

Open

Audit Committee

Agenda

6pm
Monday, 30th November 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, 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, 30th November 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 28th September 2015.	5
5.	Audit Update To receive the Audit Update from Grant Thornton.	9
6.	Annual Audit Letter and Audit Opinion To receive the Annual Audit Letter and Audit Opinion from Grant Thornton.	25
7.	Internal Audit Monitoring Report Quarter Ended 30th September 2015 To receive a report from the Principal Auditor that informs Members of the Internal Audit Monitoring Report for the quarter ended 30 th September 2015.	31

8.	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.	
9.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.</p>	

Part 2

Not open to the Press and Public

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

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

28TH SEPTEMBER 2015 (6PM)

Present:

Councillors: J Phillips (Chairman), T A Muir (Vice-Chairman), P Dyke,
A T Hingley, J A Shaw and J D Smith.

Observers:

Councillor N Knowles attended as an observer.

AUD.11 Apologies for Absence

There were no apologies for absence.

AUD.12 Appointment of Substitutes

There were no substitutes appointed.

AUD.13 Declarations of Interests by Members

No declarations of interest were made.

AUD.14 Minutes

Agreed: The minutes of the meeting held on 29th June 2015 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.15 Audit Findings Report for Wyre Forest District Council – 2014/15 Final Accounts

The Panel received a report from Grant Thornton regarding the findings of the Audit of Accounts for 2014/15.

The Audit is now complete subject to the official adoption of the accounts.

The Engagement Lead of Grant Thornton advised that the accounts were of good quality and the officers had been very diligent in the work that they had undertaken.

It was highlighted that a number of adjustments to the draft accounts were agreed with the Chief financial Officer:

- Leisure Centre Asset Valuation adjustments
- Accounting re-designation of Business Rates earmarked reserve to a

- provision
- An increase in the provision for Business Rate appeals due to Valuation Office Agency decision on GP surgeries

The Value for Money conclusion was also positive with all significant risks given a green rating and an unqualified Value for Money conclusion.

Councillor Shaw requested clarification on the comprehensive income and expenditure table and queried what these figures signify in terms of capital and revenue that Members are used to seeing. The Engagement Lead advised that item 1 in the table is revenue and does affect the balance sheet whereas items 2 and 3 are accounting adjustments in relation to balance sheet presentation of property, plant and equipment and do not impact on the accounts “bottom line”.

Councillor Hingley queried the reference to Wyre Forest District Council having a relatively high net spend per head and also not choosing outsourcing as a response to poor service delivery. Both the Engagement Lead and the Senior Manager confirmed that these were highlighted in the benchmarking data as ways in which we differ to other local authorities and not necessarily negative factors.

Councillor Shaw reminded the Committee that a detailed document had been made available to them at a previous meeting with Grant Thornton that showed significant variations in how funds were allocated.

Agreed: The report was noted by the Committee.

AUD.16 Statement of Accounts 2014/15

The Chief Financial Officer led Members through the report and advised that approval was sought for both the accounts (following the adjustments to the draft accounts agreed with Grant Thornton) and the Letter of Representation as set out at Appendix 1.

The Chief Financial Officer thanked the Principal Accountant and the finance team for their work to finalise the accounts, particularly in relation to the technical post audit adjustments. It was very pleasing to achieve an unqualified audit opinion for this challenging year.

The Chief Financial Officer highlighted that the change to the Business Rate Appeals for GP Surgeries had impacted on the “bottom line” in comparison to the Leisure Centre and NNDR changes which are technical changes to the accounts presentation.

The Chief Financial Officer highlighted to Members that a simplified version of the accounts is available. This will be made available in leaflet form at the Hub and on the website.

Councillor Hingley thanked staff for their work on the accounts this and also commented that the accounts did highlight what a challenging position local authorities find themselves in, especially as the reserves needed to be called

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upon to meet the extra costs as a result of the Business Rates appeals for GP surgeries.

Councillor Shaw also commented on the reliance of reserves and the subsequent level of uncertainty. He would welcome an item at Members' Forum on the Business Rates Retention System. The Chief Financial Officer advised that she would ensure a briefing is given to Members in a suitable format either at Members Forum or as part of the budget process.

Councillor Knowles questioned a reference to the creation of a Kidderminster Town Council and asked how this would mitigate risk. The Chief Financial Officer confirmed that Kidderminster Town Council will be a form of localism and partnership working to improve services to the public whilst generating savings.

Councillor Knowles also requested further explanation as to how the GP Surgery refund situation occurred. The Chief Financial Officer explained the background to this and also confirmed that it was a national change by the Valuation Office Agency and not specific to Wyre Forest.

**Decision: The revised Statement of Accounts for 2014/15 be approved.
The Letter of Representation for 2014/15 be approved.**

AUD.17 Internal Audit Monitoring Report Quarter to 30th June 2015

The Audit Manager led Members through the Quarter 1 update and highlighted the key areas within the report as a positive outcome there were no limited assurances on final audit reviews.

