage 2	-			

KEY

- Stage 1 Phases 1 Field Work Complete with Action Plan to Service Manager.
- Stage 2 Phases 1 Field Work Complete and Peer Reviewed ~ Action Plan/Report to be issued by Principal Auditor
- Stage 3 Field Work In Progress ~ {With Individual Auditor}
- Stage 4 Audit Complete awaiting review by Principal Auditor
- Stage 5 Draft Report Issued
- Stage 6 Final Report Issued

Performance Against Annual Plan For The Financial Year 2015/16Quarter ended 30th June 2015Year to 30th June 2015

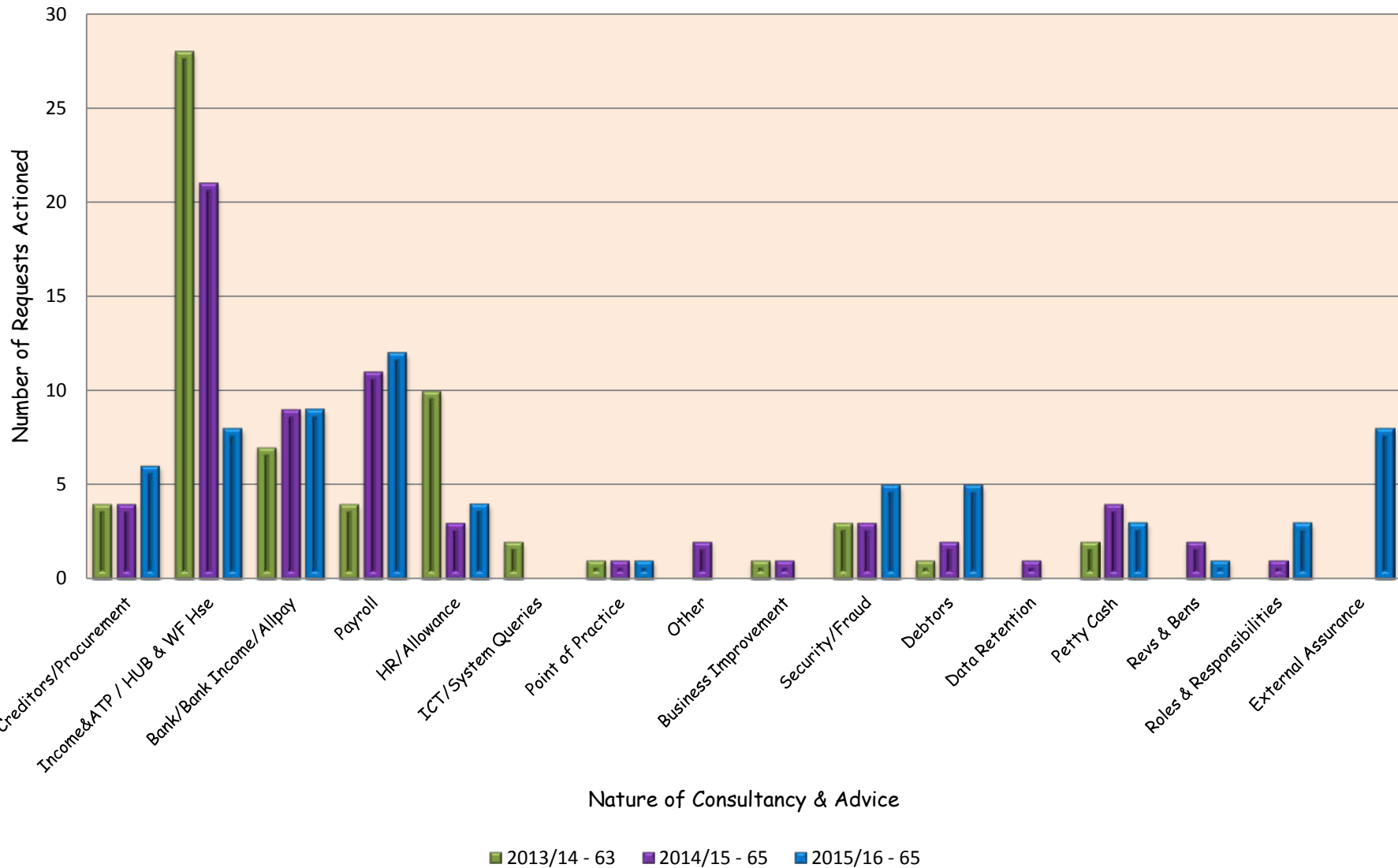
	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year To Date Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	58.75	72.25	81.31%	System and Probity	58.75	289	20.33%
ICT Audit (Governance, Advice & Assistance)	2.50	10.00	25.00%	ICT Audit (Governance, Advice & Assistance)	2.50	40	6.25%
Contract Audit/Procurement	8.50	6.25	136.00%	Contract Audit/Procurement	8.50	25	34.00%
Consultancy and Advice	12.25	12.50	98.00%	Consultancy and Advice	12.25	50	24.50%
Contingency for Investigations	7.00	5.00	140.00%	Contingency for Investigations	7.00	20	35.00%
Specific Service Duties	10.25	6.25	164.00%	Specific Service Duties	10.25	25	41.00%
Sub Total	99.25	112.25	88.42%	Sub Total	99.25	449	22.10%

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

→ For the quarter to 30th June 2015 actual against plan is **88.42 %** compared to a target of **95%** (**94.6%** against 95% target for quarter 30th June 2014).

