

Open

Audit Committee

Agenda

6pm
Wednesday, 24th March 2021
To be held remotely



Audit Committee

Members of Committee:

Chairman: Councillor A Totty
Vice-Chairman: Councillor P W M Young

Councillor V Caulfield
Councillor B S Dawes
Councillor P Dyke

Councillor R H Coleman
Councillor N J Desmond
Councillor C Rogers

Information for Members of the Public:

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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 Sian Burford, Assistant Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF.
Telephone: 01562 732766 or email sian.burford@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Wednesday, 24th March 2021

To be held remotely

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 20th January 2021.	6
5.	Audit Progress Report and Sector Update To receive a progress report from Grant Thornton.	9
6.	Informing the Risk Assessment To receive a report from Grant Thornton informing the Risk Assessment for Wyre Forest District Council year ended 31 st March 2021.	23
7.	Internal Audit Position Statement as at 28th February 2021 To receive a report from the Audit Manager informing members of the progress of the Internal Audit Team against the annual plan 2020~21	47

8.	<p>Internal Audit Plan 2021~22</p> <p>To receive a report from the Corporate Director: Resources and Audit Manager informing members of the Internal Audit Annual Audit Plan 2021~22</p>	52
9.	<p>Annual Governance Statement Action Plan 2019~20</p> <p>To receive a report from the Corporate Director: Resources which asks the committee to approve the progress against the Annual Governance Statement Action Plan 2019~20</p>	70
10.	<p>Risk Management ~ Corporate Risk Register</p> <p>To receive a report from the Corporate Director: Resources informing Members of the current Corporate Risk Register and the Budget Risk Matrix.</p>	80
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>	
12.	<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

13.	<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

HELD REMOTELY

20TH JANUARY 2021 (6PM)

Present:

Councillors: A Totty (Chairman), P W M Young (Vice-Chairman),
R H Coleman, B S Dawes, N J Desmond, A L L'Huillier, C Rogers.

Observers:

Councillor G W Ballinger, Councillor A Coleman, Councillor H E Dyke and
Councillor C Edginton-White attended as observers.

AUD. 59 Apologies for Absence

Apologies for absence were received from Councillor V Caulfield and Bodrul
Zzaman – Independent Person.

AUD.60 Appointment of Substitutes

No Substitutes were appointed.

AUD.61 Declarations of Interests by Members

No declarations of interest were made.

AUD.62 Minutes

**Agreed: The minutes of the meeting held on 28th October 2020 be
confirmed as a correct record of the meeting and signed by the
Chairman.**

AUD.63 Audit Progress Report and Sector Update

The Committee received a report from Grant Thornton (GT) giving an audit
progress report and sector update. The Engagement Lead from GT took
Members through the report and informed them that, as anticipated at the last
meeting, GT had issued an unqualified opinion and a clean value for money
conclusion following the completion of the audit. The Engagement Lead
explained that there was work still to be completed on the Housing Benefit
Subsidy claim which would be covered in more detail at the next meeting, but
he expected no amendments and this would complete the main focus of work
for 2019/20 for GT as Wyre Forest District Council (WFDC) auditors.

He explained to Members the reasoning for a proposed increase in fees would
be covered in more detail in the next agenda item and with 2019/20 complete
attention would turn to 2020/21 and the audit plan would be considered at the

Agenda Item No. 4

next meeting of the Audit Committee. Delays had been caused by restrictions put in place by COVID and looking to the future visits may be shorter and more flexible, but key risk areas would be focused on.

The Engagement Lead explained the new Value for Money code changes to Members in great detail, describing key changes and how this would affect WFDC. He answered Member questions on the proposed changes including Councillor N J Desmond enquiring about the extra time and work needed to meet new requirements.

The Audit Progress Report and Sector Update were noted by the Committee.

AUD.64 Annual Audit Letter for Wyre Forest District Council

The Committee received a report from Grant Thornton on the annual audit letter confirming the findings of the audit of accounts for the year ended 31st March 2020. The Engagement Lead drew Members attention to the executive summary and reminded them that the content had been covered in detail at a previous meeting.

He brought to Members attention the fees for 2019/20 and the previously predicted £8.5K increase. Now the audit had been completed the need for an additional increase of £7k had been identified. The report listed reasons for increase and this was predominantly due to extra work caused by COVID restrictions and this reflected the significant additional work that had to be undertaken to allow GT to discharge their responsibilities. The Engagement Lead reassured Members that the decision to increase fees had not been taken lightly and the increases did not actually cover all of the extra costs incurred by GT.

The Annual Audit letter was noted by the Committee.

AUD.65 Internal Audit Monitoring Report Quarter Ended 31st December 2020

The Committee received a report from the Audit Manager which informed them of the Internal Monitoring Report for the Quarter ended 31st December 2020. She informed Members that this was a positive 3rd quarter report and took Members through the information in detail identifying key areas including the position statement which showed work currently being undertaken and would build up to the final report for 2020/21 at the March Committee meeting.