Councillor Knowles queried the actual against plan figure which for Quarter 1 was 88.42% which is slightly down on the target of 95%. The Audit Manager advised that this was due to some of her time being used for Corporate Projects and therefore not allocated to the work set out in the audit plan.

Agreed: The Internal Audit Monitoring Report for Quarter ended 30th June 2015 as detailed in the Appendix of the report to the Audit Committee be noted.

AUD.18 Risk Management Corporate Risk Register

The Chief Financial Officer led Members through the report and our current risks.

The Chief Financial Officer advised that Risk Management is well embedded throughout the authority as a whole. The Risk Register is updated quarterly and reported at least twice a year which is important as risks do change and develop over time.

Councillor Hingley asked about the Members Induction Programme that forms part of our suite of mitigating actions. Councillor Hingley noted the relatively high number of new Members following the May election and queried if the Induction Programme could be managed better to try to increase participation

Agenda Item No. 4

rates. The Chief Financial Officer confirmed that she would pass this comment on to the Head of Transformation and Communications who manages the Induction Programme.

Councillor Shaw requested clarification to H20 as referred to in an update note. The Chief Financial Officer confirmed this was a company working on our behalf.

Councillor Hingley raised concern about the update note regarding Bromsgrove Street Foyer and how it is potentially under threat. The Chief Financial Officer confirmed that the Strategic Housing Services Manager is monitoring the situation very carefully due to current funding pressures. The Chief Financial Officer also reminded Members that any future pressures will be reported as part of the budget strategy.

Councillor Shaw also expressed his personal view that out of all of the risks identified, the Housing risk may be the one that could increase. He advised he would support a referral to Overview and Scrutiny Committee where hopefully a revised policy position would be available.

Councillor Knowles requested clarification on the Budget Risk Matrix and the items listed in Quadrant 4. He queried whether the Devolution Debate and the "Realignment of Area" were of a very similar topic and also asked where Wyre Forest District Council stood on the issue of the Devolution Debate. The Chief Financial Officer advised that the Council is actively involved in emerging issues to keep up to date and engage with this very significant topic.

Agreed: The report was noted by the Committee.

AUD.19 Exclusion of the Press and Public

Decision: 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 paragraph 3 of Part 1 of Schedule 12A to the Act.

As part of agenda item 5, the meeting was taken into "exempt" due to a question raised by a Member. A discussion ensued regarding the Valuation of the Leisure Centre where Grant Thornton provided further details.

The meeting ended at 7.05pm.



Audit Committee Update for Wyre Forest District Council

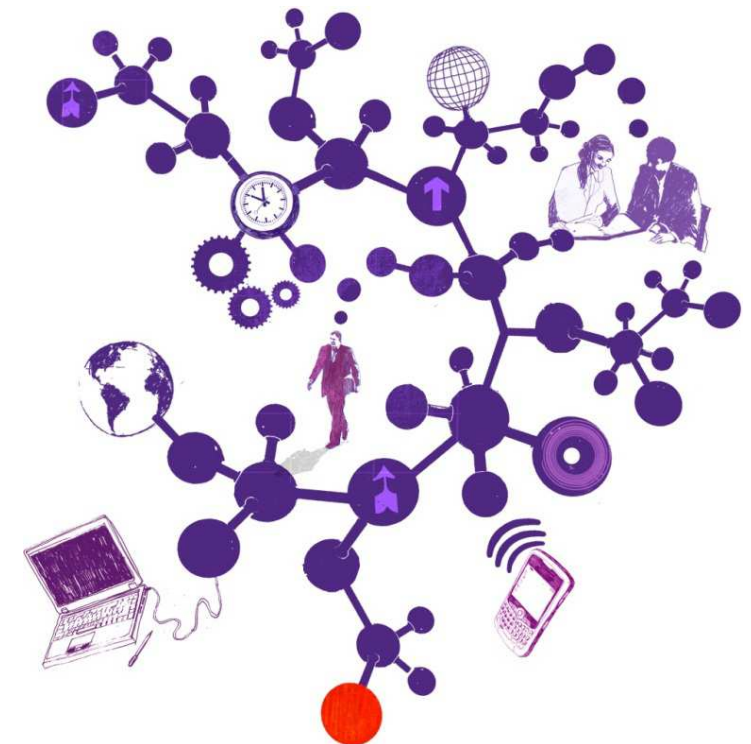
Year ended 31 March 2016

November 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



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

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Introduction

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

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

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

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

Mark Stocks - Engagement Lead T 0121 232 5437 M 07584 591488 mark.c.stocks@uk.gt.com
Richard Percival - Audit Manager T 0121 232 5434 M 07584 591508 richard.d.percival@uk.gt.com