→ Within the time allocated in the above table, during this first quarter of 2015~16 the Internal Audit Team have responded to 65 requests for advice and consultancy as categorised in the graph overleaf, in comparison to the 65 requests received and actioned for the same period in 2015/16 and the 63 requests received and actioned for the same period in 2013/14.

Audit Consultancy & Advice ~ Quarter 1 April-June Comparison 2013/14 - 2014/15 - 2015/16



Additional Assurance Work Undertaken by Internal Audit

In addition to the planned work detailed above, the Internal Audit Team have also undertaken work in other areas for which a formal report has not been issued although time has been allocated within the Internal Audit Annual Plan as approved by the Audit Committee in March 2015 as summarised below:-.

Information Communications Technology (ICT)

- Full review of the corporate ICT policy to include full acknowledgement by all Staff.
- Assistance to the Human Resources Team in the implementation of electronic staff record forms.
- Attend the ICT Strategy Board and ICT Security Group.

Contracts & Procurement

- Monitor the contract payments for the Leisure Centre build.
- Monitor the spend against the Public Realm Scheme.
- Review the Procurement Card Guidance with the implementation of new p-cards.
- Assist with a review of the Corporate Contract Procedure Rules & Financial Regulations

Wyre Forest Forward ~ Interventions

As part of the Consultancy and Advisory role detailed within the Internal Audit Plan, members of the Internal Audit Team continue to be involved in Wyre Forest Forward Systems Thinking reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised.

Where it is not possible to accommodate this work within the Internal Audit Plan, costs will be met from the Transformation Project funds. The role of the Audit Team is to ensure that risk is mitigated in the event of proposed changes to current systems.

Corporate Issues

During the quarter, Internal Audit have also undertaken work in connection with the annual Fraud and Corruption surveys which contribute to providing assurance on corporate governance within the Council, as well as towards the national picture.

Other corporate issues have also featured within the work of the audit team whereby specific projects have been commissioned requiring Internal Audit assistance in the review of protocol and procedures.

This quarter has also involved Internal Auditor time in progressing a part time Corporate Fraud/Debt Recovery post to be in situ from September 2015 to work with the Audit Manager in the investigation of potential internal fraud/error; ensuring compliance with Government Legislation, Council Policies including the Strategy for Dealing with Theft, Fraud & Corruption, Financial Regulations, Fraud Response Plan.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
28TH SEPTEMBER 2015**Risk Management – Corporate Risk Register**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall Tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register as at 31 st July 2015 Appendix 2 – Budget Risk Matrix 2015~16

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee of the current Corporate Risk Register and the Budget Risk Matrix attached as Appendices 1 and 2.

2. RECOMMENDATIONS

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 31st July 2015 and the 2015/18 Budget Risk Matrix.**

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 is 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 subject to a fundamental review during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services.
- 3.4 Since this externally facilitated fundamental review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Chief Financial Officer in liaison with the Cabinet Member for Resources . The Corporate Risk Register for 2015~16 attached as Appendix 1 has been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.

- 3.5 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium Term Financial Strategy attached as Appendix 2.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Members includes a Risk Management Section and in addition to this, specific registers are maintained and monitored separately for significant individual projects.
- 4.2 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Budget Monitoring Reports to Cabinet.
- 4.3 The external auditors Grant Thornton have recognised the work the Council has achieved in this area. This was documented within the Audit Findings Report 2013/14, considered by the Audit Committee on 29th September 2014. This report stated:

“The Council had adequate risk management arrangements in place with regular reporting of strategic risks to Members. Regular financial and non-financial performance information is both provided to officers and Members.”

A “green” assessment was made as part of the Assurance Framework/Risk Assessment.

- 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 2015 and agreed by CLT. The Corporate Risk Register will continue to be reported on a 6 monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015, state that:
“A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”
- 6.2 In addition Regulation 4 of the Accounts and Audit Regulations 2015 also state that:
“The financial control systems determined must include measures to ensure that risk is appropriately managed”.

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- 6.3 The Council's corporate Governance Framework considered by the Audit Committee on 17th March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

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

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

8. CONCLUSION

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

9. CONSULTEES

- 9.1 Corporate Leadership Team.
9.2 Cabinet Member for Resources.

10. BACKGROUND PAPERS

- 10.1 Audit Committee ~ 30th March 2015~Corporate Risk Register.