The Audit Manager reminded Members that the audit team had a performance statistic target of 95% and she was pleased to report that they were currently just below 93% which was a positive result when taking into account the Christmas break and also that internal training had taken place within this quarter. There was a slight increase in ad hoc queries - such as change of processes, and this was due to people getting used to remote working and realising the Audit team were still available and could be contacted at any time.

The Audit Manager gave Members in depth detail on the work undertaken by the Audit team during the Covid-19 restrictions including ensuring detailed

Agenda Item No. 4

checks of the payments made by WFDC were in place to aid the quick and secure delivery of grants.

Councillor A L L'Huillier thanked the Audit Manager for the report and the work completed by team. The Audit Manger answered Members questions on the risk assessments and the work in progress report.

Agreed: The Audit Committee considered the Internal Audit Monitoring Report for the Quarter ended 31st December 2020.

There being no further business the meeting ended at 6:39pm.

Audit Progress Report and Sector Update

Wyre Forest District Council
Year ending 31 March 2021

16 March 2021



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Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

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 Engagement Manager.

Progress at March 2021

Agenda Item No. 5

Working with You

Meetings

We will continue discussions with management regarding emerging developments and to ensure the audit process is smooth and effective. This includes the new approach to VFM, and the timing of audit deliverables.

Working Arrangements

With the country still in lockdown we envisage having to continue to work completely remotely for some time. Working with the Council, we managed this well at the last audit and we will seek to be in regular contact with your finance team in respect of the logistics of these arrangements, recognising that staff, service provision and resident welfare during the pandemic will be your priorities.

Our planning work is underway and our interim audit is taking place during March 2021.

2020/21

Nationally the delivery of 2019/20 financial statements audits presented a significant challenge. Whilst Wyre Forest District Council's opinion was signed by the end of November 2020 deadline, a number of opinions regionally and nationally have not yet been given. This is largely due to the impact of Covid19. This, and delayed Housing Benefit certification work, has had a significant impact on our ability to complete enough audit planning to issue a 2020/21 Audit Plan in time for the March Audit Committee.

Whilst we will formally present the Audit Plan at the next Audit Committee, we will look to issue the Plan in April 2021 after we have completed our value for money risk assessment.

Our interim audit taking place in March will focus on:

- Review of the Council's control environment;
- Updating our understanding of the Council's financial systems and business processes;
- Review of Internal Audit reports on core financial systems;
- Early substantive testing – payroll analytical review
- Review of estimates to meet the enhanced documentation requirements of ISA540.

The Council has engaged a new valuer this year. We have yet to complete our initial planning work on the information supplied to the external valuer. The Council has received significant COVID 19 related income this year and the accounting treatment could have a material impact on the accounts however management has not yet concluded upon this matter. Our work on the review of estimates is not yet complete.

Events

Our annual accounts workshop for Chief Accountants took place in February 2021 and your finance team attended. This took place remotely due to the current homeworking requirements and covered topical issues and technical areas pertinent to the 2020/21 statutory accounts.

Value for Money

As communicated in our previous sector updates, on 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money. These changes are set out in more detail in the NAO's Auditor Guidance Note 03 which was published on 15 October 2020.

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified /unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

We will complete our initial risk assessment in March 2021 and we will report any risks of significant weakness, in our Audit Plan.

Audit logistics and team



Peter Barber, Key Audit Partner

Peter is responsible for the overall delivery of the audit. He will meet regularly with senior management of the Council and will attend Audit Committee meetings.



Zoe Thomas, Audit Manager

Zoe oversees day to day planning and manages the work of the Audit In-charge and associates to ensure that the audit work is focussed on the key areas of the financial statements risks and compliance with relevant accounting standards and guidance.



Denise Mills, Audit Incharge

Denise is responsible for the on-site delivery of the audit work. He assigns activities across the team and ensures it is completed satisfactorily.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit of Financial Statements

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.000m (PY £0.920m) for the Council, which equates to approximately 1.9% of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £0.013m for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.050m (PY £0.05m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Significant risks

We have not yet to complete all our planning work so cannot confirm at this stage the significant risks that we will be auditing. However, the section below are likely areas that we will expect our work to focus on.

Presumed significant risks

ISA (UK) 240 includes two presumed risks as follows:

- Revenue recognition may be misstated due to the improper recognition of revenue. This is a rebuttable risk if the auditor concludes that there is a low risk of material misstatement due to fraud relating to revenue recognition. We have determined that the risk of fraud arising from revenue recognition can be rebutted. This is because there is little incentive to manipulate revenue recognition, opportunities to manipulate revenue recognition are very limited and the culture and ethical framework of the Council means that all forms of fraud are seen as unacceptable.
- The risk of management over-ride of controls is present in all entities. We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of normal business as a significant risk.