Progress at November 2015

Work	Planned date	Complete?	Comments
<p>2015-16 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	<p>March 2016</p>	<p>No</p>	<p>We will complete our initial planning in February as part of our interim accounts visit. Our audit plan will be presented to the March Audit Committee meeting.</p>
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	<p>March 2016</p>	<p>No</p>	<p>Our interim audit work will be carried out in February and the outcomes reported to the March Audit Committee. It will include reporting of any significant value for money risks as required by the revised Code of Audit Practice.</p> <p>Our overall objective is to carry out more work at our interim visit to reduce the input and elapsed time at our final accounts visit.</p>
<p>2015-16 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	<p>July and August 2016</p>	<p>No</p>	<p>The deadline for submission of draft accounts and the completion of the audit is being brought forward in 2017/18 to 31 May and 31 July respectively. To help with the transition to this shorter period we are planning to complete our audit and issue our Audit Findings Report by 31 August 2016.</p>

Progress at November 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion The new Code of Audit Practice includes a revised approach to our value for money audit responsibilities.</p> <p>The scope of our work to inform the 2015-16 VfM conclusion will focus on any significant risks that we identify as part of our VfM audit planning.</p>	<p>January to June 2016</p>	<p>No</p>	<p>We will identify significant value for money risks as part of our audit planning process.</p>

Making devolution work: A practical guide for local leaders

Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With research partner Localis we have spent recent months speaking to senior figures across local and central government to get under the bonnet of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

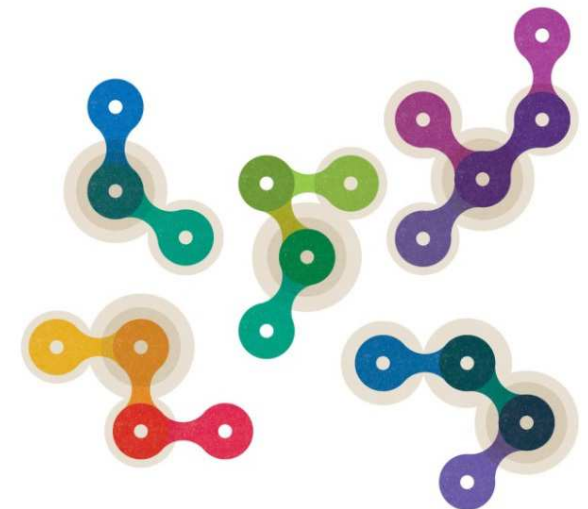
In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Turning up the volume: The Business Location Index

Grant Thornton market insight

Inward investment is a major component of delivering growth, helping to drive GDP, foster innovation, enhance productivity and create jobs, yet the amount of inward investment across England is starkly unequal.

The Business Location Index has been created to help local authorities, local enterprise partnerships, central government departments and other stakeholders understand more about, and ultimately redress, this imbalance. It will also contribute to the decision-making of foreign owners and investors and UK firms looking to relocate.

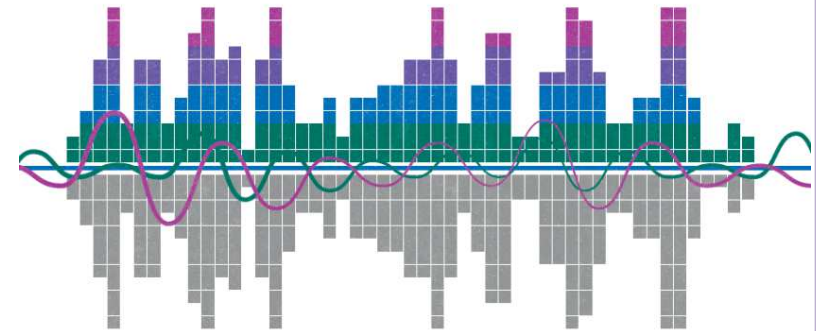
Based on in-depth research and consultation to identify the key factors that influence business location decisions around economic performance, access to people and skills and the environmental/infrastructure characteristics of an area, the Business Location Index ranks the overall quality of an area as a business location. Alongside this we have also undertaken an analysis of the costs of operating a business from each location. Together this analysis provides an interesting insight to the varied geography that exists across England, raising a number of significant implications for national and local policy makers.

At the more local level, the index helps local authorities and local enterprise partnerships better understand their strengths and assets as business locations. Armed with this analysis, they will be better equipped to turn up the volume on their inward investment strategy, promote their places and inform their devolution discussions.

The report 'Turning up the volume: The Business Location Index' can be downloaded from our website:

<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/business-location-index-turning-up-the-volume.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Growing healthy communities: The Health and wellbeing index

Grant Thornton market insight

Our Place Analytics team reveals how collaboration between local authority stakeholders can help address health quality determinants (social, economic and environmental) and result in improved health outcomes (quality of lifestyle and health conditions).

It has long been recognised that the health of a population is strongly linked to the circumstances in which people live. Our index assesses 33 key health determinants and outcomes of health for the 324 English local authorities, to provide a coherent, national story on health and wellbeing. It highlights the scale and nature of inequality across the country and reiterates the need for a local, place-based approach to tackling health outcomes.