Corporate Risk Register 2015/16



CORPRISK01	Regular change in the political balance/direction of the Council. The Council has a history of being hung and the financial position at the start of the year was finely balanced. However, the results of the All-Out elections in May 2015 mean we now almost certainly have a period of political stability for several years. Having elections by thirds does not help to provide political stability should there be a more finely tuned balance in the Council in the future. The LGA would provide a package of support to help mitigate risk in the transitional period should this be necessary in the future.					
	Original Matrix		Current Risk Matrix		Target Risk Matrix	

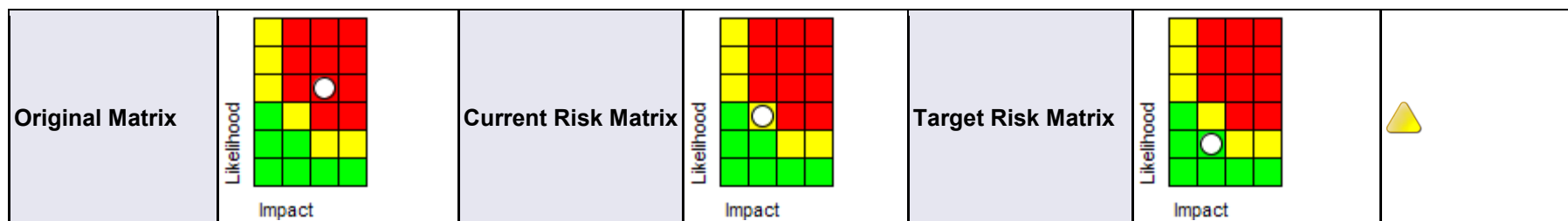
MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward. This also includes regular meetings of the Group Leaders and the Corporate Induction Plan May - July 2015.	Alison Braithwaite	31-Mar-2016	Corporate Plan and Priorities briefing undertaken for Members on 14th May 2015 as part of induction programme. An update on specific Wyre Forest Forward projects was tabled at the meeting of Group Leaders on 23rd June 2015.	20%	
LGA Assistance	Ian Miller	31-Mar-2016	No need for LGA Assistance following the May 2015 election.	100%	

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., Phase 2 of which has commenced.
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Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Apply systems thinking methodology to the purposeful system of 'Help me make good financial and budgeting decisions'	Tracey Southall	01-Sep-2016	Phase 1 restructure on target for implementation 01.09.15. Phase 2 scheduled to commence in September 2015.	<div style="border: 1px solid black; padding: 2px; width: 50px; display: inline-block;">73%</div>	▶
Apply systems thinking methodology to the purposeful system of "Our greatest resource is our people, and we will support and enable them to 'work well' for WFDC"	Vickie Lee; Ian Miller	31-Mar-2016	New recruitment procedure has been implemented.	<div style="border: 1px solid black; padding: 2px; width: 50px; display: inline-block;">68%</div>	▶

CORPRISK03	<p>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. The Council is now in its fourth year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council as part of the North Worcestershire Economic Development and Regeneration Service it is part of two local enterprise partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council of we are unable to sustain the baseline level of the business rates reflected in government projections. Membership of the Worcestershire Business Rates Pool can only mitigate this risk to a certain extent and economic growth is key to the future financial sustainability of the Council.</p>
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
<p>Collection of Council Tax and Business Rates Local Council Tax Discount now requires approximately 5000 Customers to pay at least 10% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme now requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.</p>	Ian Miller	31-Mar-2016	Percentage collection rates in line with prior years (slightly up for business rates, slightly down for council tax as at end August) although absolute amounts collected are much higher in both cases. A pilot of increased activity in recovery has demonstrated improved performance and generated greater income than costs: it underpins a business case to provide additional staffing resource in this area, which is being progressed as part of discussions with major precepting authorities.	20%	▶
Bewdley Medical Centre	ESO Executive Support Team; Mike Parker	30-Jun-2016	Gardners' Meadow Village Green application has been lost and preparatory works underway to lay out additional car parking spaces. £4,000 financial contribution towards cost of providing additional car parking now received from Bewdley Town Council.	87%	▶
Kidderminster Town Centre Public Realm Framework	ESO Executive Support Team; Mike Parker	01-Oct-2015	Completion of works to High Street/Vicar Street delayed due to difficulties encountered in achieving satisfactory tolerance between finished level of blocks;	75%	▶

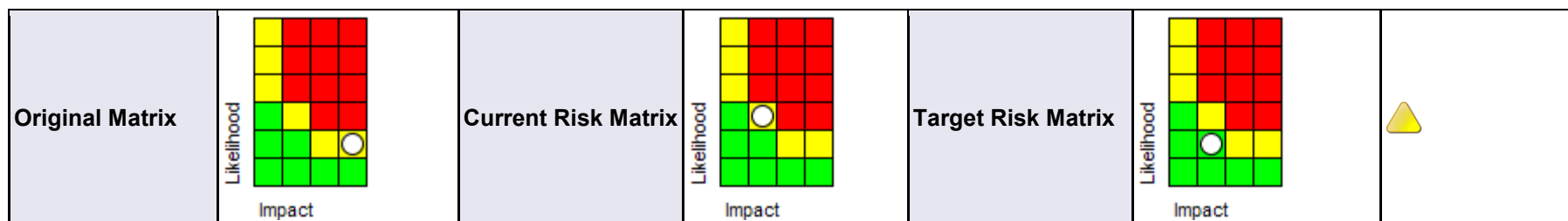
			now expected that works will be complete in October with some relifting and laying to take place. Works to Exchange Street now likely to begin during October, exact timetable for implementation subject to works being carried out by statutory undertakers to amend their services.		
Redevelopment of former Lloyds Garage site and adjoining land (STC.4)	Mike Parker	31-Dec-2016	Meeting took place 3rd September, revised residual calculation provided by H2O indicates funding gap which partners are looking at alternative ways of overcoming. H2O to review costs of making a planning application with a view to advancing an application sooner rather than later.	50%	▶
Business Rates Retention Scheme	Mike Parker; Tracey Southall	31-Mar-2016	The 2010 rating list GP surgery appeals have a net impact for this Council of £300,000 in 14/15 and an ongoing impact of £133k for future years. The outcome of DCLG representation is awaited.	20%	▶