Other significant risks

- Valuation of land and buildings.
- Valuation of the pension fund net liability

Other expected areas of focus

- Covid -19 – the on-going impact that this is having on the Council.

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we will consider whether there are any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit fees

The 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging, as well as rewarding, for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, in relation to the revised ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Further detail on our proposed work and fees are set out below.

We are still in discussions with Public Sector Audit Appointments regarding fees for 2020/21 and will provide more detail in the Audit Plan.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Council Audit	£37,681	£53,181	£TBC
Housing subsidy	£9,750	£12,000	£TBC
Total audit fees (excluding VAT)	£40,027	£65,181	TBC

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2020-21 financial statements. This also includes the findings of our value for money initial risk assessment.</p>	April 2021	Not yet due
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit in our Audit Progress Report.</p>	July 2021	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the September Audit Committee.</p>	September 2021	Not yet due
<p>Auditors Report</p> <p>This is the opinion on your financial statements and annual governance statement.</p>	September 2021	Not yet due
<p>Auditor's Annual Report</p> <p>Under the new Code of Audit Practice this replaces the Annual Audit Letter and is the key output from local audit work on arrangements to secure VFM.</p>	September 2021	Not due yet

Sector update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, and investment properties
- Depreciation
- Year end provisions and accruals,
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that::

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to include:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquiries are completed by management and confirmed by those charged with governance at an Audit Committee meeting. For our 2020/21 audit we will be making additional enquiries on your accounting estimates in a similar way (which will cover the areas highlighted above). We would appreciate a prompt response to these enquiries in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)



Informing the audit risk assessment for Wyre Forest District Council 2020/21

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

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Wyre Forest District Council's external auditors and the Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Wyre Forest District Council management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?</p>	<p>The following areas could have a significant impact on the financial statement for 2020-21:</p> <ul style="list-style-type: none"> • COVID-19 – the impact on funding, cashflows and the capacity to maintain “business as usual” during the ongoing pandemic. • Valuation of fixed assets • Pensions – fund valuation and legal rulings
<p>2. Have you considered the appropriateness of the accounting policies adopted by Wyre Forest District Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>The accounting policies are currently under review, we aren't currently aware of any that require changing and we haven't identified any new policies to be adopted but we will notify the audit team to confirm as soon as the review is complete.</p>
<p>3. Is there any use of financial instruments, including derivatives?</p>	<p>Financial instruments are carried in the balance sheet and further disclosures are provided in the notes, no new categories are expected in 2020-21</p>
<p>4. Are you aware of any significant transaction outside the normal course of business?</p>	<p>Yes – passporting significant COVID-related grants from BEIS to individual businesses/taxpayers Exceptional S31 Grants related to COVID</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	The potential impact of Covid-19 on non-current assets due to changes in working practices and income potential has been flagged. We are in the process of commissioning further valuation work to cover the whole property estate.
6. Are you aware of any guarantee contracts?	No new guarantee contracts (some pension guarantees exist as in previous years)
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Wyre Forest District Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Greenhalgh Kerr solicitors – Council tax/Business Rates debt recovery None on work for open litigations or contingencies f

General Enquiries of Management

Question	Management response
<p>9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p>	<p>Not that we are aware of.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Financial advice was obtained during 2019-20 from: LG Futures Ltd Business Rates Poll , PWC VAT advice, Link Asset Management – treasury management advisors, West Midlands Employers – HR/employment advice – pay and grading review, David Airey Consulting – Council Tax and Business Rates advice, Analyse Local – Business Rates advice, Gallaghers Ltd – Insurance retender/advice, Jones Valerio – Property portfolio management advice, BNP Paribas – Capital Portfolio operational property manager, Gleeds Building Surveying Ltd, Bruton Knowles – Asset valuation advice (prior year, Finance Birmingham/ FDC – Development Loans Fund Management, Property acquisition due diligence - Avison Young, PSP Ltd, Lambert Smith Hampton. Mercers Pension Fund actuaries – pension advice.</p>

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Wyre Forest District Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Wyre Forest District Council's management.