The purpose of this report is to help stakeholders – NHS providers and clinical commissioning groups (CCGs), local authorities, health and social care providers, housing associations, fire authorities and the police – to improve collaboration through a better understanding of the correlation between the economic, social and environmental health determinants and the health outcomes within their locality. It includes a concluding checklist of questions to help facilitate discussions in the light of joint service needs assessments.

The data behind the index also allows segmentation which reveals areas around the country with similar health determinants, but better outcomes. This underscores the need to work in collaboration with peers that may not be 'next door' if there is an opportunity to learn from 'others like us'.

Our report, Growing healthy communities: Health and Wellbeing Index, can be downloaded from our website: <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/growing-healthy-communities-health-and-wellbeing-index.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton

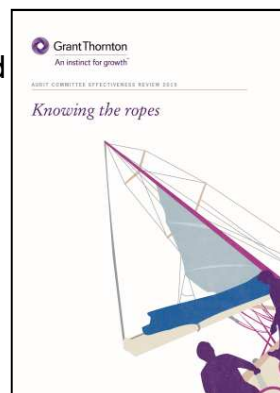
This is our first cross-sector review of audit committee effectiveness encompassing the corporate, not for profit and public sectors. It provides insight into the ways in which audit committees can create an effective role within an organisation’s governance structure and understand how they are perceived more widely. It is available at <http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

The report is structured around four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

It raises key questions that audit committees, board members and senior management should ask themselves to challenge the effectiveness of their audit committee.

Our key messages are summarised opposite.



Size: 3-5 members is an ideal size for an audit committee

Relevance: audit committee members should be selected based on the skills and experience they bring

Frequency: meetings should be regular and the length should adapt to content

Clarity: the role of the audit committee and its relationship with other committees, should be clearly defined

Communication: papers should strike the balance between detail and length

Ability: training should be provided for audit committee members

Evolution: audit committees should continually develop

The two key things that audit committee members should be asking are:

- 1 What is expected of the audit committee and does it reflect the specific nature of the industry in which the organisation sits?
- 2 Does the audit committee have clear terms of reference in place? Audit committees should set themselves targets for what they want to achieve and define how these will be measured to ensure they are operating effectively.

George Osborne sets out plans for local government to gain new powers and retain local taxes

Local government issues

The Chancellor unveiled the "devolution revolution" on 5 October involving major plans to devolve new powers from Whitehall to Local Government. Local Government will now be able to retain 100 per cent of local taxes and business rates to spend on local government services; the first time since 1990. This will bring about the abolition of uniform business rates, leaving local authorities with the power to cut business rates in order to boost enterprise and economic activity within their areas. However, revenue support grants will begin to be phased out and so local authorities will have to take on additional responsibility. Elected Mayors, with the support of local business leaders in their LEPs, will have the ability to add a premium to business rates in order to fund infrastructure, however this will be capped at 2 per cent.

There has been a mixed reaction to this announcement. Some commentators believe that this will be disastrous for authorities which are too small to be self-sufficient. For these authorities, the devolution of powers and loss of government grants will make them worse off. It has also been argued that full devolution will potentially drive up council's debt as they look to borrow more to invest in business development, and that this will fragment the creditworthiness of local government.

Councils must deliver local plans for new homes by 2017

Local government issues

The Prime Minister announced on 12 October that all local authorities must have plans for the development of new homes in their area by 2017, otherwise central government will ensure that plans are produced for them. This will help achieve government's ambition of 1 million more new homes by 2020, as part of the newly announced Housing and Planning Bill.

The government has also announced a new £10 million Starter Homes fund, which all local authorities will be able to bid for. The Right to Buy Scheme has been extended with a new agreement with Housing Associations and the National Housing Federation. The new agreement will allow a further 1.3 million families the right to buy, whilst at the same time delivering thousands of new affordable homes across the country. The proposal will increase home ownership and boost the overall housing supply. Housing Association tenants will have the right to buy the property at a discounted rate and the government will compensate the Housing Associate for their loss.

Improving efficiency of council tax collection

Local government issues

DCLG have published "Improving Efficiency for Council Tax Collection", calling for consultation on the proposals to facilitate improvements in the collection and enforcement processes in business rates and council tax. The consultation is aimed specifically at local authorities, as well as other government departments, businesses and any other interested parties. The consultation document states that council tax collection rates in 2014-15 are generally high (at 97 per cent), however the government wishes to explore further tools for use by local authorities and therefore seeks consultation from local authorities on DCLG's proposals. The consultation closes on 18 November.

The Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.

Code of Audit Practice

National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO plan to supplement the new Code with detailed auditor guidance in specific areas. The published draft audit guidance for consultation on the auditor's work on value for money arrangements in August 2015, which is due to be finalised in November 2015. The draft guidance includes the following.

- Definition of the nature of the opinion to be given – i.e. a "reasonable assurance" opinion as defined by ISAE 300 (revised)
- Definitions of what could constitute "proper arrangements" for securing economy, efficiency and effectiveness in the use of resources
- Guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified
- Evaluation criteria to be applied
- Reporting requirements.

Grant Thornton submitted a response to the consultation which closed on 30 September 2015.