CORPRISK04 **Unable to deliver good quality, affordable homes.** The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand is decreasing. Adopted plan is being reviewed in 15/16. The emerging national position regarding changes in Right to Buy legislation could lead to a review of this risk.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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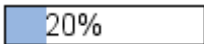





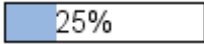



MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Continue to implement actions from the Housing Strategy including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey; Paul Curry	31-Mar-2016	Implementing actions from the Housing Strategy are under increasing strain due to public sector austerity. Cuts to rent increases for Housing Associations will impact on their ability to deliver new affordable housing and anything other than core services e.g additional services such as tenancy support or employment support to help people get back into work. The housing related support cuts (from Public Health Ring-fenced Grant) will put accommodation that provides support at risk e.g. Bromsgrove Street foyer and affect the Councils ability to discharge it's homeless duties in a timely and cost effective way. The new plans for the Right To Buy are likely to see further sales of good quality accommodation with replacement of units in the current economic climate being severely restricted.	50%	

CORPRISK05	<p>Unable to deliver a sustainable budget for the long term. Although the 2015/18 Medium Term Financial Strategy projects a much lower level of reserves being used over the next 3 years, the success of this strategy is reliant on the delivery of significant savings of over £1m per annum between now and 2018. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance of external income streams/funding brings with it increased risk around the continuation of these income streams that are based on the decisions of third parties. Continuing risks around the Business Rates Retention Scheme and the potential for the imposition of further reductions/cessation in Government funding streams post the 2015 General Election represent significant corporate financial risk. These risks include the uncertainty around the future of New Homes Bonus; although it is now less likely to be abolished there may be a review of the passporting arrangements The Emergency Budget on the 8th July 2015 indicated that further funding reductions of between 25% and 40% may be required over the term of this Parliament. More will be known on the 25th November when the Autumn Statement is published. Business Rates growth and the risk of Appeals resulting in lower Business Rates yield is also an important funding element of the budget and represent a key risk to future sustainability. This is closely allied to Corporate Risk 03.</p>
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MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Delivery of the Wyre Forest Forward Programme likely to be even more challenging given the growth in the target savings assumed in the approved budget requiring £1.263m further savings in the next 3 years	Tracey Southall	31-Mar-2016	Total savings now achieved have increased to 88% by end of August 2015.	88%	
Municipal Mutual Insurance Clawback - Budget Pressure	ESO Executive Support Team; Tracey Southall	31-Mar-2016	No further communications received to date.	70%	
Waste Disposal Costs - the planned closure of the Hartlebury tipping site will mean the District incurs additional transport and staffing costs and there is a risk that the County will not fully reimburse these costs. Negotiations will seek to mitigate this.	Steve Brant; Linda Collis	31-Mar-2016	Agreement reached with Worcestershire County Council on covering extra associated costs. Situation will be monitored on a quarterly basis.	100%	
Income generation and car parking income. There are ambitious assumptions for generating additional income included in the Medium Term Financial Strategy and the Income Generation Group will work to achieve these. The car parking review reported in	Linda Collis	31-Mar-2016	Decision made on increase to parking charges with an implementation date of 1st October 2015. This will generate increased income of £67,000 in a full year. Cultural services income targets exceeded. Generating income group monitoring situation regularly.	100%	

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June 2015 resulted in recommendations that protect this significant income stream going forward.					
Potential extension of the Local Council Tax Reduction Scheme up to 20% may be considered as part of this year's budget strategy.	Lucy Wright	31-Mar-2016	Consultation on a range of possible changes is underway and finishes in September. Appropriate steps will be taken to minimise the risk if agreed changes result in an increase in contributions by low income working age residents.		
Rationalisation of current provision to provide sustainable future leisure centre	ESO Executive Support Team; Linda Collis	31-Jul-2016	Topping out ceremony organised for September 2015. All progressing as per timetable.		
Business Rates Retention Scheme	Mike Parker; Tracey Southall	31-Mar-2016	The 2010 rating list GP surgery appeals have a net impact for this Council of £300,000 in 14/15 and an ongoing impact of £133k for future years. The outcome of DCLG representation is awaited.		
The drive for income generation currently has a high profile to help deliver a sustainable budget and avoid the need for service reductions. The income generation group is led by Linda Collis and works across directorates on this important initiative.	Linda Collis; Tracey Southall	31-Mar-2016	30 officers attended commercial awareness training course, individual income targets met or exceeded in most cases. Back office systems and online services are the current priority to ensure efficient systems for external customers.		
Ongoing customer engagement and involvement to ensure our services/products remain competitive and continue to attract levels of external income/funding required for the budget.	Linda Collis, Ian Miller, Caroline Newlands, Mike Parker, Alison Braithwaite/WF20	31-Mar-2016	CLT and WF20 review of current customer/funding levels do not currently reveal any emerging problems		