Fraud risk assessment

Question	Management response
<p>1. Have Wyre Forest District Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>It is acknowledged that there is always a risk of fraud being committed against the Council. There is a zero tolerance towards fraud. Arrangements are in place to prevent and detect fraud, and these include the work of the Internal Audit to identify areas of risk including high profile areas of Council Tax and Housing Benefit Fraud. The risk of misstatement in the financial statements due to undetected fraud is low. The fraud resource within Internal Audit and Compliance Officers within the Revenues & Benefits Team work to mitigate risk of fraud.</p> <p>Internal Audit take account of fraud risks in their planning of audit reviews, responding appropriately to fraud risks and enhancing controls further to protect against the risk of fraud.</p> <p>Compliance Officers take a proactive approach and regularly review Council Tax discounts and exemptions to minimise loss of income and reduce the risk of fraud.</p> <p>Robust pre payment eligibility checks were built into processes for the significant BEIS Business Rate Grant passporting at the start of the financial year and the Council has also completed all post payment assurance checks required by BEIS. Internal Audit has also undertaken specific compliance work on COVID grant payment runs and reported back to the S151.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>There are some areas that are inherently at risk from fraud such as:</p> <ul style="list-style-type: none"> ■ Council Tax ■ Benefit fraud ■ Single person discount ■ Central Government funding of Covid Business Grants {Mandatory and Discretionary Schemes} and the Test and Trace Support Grant. <p>Following the transfer of the responsibility for Housing Benefit Fraud together with dedicated benefits investigation team to the DWP, Wyre Forest has invested in new resource to work on fraud/compliance in respect of local taxes/Council Tax Reduction Scheme within the Revenues and Benefits section. This work has been progressed using funding from Worcestershire County Council to further combat collection fund fraud and increase the net collectible debit for both Council Tax and Business Rates. Whilst all preceptors will benefit from this as well as this Council the County takes the largest proportion, hence the funding and drive to work together</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Wyre Forest District Council as a whole or within specific departments since 1 April 2020? As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>There are no material instances of fraud that have been identified during the year. See above for specific fraud risks. The Audit Committee receive an annual update on the Counter Fraud Arrangements in place within the Council from the S151 Officer and Audit Manager.</p>
<p>4. Have you identified any specific fraud risks? Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Wyre Forest District Council where fraud is more likely to occur?</p>	<p>There are no material instances of fraud that have been identified during the year.{see above for specific areas of fraud} Evidence published by the National Fraud Authority amongst others, suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring in the Authority. The Internal Audit plan incorporates consideration of potential fraud. In addition to this management is expected to identify and record fraud risks where necessary on the corporate risk register. We do not consider that any material fraud is occurring. CLT considered the Home Office report exploring the threat of Serious and Organised Crime and agreed a schedule of actions to raise awareness and mitigate risk which is incorporated into the work of the Internal Audit team.</p>
<p>5. What processes do Wyre Forest District Council have in place to identify and respond to risks of fraud?</p>	<p>Fraud Risks are included by Internal Audit in the planning process and Internal Audit act as an effective Internal Control. The Covid pandemic presented new risks and potential for fraud that the 2020~21 Internal Audit Plan was reviewed and updated to address any fraud risks.</p>

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for Wyre Forest District Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Internal controls are considered within all internal audit reviews and recommendations made based on observations identified during the review are made to improve the operation on systems reviewed.</p> <p>The annual assurance audit report 2020 provided an opinion on the Council's internal control environment and systems of internal control giving reasonable assurance over key business processes and financial systems.</p> <p>Fraud risks are included by Internal Audit in the planning process and Internal Audit act as an effective internal control. The Covid pandemic presented new risks and potential for fraud which was acknowledged with the annual assurance report for 2019~20.</p> <p>There is a corporate fraud role aligned to the Internal Audit Team to raise awareness for both Officers and Members and a dedicated Corporate Fraud email address for the reporting of concerns and any identified fraudulent attempts that have not been caught to by the filtering software.</p> <p>Compliance Officers take a proactive approach and regularly review Council Tax discounts and exemptions to minimise loss of income and reduce the risk of fraud.</p> <p>There is regular budget monitoring with regular updates to CLT and Cabinet to prevent/deter the potential for the overriding of controls.</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>There is regular budget monitoring with regular updates to CLT and Cabinet to prevent/deter the potential for the overriding of controls. Additional reporting of the financial forecasts have been made in 2020-21 to manage the ongoing impact of the pandemic.</p>