Supporting members in governance

Grant Thornton and the Centre for Public Scrutiny

We have teamed up with the Centre for Public Scrutiny to produce a member training programme on governance. Elected members are at the forefront of an era of unprecedented change, both within their own authority and increasingly as part of a wider local public sector agenda. The rising challenge of funding reductions, the increase of alternative delivery models, wider collaboration with other organisations and new devolution arrangements mean that there is a dramatic increase in the complexity of the governance landscape.

Members at local authorities – whether long-serving or newly elected – need the necessary support to develop their knowledge so that they achieve the right balance in their dual role of providing good governance while reflecting the needs and concerns of constituents.

To create an effective and on-going learning environment, our development programme is based around workshops and on-going coaching. The exact format and content is developed with you, by drawing from three broad modules to provide an affordable solution that matches the culture and the specific development requirements of your members.

- Module 1 – supporting members to meet future challenges
- Module 2 – supporting members in governance roles
- Module 3 – supporting leaders, committee chairs and portfolio holders

The development programme can begin with a baseline needs assessment, or be built on your own understanding of the situation.

Further details are available from your Engagement Lead and Audit Manager





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The Annual Audit Letter for Wyre Forest District Council

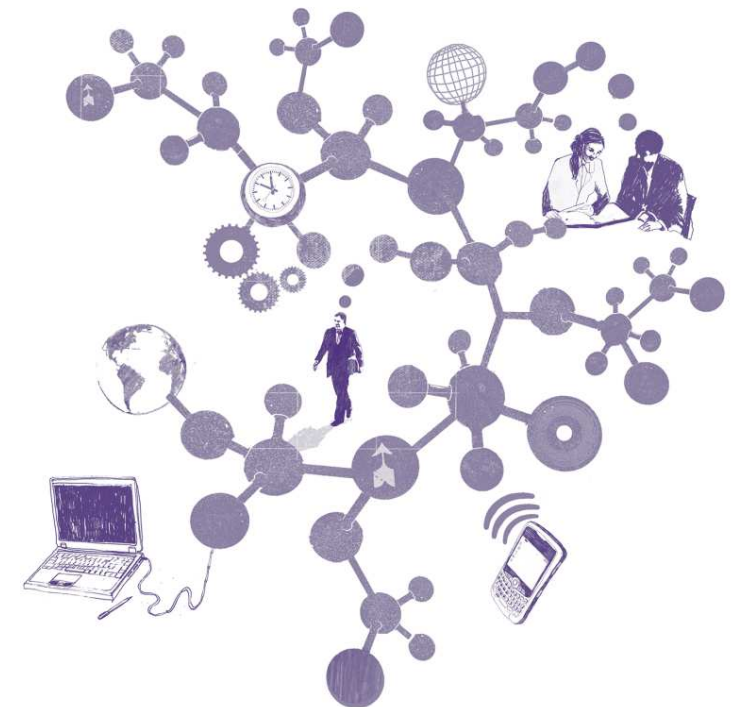
Year ended 31 March 2015

October 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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Appendices

A Summary of reports and audit fees

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Wyre Forest District Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 30 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28 September 2015 to the Audit Committee. The key messages reported were 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 agreed that the adjustment should be disclosed as a usable reserve rather than a provision. This resulted in a movement from provisions to earmarked reserves of £1.503 million
- 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.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 30 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council

Key messages continued

<p>Value for Money (VfM) conclusion</p>	<p>We issued an unqualified VfM conclusion for 2014/15 on 30 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>
<p>Certification of housing benefit grant claim</p>	<p>We have not yet certified the Council's 2014/15 housing benefit grant claim. Our audit certification work is in progress and we have not identified any issues that we need to bring to your attention.</p>
<p>Audit fee</p>	<p>Our fee for 2014/15 was £65,248, excluding VAT which was in line with our planned fee for the year. The indicative fee for our housing benefit grant certification audit is still £12,200. Further detail is included within appendix A.</p>

Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	65,248	65,248
Housing benefit grant certification fee (subject to completion of audit work)	12,220	12,220
Total audit fees	77,468	77,468

Fees for other services

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

Reports issued

Report	Date issued
Audit Plan	March 2015
Informing the Audit Risk Assessment	March 2015
Audit Findings Report	September 2015
Annual Audit Letter	October 2015
Certification Report	December 2015 (planned)



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WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
30TH NOVEMBER 2015**INTERNAL AUDIT MONITORING REPORT**
QUARTER ENDED 30TH SEPTEMBER 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 September 2015

1. PURPOSE OF REPORT

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

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.