CORPRISK06	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, health and safety requirements and inspection regimes to meet our insurers high standards.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Support and advice on major strategic projects to ensure sound and robust arrangements.	Jane Alexander	31-Mar-2016	Work continues to support colleagues with advice needed on any major projects.	<input type="text" value="25%"/>	
Safeguarding Vulnerable Children - the Rotherham case, human trafficking and child exploitation have highlighted potential issues around safeguarding that we will review to ensure our procedures systems are robust.	Linda Collis	31-Mar-2016	Members Briefing on Safeguarding and CSE scheduled for later this year. Representation from the District at all safeguarding levels to ensure monitoring and implementation of threshold guidance.	<input type="text" value="100%"/>	
Training Support and advice for Service Managers from Zurich Municipal Risk Management Specialists as part of our insurance contract.	Tracey Southall	31-Mar-2016	Zurich presentation to WF20 on the 13th May.	<input type="text" value="100%"/>	
Upgrade and enhance the current Fraud Compliance Service	Dave Johnson	31-Jul-2015	The new part time post of Corporate Fraud Compliance and Debt Recovery Officer is now in place to be effective from 1st September to resource this action further.	<input type="text" value="40%"/>	

CORPRISK07	<p>Implementation of New ICT Strategy. There continues to be significant investment in the development of technology at the Council. A new ICT Strategy was agreed in 2013/14 and this is in the process of being implemented across the authority. The new website has been implemented and the focus continues to be on, supporting the move to greater self-service by customers, ensuring continued PSN compliance, update systems to ensure best value / efficiencies and refresh Server / Storage platform to deliver ICT services / and systems over the Medium Term Financial Strategy. There are emerging issues around some integration limitations that may hinder some transformation workstreams. A risk of reliance on key suppliers for, network products also exists as the ICT market is very fast paced and companies can frequently be subject to merger/changed ownership. The Council also has some unsupported software that may become out of date; consideration of this issue is included within the ICT Strategy.</p>					
	Original Matrix		Current Risk Matrix		Target Risk Matrix	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Investigate potential replacement to current CRM	ESO Executive Support Team; Dave Johnson	30-Sep-2015	4 x Ipad mini have been handed out to supervisors for reporting and updating info while working remotely.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; color: white; display: flex; align-items: center; justify-content: center;">90%</div>	
Upgrade and enhance the current Fraud Compliance Service	Dave Johnson	31-Jul-2015	The new part time post of Corporate Fraud Compliance and Debt Recovery Officer is now in place to be effective from 1st September to resource this action.	<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>	
Review and Replacement current Help Desk	Dave Johnson	30-Nov-2015	Continuing to use old help desk for time being, Spiceworks help desk not fully implemented due to workload on ICT and moving tenants systems over.	<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>	
Identify members' requirements and supply appropriate managed device	Dave Johnson	31-Jul-2015	All new members have had their ICT needs assessed and been issues with either ipads or laptops except 1. Due to contact remaining member next month.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; color: white; display: flex; align-items: center; justify-content: center;">75%</div>	

CORPRISK08	<p>Not able to maintain a skilled and motivated workforce. Against the background of a move away from the National Pay Agreement, locally agreed modest 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. Various restructures 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.</p>					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Develop a Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Vickie Lee	31-Mar-2016	Budget allocated for 2015-16 Wyre Forest Futures discussions underway Management development Learning Needs Analysis underway with CLT	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;">25%</div>	▶
Develop initiatives to support workforce through organisational change including involvement of staff through suggestion scheme and System Thinking. The continued practice of regular staff surveys allows the leadership team to develop initiatives to respond positively to feedback and suggestions.		31-Mar-2016	Supporting Colleagues Personal resilience course designed and pilot delivered. Now available to be run subject to demand Buddy support system established and publicised Employee access to coaching and mentoring to be developed Employee Engagement A range of established engagement tools are used by staff to feed in their views on corporate and organisational development matters. These include the suggestion scheme, corporate briefings with the Chief	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #4f81bd; display: flex; align-items: center; justify-content: center;">47%</div>	▶

			Executive and Leader and workshops and learning sessions on Wyre Forest Forward and Systems Thinking. A staff survey is undertaken on a regular basis.		
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CORPRISK09 **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 pace of change and need to continue to deliver key projects, represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings and the ability to provide effective leadership for the management of the Council. The review of the CLT structure has been completed and resulted in agreement on "enhanced status quo".