Fraud risk assessment

Question	Management response
<p>8. How do Wyre Forest District Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>There is a Fraud Strategy and a Whistleblowing procedure in place which explain the procedures to follow Both documents are available to all staff on the Council's intranet.</p> <p>The Confidential Reporting Whistleblowing Policy and Procedure forms part of the Conduct and Performance Management, HR guidance.</p> <p>The Fraud Strategy forms part of the Corporate Fraud suite of information which is referenced regularly within Wyred Weekly to ensure all staff and members are aware of their responsibilities.</p> <p>No significant issues have been reported. Both the Fraud Strategy and Whistleblowing procedure outline the process to be followed. Corporate Fraud is aligned to the Internal Audit Team to provide guidance and with a dedicated Corporate Fraud email address for the reporting of concerns and any identified fraudulent attempts that have not been caught to by the filtering software.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>There are not any significantly high-risk posts identified however Disclosure Scotland checks are undertaken as standard practice for all employees with access to personal or sensitive data.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>None have been reported.</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>Internal Audit provide the Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken. These are considered at the committee where the external auditors also attend and may be asked to comment. Training covers this key area and the S151 Officer and the Audit Manager provide reports on compliance with auditing standards and internal controls. Risk is high on the Audit Committee agenda and the committee are briefed on key risks such as fraud prevention and detection in relation to the audit plan. Reports would be made on any specific cases of fraud with specific briefings to the Chairman and/or Vice-Chairman as appropriate. The Audit Committee are updated on the progress in respect of counter fraud arrangements, with an update to the Audit Committee.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None have been reported</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>None have been reported</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Wyre Forest District Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Wyre Forest District Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the council's financial statements?</p>	<p>The Monitoring Officer is a member of the Leadership team, reports regularly on key issues and liaises directly with the Head of Paid Service and would report to Council on any issues. The Monitoring Officer is responsible for ensuring the Council is compliant with laws and regulations. The Constitution notes that these responsibilities cover:</p> <ul style="list-style-type: none"> • complying with the law of the land (including any relevant Codes of Conduct); • complying with any General Guidance issued, from time to time, by the Monitoring Officer; • making lawful and proportionate decisions; and • generally, not taking action that would bring the Council, their offices or professions into disrepute. <p>This officer has access to all Council committee reports. The Monitoring Officer raises awareness on legal requirements at meetings where needed. In addition in terms of any specific legal issues the monitoring officer would get involved at an early stage. We have a suite of internal policies and procedures such as anti-bribery policy, anti-money laundering policy etc. Internal audit review adherence to regulations. The Monitoring officer reviews compliance with the Council's Constitution.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The S151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements. The Monitoring Officer (or representative) attends Audit Committee meetings and advises members on any areas of concern.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>None</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>Potential for claim against the construction contractors of Wyre Forest House still exists.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Wyre Forest District Council have in place to identify, evaluate and account for litigation or claims?	The Council for all litigation or claims takes external advice from Counsel on the strength of the Council's claim
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None