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

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 September 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

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 September 2015**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30th September 2015

INDEX	PAGE
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Cheryl Ellerton AUDIT MANAGER	
Tracey Southall SECTION 151 OFFICER	

6th November 2015

SECTION 1

Quarter Report to the 30th September 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 September 2015		
	ASSURANCE	PAGE
CORE FINANCIAL SYSTEM REVIEWS		
Key Systems (Annual Assurance Reviews)		
2014~15 Council Tax Reconciliation Procedures {Including Gross Debit}	S	39
2014~15 Housing Benefits Reconciliation Procedures {Overpayments}	S	40
Subsidiary System Reviews		
2015~16 Petty Cash Imprest & Cash Float Verification ~ Wyre Forest House	F	-
2015~16 Petty Cash Imprest & Cash Float Verification ~ Green Street Depot	F	-

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

AUDIT REPORT TITLE: COUNCIL TAX RECONCILIATIONS 2014/2015	ACTION PLANS: 17.02.15 {Gross Debit 14~15;Valuation Office Reconciliations; Monthly Payment Transactions} Meetings: 18.11.14/11.02.15/18.03.15/15.04.15/20.05.15/03.06.15 DRAFT REPORT DATE ISSUED: N/A	SERVICE: Chief Executives (Revenues)
BUDGET: £62,141,323 Gross Debit 2014~15	FINAL REPORT DATE ISSUED: 16th October 2015 {Quarter 30.09.15}	RESPONSE RECEIVED DATE: N/A {Changes to procedures actioned as arising from the scheduled meetings}
REF: P100		

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 annual internal audit plan 2014~15. The review was undertaken to ensure that there are regular reconciliations between the Council Tax (Civica – Open Revenues) system with the Agresso Financial Management System (FMS) and the Icon Cash Receipting System, and to ensure that the Valuation Office Property Listings and that the Gross Debit reconciliation for 2014-2015 had been promptly undertaken. The review also concentrated on ensuring that there are adequate controls over the processes in place for the monitoring of Council Tax arrears & exceptions.

MONTHLY TRANSACTIONS (IBS TO BANK INCLUDING ICON/INTERNET)

For the monthly payment transaction reconciliations between the Council Tax (Civica – Open Revenues) system and the Agresso Financial Management System (FMS), following the change in the methods of collection of payments to include the removal of the KIOSK's, the promotion of Allpay (Pay Point), Automated Telephone Payments and via the internet, it had been necessary to review the methodology of recording the payments within the council's core financial records. As a consequence, these changes have contributed to a review of the methodology of completing the monthly reconciliations by the Principal Revenues Officer. Throughout the year Internal Audit worked closely with the Principal Revenues Officer developing revised processes. This has identified an external issue (payments via a third party) regarding the reliance of the timing of entries on both systems to be taken into account by the Principal Revenues Officer when completing the monthly reconciliation. As at the end of May 2015 when closing off the final monthly reconciliation for 2014~15 there was a small difference in respect of payments received into both the Council Tax (Civica – Open Revenues) and the Financial Management System via the Icon Cash Receipting system of £61.19 less on the Council Tax (Civica – Open Revenues) and direct through the bank of £137.77 more on the Council Tax (Civica – Open Revenues) {Net difference of £76.58 which in view of the total collection in excess of £48.5m for 2014~15 is not considered to be of a material nature.

VALUATION OFFICE RECONCILIATIONS & GROSS DEBIT {14~15}

Five Valuation Office reconciliations were assessed for June, August, October and December 2014 and February 2015; these reconciliations were found to have been undertaken in a timely manner and each had been independently reviewed with supporting documentation for all entries. The Gross Debit reconciliation for 2014-2015 had been appropriately completed and balanced prior to the start of the financial year. The parameters had been independently reviewed as part of the Gross Debit Calculation following Council approval. Arrears monitoring and exception reports had been regularly reviewed. Following this testing there were no matters arising.

Conclusion:

On the basis of the work undertaken, the overall conclusion is that **SOME** assurance can be given on the internal control processes in place for the reconciliation of Council Tax given that the Principal Revenues Officer will continue to work with both Internal Audit and the Finance Team to further streamline the process to resolve and identify the timing issue of recording payments within both the IBS Council Tax System and Agresso, the Financial Management System.

Agenda Item No. 7

AUDIT REPORT TITLE: Housing Benefits Reconciliation 2014-15 BUDGET: Revised Benefit Payments £32,728,770 2014~15 Estimated REF: A280	ACTION PLANS: 3rd November 2014 Meetings: 03.11.14/24.02.15/03.03.15 INTERIM REPORT DATE ISSUED: 14 th October 2014 {2013-15} FINAL REPORT DATE ISSUED: 14 th October 2015 {Q2 30.09.15}	SERVICE: Chief Executive Revenues & Benefits (Housing Benefits & Accountancy) RESPONSE RECEIVED DATE: N/A {Changes to procedures actioned as arising from the scheduled meetings}
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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 formed part of the annual assurance reviews undertaken as part of the annual internal audit plan 2014~15. The review was undertaken to ensure that the Benefit payments raised via the IBS Civica System and the Benefits Debtors overpayments are reconciled to the Agresso Financial Management System, Icon Cash Receipting System, and those payments direct to the Council's Bank account. The review also ensured that Benefit Overpayment Arrears are independently monitored and that the preparation of the initial and mid-term claims was completed in accordance with statutory requirements.