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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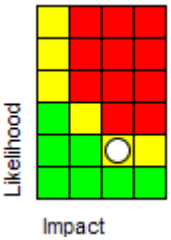
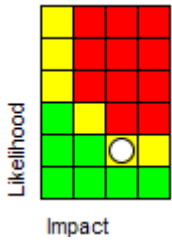
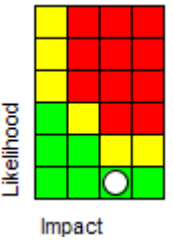

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure resources are monitored and managed to protect capacity issues when Systems Interventions take place. The Transformation Fund is used to allocate funding to support interventions.	Ian Miller	31-Mar-2016	Funding is in place for the depot review and also for the income generation work.	<input type="text" value="40%"/>	





CORPRISK10	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. The May 2015 election results suggested positive public support for the current administration and this should aid reputational issues.					
	Original Matrix		Current Risk Matrix		Target Risk Matrix	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
To continue to proactively implement the Council's Reputation Management Plan in accordance with the revised Communications Strategy. To review on a monthly basis.	Alison Braithwaite	31-Mar-2016	Reputation Management session held for Members on 17th June 2015 as part of Induction Plan. Corporate Roadshows held throughout the summer to underpin the rollout of the revised Communications Strategy.	15%	
Employee and Member Engagement	Alison Braithwaite	31-Mar-2016	Ongoing consultation and engagement opportunities features in Wyred Weekly which both staff and Members are encouraged to participate in.	15%	
Apply systems thinking methodology to the purposeful system of 'Help me make good financial and budgeting decisions'	Tracey Southall	01-Sep-2016	Phase 1 restructure implemented on 01.09.15. Phase 2 commenced in September 2015.	73%	

CORPRISK11	<p>Member skills and/or competencies could be inadequate. All political groups sometimes struggle to find suitable candidates with relevant skills and competencies to represent them in elections. The number and calibre of candidates that took part in the May 2015 elections for a smaller number of seats suggests this has improved. 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. Following the May 2015 elections there are a number of newly elected members moving straight into Cabinet and lead committee positions; this may require additional mentoring.</p>					
	Original Matrix		Current Risk Matrix		Target Risk Matrix	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward. This also includes regular meetings of the Group Leaders and the Corporate Induction Plan May - July 2015.	Alison Braithwaite	31-Mar-2016	Corporate Plan and Priorities briefing undertaken for Members on 14th May 2015 as part of induction programme. An update on specific Wyre Forest Forward projects was tabled at the meeting of Group Leaders on 23rd June 2015.	20%	
Ensure newly elected members taking up lead positions in the Council are mentored to enable their skills to be fast tracked	Alison Braithwaite	31-Mar-2016	Newly elected Members in lead positions are encouraged to meet regularly with relevant service managers and attend available training to support them in their roles.	15%	