Related Parties

Issue

Matters in relation to Related Parties

Wyre Forest District Council are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Wyre Forest District Council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Question	Management response
1. Have there been any changes in the related parties including those disclosed in Wyre Forest District Council's 2019/20 financial statements?	No
2. What controls does Wyre Forest District Council have in place to identify, account for and disclose related party transactions and relationships?	<p>A number of arrangements are in place for identifying the nature of a related party and reported value including:</p> <ul style="list-style-type: none"> ▪ Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. ▪ Annual return from Members and senior managers/officers requiring confirmation that they have read and understood the declaration requirements and stating details of any known related party interests. ▪ Review of in-year income and expenditure transactions with known identified related parties from prior year or known history. ▪ Review of related information with subsidiaries, companies and joint ventures, e.g. accounts. ▪ Review of the accounts payable and receivable systems and identification of amounts paid to/from assisted or voluntary organisation ▪ Review of year end debtor and creditor positions in relation to the related parties identified. ▪ Review of minutes of decision making meetings to identify any member declarations and therefore related parties.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	<p>Appropriate Member/Officer approvals in line with the Council's Constitution and Scheme of Delegation. These are documented in legal contracts as relevant and signed off by the Monitoring Officer or her representative. Where financial payments are to be made authorisation limits and payment controls are in place in accordance with materiality levels agreed with Internal Audit.</p>
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	<p>Appropriate Member/Officer approvals in line with the Council's Constitution and Scheme of Delegation. Many of these approvals have/are being gained utilising the Strong Leader Cabinet Report route – all such reports are available on our website. For payment of COVID related grants specific systems have been designed in accordance with normal protocols with liaison with the S151 Officer and Internal Audit where appropriate. Substantial pre-payment assurance due diligence tests are part of these system controls and Internal Audit are also undertaking post payment testing sampling and reporting results again as part of the system design. Where financial payments are to be made authorisation limits and payment controls are in place in accordance with materiality levels agreed with Internal Audit.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>Property Plant and Equipment, Pensions Liability, Business Rate Appeal Provisions, Provisions for bad debt liabilities in relation to COVID-19, Fair Value Measurements (Financial Instruments), Collection Fund (both Council Tax and Business Rates) – exceptional accounting re deficits/COVID.</p>
<p>2. How does the Authority’s risk management process identify and addresses risks relating to accounting estimates?</p>	<p>The S151 Officer together with the Financial Services Manager and Principal Accountants hold regular meetings regarding accounting estimates for both budget and final accounts and determiner key risks based on materiality, proportionality, in-house skills, skill base within Worcestershire if appropriate, timeline for the information required and cost. The Chief Executive and S151 Officer are constantly horizon scanning and use contacts on the DCN, SDCT and updates from the LGA, L G Futures and Pixel to keep abreast of emerging risks. Specific papers are taken to CLT, Cabinet/CLT and formal Member meetings as appropriate. Where relevant external specialist advice is sought. The S151 officer attends the regular Worcestershire Treasurers meetings where risk is always discussed and is also the employer representative on the Worcestershire Pensions Board. Key team members attend CIPFA Fan and other relevant seminars and feed back to the wider team.</p>
<p>3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>By taking advice from the S151 Officer, Financial Services Manager and other key members of the Finance and Internal Audit Teams. Best practice across the sector including from CIPFA, the LGA, LG Futures, specialist valuers and the Valuation Office Agency.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>The Cabinet receives monthly budget monitoring reports at Cabinet/CLT meetings. The Final Accounts Closedown has regular Chief Officer reviews scheduled. Accounting Policies are reviewed annually with any changes reported to Audit Committee. Early dialogue with External Auditors is also undertaken where the impact of the accounting estimates are considered to be significant. The accelerated closedown may require the use of more estimates and in each case, the reasonableness of such estimates will be assessed and assurance provided for the External Auditors.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	Business Rates Appeals (in liaison with Worcestershire Business Rate Pool Members) and also COVID related changes ie Collection Fund and Bad Debts
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	The S151 Officer together with the Financial Services Manager and Principal Accountants hold regular meetings regarding Final Accounts and Budget estimates and decide based on materiality, proportionality, in-house skills, skill base within Worcestershire if appropriate, timeline for the information required and cost.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>In accordance with our Constitution, Financial Regulations and Contract Procedure rules which set out the framework for financial administration and good governance. Internal Systems are designed to follow best practice and advice is taken from Internal Audit on matters including internal controls, separation of duties and key risks. Internal Audit also prepare their Internal Audit Plan based on risk and undertake regular reviews of key areas. The results of the Internal Audit reports are reported to the Corporate Leader Team and to the Audit Committee.</p> <p>For controls at any service providers or managers service specifications that are set out in legal agreements after taking advice from appropriate officers including the Procurement Officer and Contracts Solicitor. Assurance of key controls are an important part of the procurement specification process. Contract management is undertaken at regular intervals by the lead Service Officer to these specifications and any issues are dealt with in accordance with provisions included within the relevant contract.</p>
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	<p>Internal Audit undertake work in accordance with their risk based Internal Audit Plan and report to the S151, CLT and Audit Committee.</p> <p>The S151, Financial Services Manager and Principal Accountants meet regularly and also liaise with the wider finance and Internal Audit Teams.</p> <p>By means of the Monthly and quarterly Budget Monitoring reports.</p> <p>By contract management of specific service providers by the Service leads</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>The S151 and Audit Manager take the draft budget monitoring and final accounts/Statement of Accounts Reports to CLT for discussion and endorsement. For significant estimates such as Business Rate Appeals explanation of the methodology and models to be adopted and set out for discussion and challenge. CLT including the Head of Paid Service and the Monitoring Officer review drafts of the Statement of Accounts and are invited to provide challenge to resultant estimates. Audit committee members will be briefed</p>
<p>10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?</p>	<p>New critical judgements required this year around accounting for S31 grants (Agent vs Principal and conditions vs restrictions). Further review is currently being undertaken ahead of closedown and a detailed assessment will follow.</p>
<p>11. Are the management arrangements for the accounting estimates reasonable?</p>	<p>Detailed assessment to follow</p>
<p>12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>Regular reviews are undertaken during the Accounts Closedown process. Accounting Policies are reviewed annually with any changes specifically reported to Audit Committee.</p>



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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
24th MARCH 2021

INTERNAL AUDIT MONITORING REPORT
POSITION STATEMENT AS AT 28TH FEBRUARY 2021

OPEN	
CABINET MEMBER	Cllr M Rayner: Finance & Capital Portfolio
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk

1. PURPOSE OF REPORT

- 1.1 To provide members with a position statement as at 28th February 2021 of the progress of the Internal Audit team against the 2020~21 Internal Audit Plan.

2. RECOMMENDATION

The Audit Committee is asked to CONSIDER:

- 2.1 **The position as at 28th February 2021 of progress by the Internal Audit Team against the approved 2020~21 Internal Audit Plan.**

3. BACKGROUND

- 3.1 The Audit Committee approved the operational Annual Audit plan 2020~21 in March 2020. In addition, at its meeting of 22nd July 2020, the Audit Committee approved an addendum to the 2020~21 operational internal audit plan, which identified those key areas where it is anticipated that the scope of the internal audit work may/will vary in light of the ongoing Covid-19 pandemic. In accordance with the Internal Audit Charter, actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year.
- 3.2 The final quarter of the internal audit plan is still in progress. The Audit Committee received a formal report at its meeting of 20th January 2021 on progress up to 31st December 2020 to include the third quarter of the 2020~21 Internal Audit Plan. It was therefore felt appropriate to bring the committee a position statement as at 28th February 2021.
- 3.3 The aim of the position statement is to capture and advise the Committee on work completed by the Internal Audit Team as at 28th February 2021 and outline the work in progress due for completion by the end of March 2021 in accordance with the formally approved Internal Audit plan.
- 3.4 The following position statement details those formal reports issued as part of the 2020~21 Internal Audit Plan up to 28th February 2021, which will be included in the

Quarterly Monitoring Report for the quarter ended 31st March 2021 to be presented to the Audit Committee at its meeting in May.