HB ENTITLEMENT PAYMENTS {OUT}

The review of the reconciliation of payment of entitlement between claimant records and the financial ledger and Council's bank account were found to be accurate and completed in a timely manner.

RECONCILIATION OF RECEIPTS FOR IDENTIFIED OVERPAYMENTS {IBS DEBTORS} ~ {IN}

During 2014~15, the Benefits System Team in liaison with Internal Audit continued to build on the work of 2013~14. By working together, it was possible to continue to streamline processes for the monthly reconciliation of the IBS Civic [Benefits] System to both Agresso [Financial Management System] and the various income streams including Cash Receipting [Allpay; Automated Telephone Payments; Internet] or directly to the Council's Bank for the repayment of overpaid Housing Benefit {Rent Allowance}

At the year end there was a minor difference in respect of payments received via the Icon Cash Receipting system of £5.00 and the Financial Ledger and payments received direct through the bank of £186.89 which in view of the total value of benefit payments for 2014~15 is not of a material nature.

MONITORING OF ARREARS {OVERPAYMENTS/IBS DEBTORS} FOR ACTION

The Arrears monitoring process is undertaken regularly and actions taken evidenced. The Housing Benefits Overpayment Debt Position is reported to Cabinet twice yearly. Regular data matching exercises are undertaken in line the National Fraud Initiative. Examination of the initial & mid-term claims confirmed they had been completed and returned within the required time frame and all supporting evidence had been retained on file as sighted by Internal Audit

Conclusion:

On the basis of the work undertaken, the review has concluded that processes have continued to be improved and refined to enable completion of the reconciliations to be undertaken by a Benefits System Officer as owners of the system in a timely manner and which will support entries in the Final Accounts.

Whilst the observations arising from this review are of an advisory nature, there remain opportunities to further enhance the system. To assist, there will remain continued liaison between the System Officer and Internal Audit to review the methods/reports necessary for the reconciliation to further enhance the process and reduce the resource required.. The overall conclusion therefore, is that **SOME** assurance can be given that the internal controls in place within the system for the reconciliation of the IBS Civica System (Benefits) to the Agresso Financial Management System for payments to claimants and/or recovery of overpaid Benefits are operating effectively within this key system.

Quarter Report to the 30th September 2015

DRAFT AUDIT REPORTS ISSUED IN THE QUARTER ENDED 30th September 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 September 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 Corporate Income To Bank	Stage 1 Stage 2	06.07.15 -	- -		
RA88	<u>Benefits (Inc Council Tax Discounts (Local Scheme))</u> Council Tax Reduction (Local Scheme) ~ Compliance Housing Benefit (Rent Allowances/Overpayments) ~ Compliance	Stage 1 Stage 1	- -	02.10.15 01.10.15		
RA82	<u>Council Tax</u> Ctax Reconciliations ~ (To include Gross Debit 2015/16)	Stage 1	-	16.10.15		
RA80	<u>Creditors (Accounts Payable)</u> Creditors (Accounts Payable) ~ Compliance	Stage 1	06.07.15	-		
RA89	<u>Debtors (Accounts Receivable)</u> Debtors (Accounts Receivable) ~ Compliance Debtors (Accounts Receivable) ~ Reconciliations	Stage 3 Stage 3	- -	- -		
RA84	<u>National Non Domestic Rates</u> NNDR ~ Reconciliations ~ (To include Gross Debit 2015/16) NNDR ~ Compliance (Change of Circumstances & Recovery Actions)	Stage 1 Stage 1	- -	01.10.15 03.11.15		
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 Payroll ~ Reconciliations (WFDC Accountancy Team)	Stage 2 Stage 3	- -	- -		

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 September 2015Year to 30th September 2015