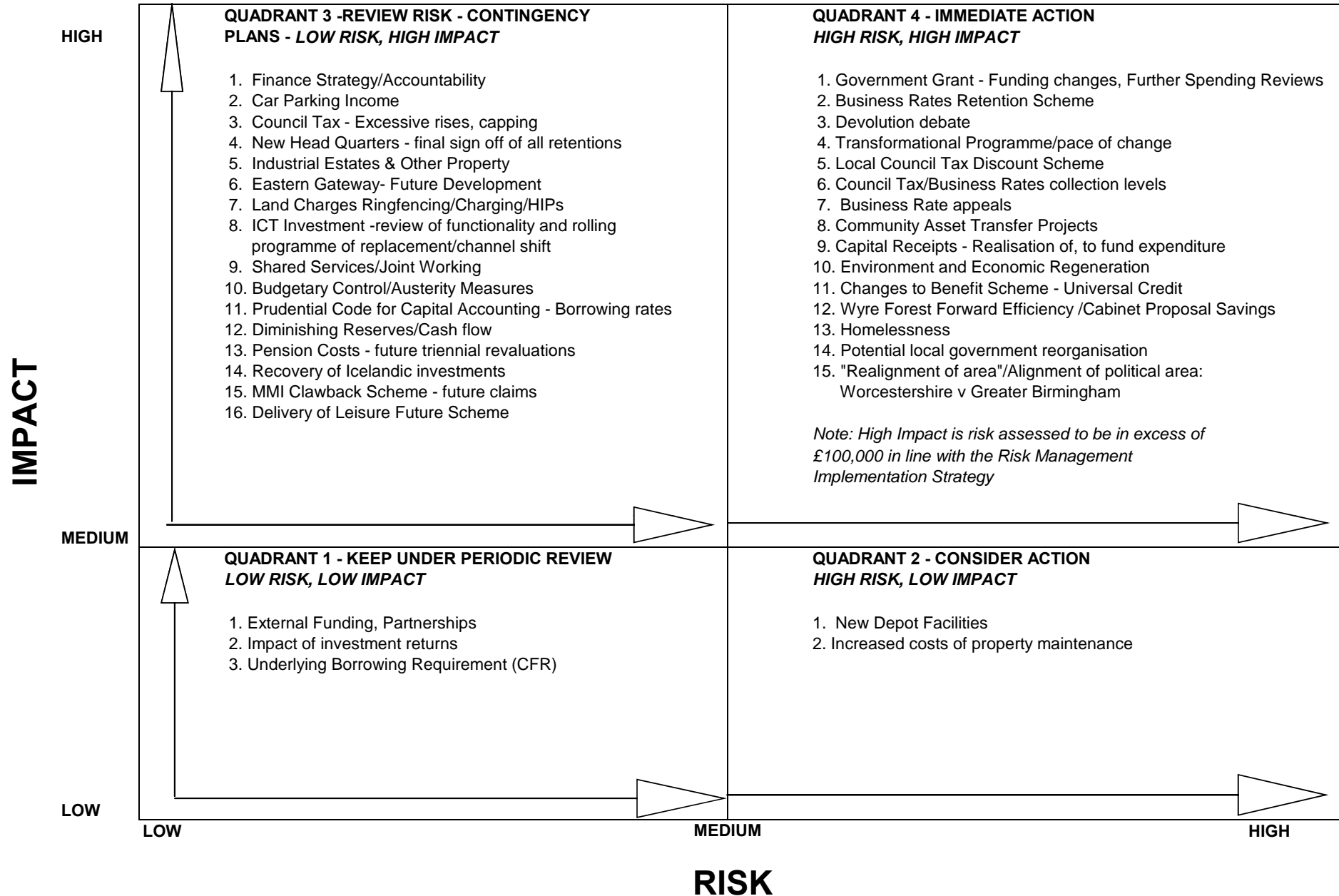
CORPRISK12	Unable to ensure a secure network which would make ICT vulnerable to attacks and threats. The Council has successfully achieved PSN compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
Ongoing patching of servers/workstations	Dave Johnson	31-Mar-2016	ICT have been concentrating on risk / issues raised as par of the 2015 penetration test including, upgrading servers / SQL versions, updating complex passwords, removing administration rights if no longer required, retire old server, upgrading applications (this has involved suppliers)	<div style="width: 60%; background-color: #4f81bd; border: 1px solid black;"></div> 60%	
Upgrade Windows 2003 servers and automate patching od desktops using SCCN	Dave Johnson	31-Oct-2015	Remaining server that require upgrades to be done by suppliers. Majority in progress or being scheduled.	<div style="width: 10%; background-color: #4f81bd; border: 1px solid black;"></div> 10%	
Annual Penetration Tests	Dave Johnson	31-Mar-2016	Annual Penetration test due late 2015 early 2016	<div style="width: 0%; background-color: #4f81bd; border: 1px solid black;"></div> 0%	
Cessation of unmanaged end user devices	ESO Executive Support Team; Dave Johnson	31-Oct-2015	A number of outstanding issues on penetration test ICT are addressing. Update report to cabinet office last Friday re progress, awaiting their response. Clarification on Bring Your Own Devices once we have been accredited.	<div style="width: 70%; background-color: #4f81bd; border: 1px solid black;"></div> 70%	

CORPRISK13	Unable to deliver satisfactory services through alternative Service Delivery Models including Shared Service arrangements and the potential devolution of services public service reform and/or combined arrangements. The Council is partner in a number of Shared Services - Worcestershire Regulatory Services, Emergency Planning, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service.					
	Original Matrix		Current Risk Matrix		Target Risk Matrix	

MITIGATING ACTIONS					
Description	Assigned To	Due Date	Latest Note		
To ensure that governance arrangements are appropriate for all forms of service delivery including shared services. This is to include any impact as a result of the devolution debate. This may result in significant change to service delivery based around combined authorities and elected mayors and would present a challenge in terms of revised governance arrangements.	Ian Miller; Caroline Newlands; Tracey Southall	31-Mar-2016	Governance arrangements for changed/new types of service delivery are given careful consideration to ensure they are robust and appropriate. The monitoring officer and her team provide advice and guidance in all cases.	<input type="text" value="60%"/>	
To review the governance arrangements as appropriate for Worcestershire Regulatory Services (WRS)	Mike Parker	31-Mar-2016	Cabinet report on revised governance arrangements to be considered on 16th September and by Council on 30th September with new arrangements coming into effect on 1st April 2016.	<input type="text" value="50%"/>	