- 3.5 As an update to the Committee, in addition to the planned internal audit programme of work, the Internal Audit Team have continued to support the work of the Revenues and Benefits Team by undertaking detailed post assurance payment checks on the Local Restriction Support Grant schemes in respect of periods of national lockdowns and tier restrictions.

Whilst the post assurance payment testing covers the Tier 3 restrictions in place from 31st December 2020 to 4th January 2021, and the current period of national lockdown which commenced on 5th January 2021, further grant payments have been made to businesses in the form of: -

- ➔Christmas Support Payments {Wet-Led Pubs};
- ➔Additional Local Restriction Support Grants {Sector} for those business required to close nationally since 23rd March 2020 and have subsequently been unable to open since that date;
- ➔Discretionary support grants for those businesses not captured by the mandatory schemes.

- 3.6 The Internal Audit Team have also continued to complete post assurance payment checks in respect of the Track and Trace Payment Schemes to cover both mandatory and discretionary payments.

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FINAL AUDIT REPORTS ISSUED AS AT 28 TH FEBRUARY 2021	
	ASSURANCE
CORE FINANCIAL SYSTEM REVIEWS	
Key Systems (Annual Assurance Reviews)	
2020~21 Accounts Payable {Corporate Creditors} ~ Reconciliations	F
2020~21 Payroll {WFDC} ~ Reconciliations	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.

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A number of other reviews are currently in progress to cover the current on ~ going testing within the 2020~21 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 28 th February 2021		Status	Action Plans/Progress Report			DATE OF COMPLETION OF FIELD WORK
RISK ASSESSMENT	AUDIT REVIEW	As At 28.02.21	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	
	<u>Core Financial Systems (Annual Assurance Reviews)- 2020~21 Annual Audit Plan</u>					
RA40	<u>Accounting Cash To Bank</u> Bank Reconciliation Income to Bank {TIC/Museum} Income to Bank {Hub ~ Green Street} Income to Bank {WFH}	Stage 3 Stage 4 Stage 4 Stage 4	- - - -	09.11.20 - - -	- - - -	- 10.02.21 10.02.21 10.21.21
RA57	<u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u> Council Tax Reduction {Local Scheme} ~ Compliance Housing Benefit {Allowances} Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 4 Stage 4 Stage 2	- - -	- - -	- - -	23.01.21 02.02.21 -
RA16	<u>Council Tax</u> Ctax Reconciliations ~ {To include Gross Debit 2020/21} Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control} Ctax Compliance/Recovery	Stage 6 Stage 2 Stage 3	09.07.20 {FR} - -	- - 13.11.20	- - -	- - 24.02.21
RA44	<u>Creditors (Accounts Payable)</u> Creditors {Accounts Payable} ~ Compliance Creditors {Accounts Payable} ~ Reconciliation	Stage 4 Stage 6	- -	- -	- 24.02.21 {FR}	01.03.21 -
RA51	<u>Debtors (Accounts Receivable)</u> Debtors {Accounts Receivable} ~ Compliance Debtors {Accounts Receivable} ~Reconciliations	Stage 4 Stage 6	- -	- 18.11.20 {FR}	- -	21.01.21 -
RA21	<u>National Non Domestic Rates</u> NNDR ~ Reconciliations ~ {To include Gross Debit 2020/21} NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control} NNDR ~ Compliance/Recovery	Stage 6 Stage 2 Stage 3	09.07.20 {FR} - -	- - 11.11.20	- - -	- 24.02.21 04.03.21
RA51	<u>Payroll (Including Mileage & Subsistence Claims)</u> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) Payroll ~ Reconciliations	Stage 4 Stage 6	- -	- -	- 24.02.21 {FR}	02.02.21 -
RA32	<u>Treasury Management {Strategy, Reporting & Management}</u>	Stage 3	-	-	01.03.21	-
KEY	Stage 1 ~ Field Work In Progress ~ {With Individual Auditor} Stage 2 ~ Phases 1 & 2 & 3 Field Work Complete for Peer Review Stage 3 ~ Phases 1 & 2 & 3 Field work Complete with Action Plans/Progress Report to Service Manager			Stage 4 ~ Audit Complete ~ Under Review {Audit Manager} Stage 5 ~ Draft Report Issued Stage 6 ~ Final Report Issued {FR}		

4. CONCLUSION

- 4.1 This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team and the Quality Assurance & Improvement Programme as requirements of the UK Public Sector Internal Audit Standards and details for completeness the work undertaken as at 28th February 2021 supported by the current work in progress for completion of the 2020~21 approved Internal Audit Plan.