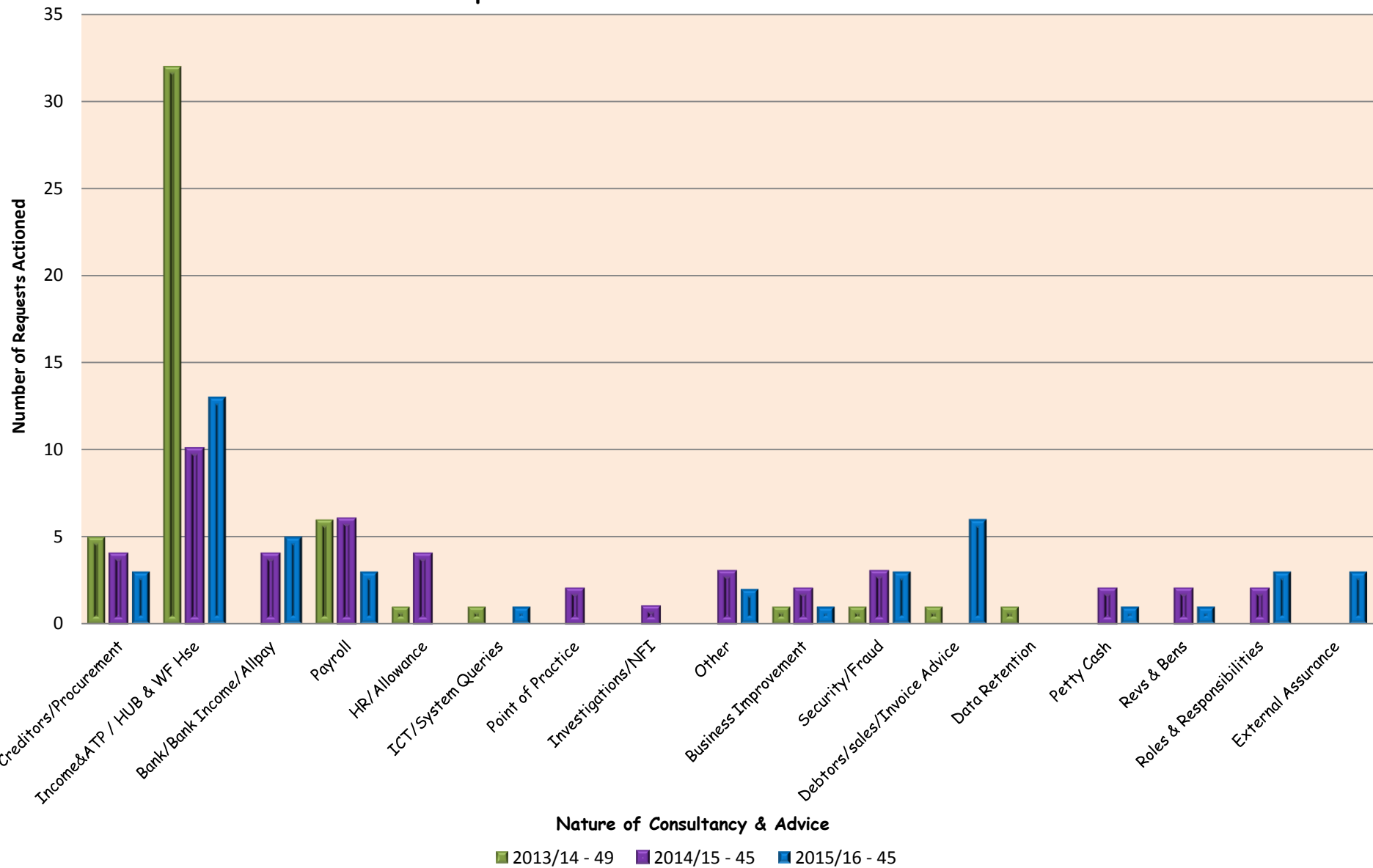
	<u>Quarter Actual</u>	<u>Quarter Plan</u>	<u>Quarter Actual as a % of Plan</u>		<u>Year To Date Actual</u>	<u>Annual Plan</u>	<u>Year to Date Actual as a % of Plan</u>
	<u>Days</u>	<u>Days</u>	<u>%</u>		<u>Days</u>	<u>Days</u>	<u>%</u>
System and Probity	68.50	72.25	94.81%	System and Probity	127.25	289	44.03%
ICT Audit (Governance, Advice & Assistance)	2.75	10.00	27.50%	ICT Audit (Governance, Advice & Assistance)	5.25	40	13.13%
Contract Audit/Procurement	11.25	6.25	180.00%	Contract Audit/Procurement	19.75	25	79.00%
Consultancy and Advice	7.75	12.50	62.00%	Consultancy and Advice	20.00	50	40.00%
Contingency for Investigations	3.00	5.00	60.00%	Contingency for Investigations	10.00	20	50.00%
Specific Service Duties	8.00	6.25	128.00%	Specific Service Duties	18.25	25	73.00%
Sub Total	101.25	112.25	90.20%	Sub Total	200.50	449	44.65%

TARGET**47.5%****Audit Resource Statistics**

→ For the quarter to 30th September 2015 actual against plan is 90.2 % compared to a target of **95%** (91.3% against 95% target for quarter 30th September 2014).

→ Within the time allocated in the above table, during this first quarter of 2015~16 the Internal Audit Team have responded to 45 requests for advice and consultancy as categorised in the graph overleaf, in comparison to the 45 requests received and actioned for the same period in 2014/15 and the 49 requests received and actioned for the same period in 2013/14.

**Audit Consultancy & Advice ~ Quarter 2 July-September
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)

- Continuation of the 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 Security Group; assist the Business Improvement Officer Data Management and Transformation Officer in his role as Data Protection Officer for the Council.

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.
- Review corporate petty cash spend to progress a full implementation of the corporate procurement cards.

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 mandatory National Fraud Initiative hosted by the Cabinet Office.

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 also saw the appointment of a part time Corporate Fraud/Debt Recovery Officer in post 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. It is intended that this post will contribute to providing assurance on corporate governance within the Council, as well as towards the national picture regarding corporate fraud. The Debt Recovery element of this post is managed outside the Internal Audit Function.