BUDGET RISK MATRIX 2015/2018



BUDGETARY RESPONSE TO EACH RISK MANAGEMENT ISSUE IN ORDER OF QUADRANT

ISSUE	BUDGETARY RESPONSE
<p>Quadrant 1 - Low Risk, Low Impact</p> <p>1. External Funding, Partnerships</p> <p>2. Impact of Investment Returns</p> <p>3. Underlying Borrowing Requirement (CFR)</p>	<p>Keep under periodic review</p> <p>Continue to evaluate sustainability of each scheme as part of project appraisal.</p> <p>Continue to monitor and report as appropriate. The Governor of the bank of England has indicated that the rate will remain at 0.50%, possibly until the end of this calendar year. Balances available for investment are reducing over the MTFP and this together with the lower returns has been taken into account in the base budget. We continue to work with Capita Asset Services in this area.</p> <p>The rising CFR over the term of the Budget Strategy will be carefully monitored in close liaison with Capita Asset Services to gauge both the timing and type of external borrowing.</p>
<p>Quadrant 2 - High Risk, Low Impact</p> <p>1. New Depot Facilities</p>	<p>Consider Action</p> <p>Under consideration as part of a medium term Budget Process</p>
<p>Quadrant 3 - Low Risk, High Impact</p> <p>1. Finance Strategy/Accountability</p> <p>2. Car Parking Income</p> <p>3. Council Tax - Excessive rises, referendum</p> <p>4. New Headquarters final sign off of all retentions</p> <p>5. Industrial Estates and Other Property</p> <p>6. Eastern Gateway - Future Development</p> <p>7. Land Charges Ring fencing /Charging/HIPs</p> <p>8. ICT Investment - review of functionality and rolling programme of replacement/channel shift</p> <p>9. Shared Services Joint working</p> <p>10. Budgetary Control/Austerity Measures</p> <p>11. Prudential Code for Capital Accounting – Borrowing rates</p> <p>12. Diminishing Reserves/Cash flow</p> <p>13. Pension Costs - future triennial revaluations</p> <p>14. Recovery of Icelandic Investments</p> <p>15. MMI Claw back Scheme - further claims</p> <p>16. Delivery of Leisure Future Scheme</p>	<p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy. Usages/Income level will continue to be closely monitored</p> <p>Low risk due to political prudence/Key Commitments.</p> <p>Managed closely by CLT/Cabinet</p> <p>Managed through Property Disposal Strategy</p> <p>Development opportunities continue to be explored.</p> <p>Reduced income allowed for within Base Budget reduces the scale of any challenge.</p> <p>ICT Strategy Group oversees/enhances the governance, planning and delivery arrangements of the strategy between ICT and council service areas</p> <p>Shared Services partnerships continue to contribute to collaborative efficiencies but will be monitored to ensure risk is managed and mitigated.</p> <p>Continue to discourage non-essential expenditure, monthly budget monitoring reports provide more management information</p> <p>External borrowing is now £5m, rates remain low but the economy is still volatile and future rates difficult to predict; Capita Asset Services continue to provide technical advice</p> <p>Cash flow management will be tighter given reduction in capital and revenue reserves. Consideration to be given to trialling "Treasury Live" within the Capita Passport system to improve management information to help mitigate any risk in this area.</p> <p>The next triennial revaluation will commence as at 31st March 2016. The result will be closely monitored.</p> <p>The Council continues to monitor this closely and is confident that the overall return will be close to full recovery.</p> <p>The contingent liability in respect of the potential exposure to future claims has been mitigated by an ear marked reserve.</p> <p>Managed closely by CLT/Cabinet</p>
<p>Quadrant 4 - High Risk, High Impact</p> <p>1. Government Grant –Funding Changes, further Spending Reviews, recent Spending round and New Homes Bonus</p> <p>2. Business Rates Retention Scheme</p> <p>3. Devolution Debate</p> <p>4. Transformational Programme/pace of change</p> <p>5. Local Council Tax Discount Scheme</p> <p>6. Council Tax/Business Rates collection levels</p> <p>7. Business Rate Appeals</p> <p>8. Community Asset Transfer Projects (CATS)</p>	<p>Immediate Action</p> <p>Significant issue given the scale of the Spending deficit. The early budget process will assist Wyre Forest Forward coordinating Councils future plans. Funding arrangements introduce uncertainty and risk, our membership of the Worcestershire Pool should mitigate this, together with our robust regeneration programme</p> <p>This will be monitored closely by CLT/Cabinet</p> <p>Wyre Forest Forward is managing the Transformation Process.</p> <p>The impact of the Local Scheme will be kept under review by the Chief Financial Officer/CLT</p> <p>Assumptions in relation to decreased collection rates have been made in the Council Tax Base calculations as a result of the Local Council Tax Discount Scheme and these will be carefully managed and reported on.</p> <p>Appeals introduce uncertainty and risk, The latest information concerning GP Surgery Appeals has had a significant impact on the Worcestershire Pool and this will be managed closely by CLT/Cabinet.</p> <p>Wyre Forest Forward is continuing to manage CATS with CLT</p>
<p>Quadrant 4 - High Risk, High Impact</p> <p>9. Capital Receipts - Realisation of to fund expenditure</p> <p>10. Environment and Economic Regeneration including STC4</p> <p>11. Changes to Housing Benefit Scheme – Universal Credit - continued uncertainty</p> <p>12. Wyre Forest Forward Efficiency /Cabinet Proposal Savings</p> <p>13. Homelessness</p> <p>14. Potential local government re-organisation</p> <p>15. Realignment of Area/Alignment of political area: Worcestershire v Greater Birmingham</p>	<p>Immediate Action</p> <p>Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary.</p> <p>The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT</p> <p>The major overhaul of the benefits systems continues to be carefully managed and monitored</p> <p>CLT/Cabinet will continue to manage progress as part of the MTFP.</p> <p>The Council Tax Benefit Reform and progressing Welfare Reform and Universal Credit could all increase the number of Homelessness cases within the district. This will be carefully monitored and managed by the Housing Team.</p> <p>CLT/Cabinet will closely monitor and respond to any consultation on the potential for local government reorganisation</p> <p>CLT/Cabinet will continually monitor the proposals put forward for each area.</p>