5. CONSULTEES

- 5.1 Corporate Leadership Team

6. BACKGROUND PAPERS

- 6.1 20th January 2021 ~ Audit Committee ~ Monitoring Report to 31st December 2020
22nd July 2020 ~ Audit Committee ~ Addendum to Internal Audit Plan 2020~21
25th March 2020 ~ Audit Committee ~ Internal Audit Annual Plan 2020~21
28th November 2018 ~ Audit Committee ~ Quality Assurance & Improvement Programme
30th July 2018 ~ Audit Committee ~ Internal Audit Charter {Updated}
Accounts and Audit Regulations 2015 {SI 234}
Accounts and Audit Regulations (Coronavirus) (Amendment) Regulations 2020

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****24th MARCH 2021****Internal Audit - Annual Audit Plan 2021~22**

OPEN	
CABINET MEMBER	Cllr M Rayner, Finance and Capital Portfolio
RESPONSIBLE OFFICER	S151 Officer
CONTACT OFFICERS:	Tracey Southall Extension No 2100 tracey.southall@wyreforestdc.gov.uk Cheryl Ellerton Extension No. 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit ~ Annual Audit Plan 2021~22

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2021~22. The Plan has been prepared in accordance with the UK Public Sector Internal Audit Standards 2013, updated 2016 amended 2017.

2. RECOMMENDATIONS

The Audit Committee is asked to:

- 2.1 Consider and approve the Internal Audit – Annual Audit Plan 2021~22, attached as Appendix 1.
- 2.2 Delegate any in-year amendments to the plan to the Section 151 Officer in consultation with the Audit Manager in light of developments arising during the year as described in paragraph 3.6 of this report.

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard and use public funds in an efficient and effective way and so providing value for money. An effective internal audit service is vital in helping management to meet these important duties. It is an independent appraisal function for the review of the Council's internal control system.
- 3.2 The Internal Audit section operates in accordance with recognised Internal Audit Standards¹ which aim to promote further improvement in professionalism, quality, consistency and effectiveness of Internal Audit across the Public Sector.

“**Internal Audit** is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach

¹ The UK Public Sector Internal Audit Standards (UKPSIAS) April 2013 {updated 2016}/{Amended 2017}.

to evaluate and improve the effectiveness of risk management, control and governance processes”

And adds:

“The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. **Internal Audit** plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the governance statement, both emphasises and reflects the importance of this aspect of internal audit work. The organisation’s response to internal audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation’s objectives”.

- 3.3 The role played by Internal Audit is key in **assessing the internal controls** in operation and **making recommendations** for improvement, working in partnership **with management**. Further, the role assists in working with managers aiming for continuous improvement and provides assurance that the Council maintains an effective internal control environment and ensures that effective and efficient operations are maintained, safeguards its resources and provides assurance that the Council has good governance arrangements in place.
- 3.4 The UK Public Sector Internal Audit Standards set out the mission, definitions and principles (the **standards**) which establish how a professional internal audit service should operate in the modern local government context.
- 3.5 The annual plan is viewed flexibly and treated as a working document subject to amendment as required to reflect changing corporate conditions or demands as well as issues that may arise during the currency of the plan, which divert Internal Audit away from planned work.
- 3.6 The plan is therefore seen as a **statement of intent** and provides the direction of travel and a framework for audit engagements in the forthcoming year that can be amended as necessary without having a damaging effect on the overall direction of the internal audit service. The audit plan has been prepared in accordance with the Internal Audit Charter.
- 3.7 Performance of the service is **monitored** against this plan during the year by way of a quarterly monitoring report to this committee, to the Corporate Leadership Team and to the external auditors, in accordance with the Internal Audit, Quality Assurance & Improvement Programme as approved by the Audit Committee at its November meeting, to ensure on-going monitoring of the performance of the internal audit activity.

4. KEY ISSUES

- 4.1 The **Internal Audit Charter** requires:
An audit plan be prepared based on risk to provide assurance on the council’s Services and activities in consultation with the S151 Officer and the Corporate Leadership Team.

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The detailed operational plan will show how resources are to be allocated in the coming financial year in order to meet the requirements of the strategic plan.

- 4.2 As part of the preparations for this annual plan the Audit Manager has discussed with the Section 151 Officer and the Corporate Leadership Team their requirements for the forthcoming year for consideration for inclusion within the plan.
- 4.3 In order to ensure that the audit service cost is minimised to the authority the internal audit section work with external audit to ensure full liaison of planned internal audit work.
- 4.4 The Internal Audit – Annual Audit Plan 2021~22 has been prepared in accordance with recognised Internal Audit standards and considers many factors to provide assurance to the Council in terms of the adequacy and effectiveness of financial and management controls in the areas under review.
- 4.5 The Annual Audit Plan should focus on areas where it can add most value and provide assurance that the Council's risks are being properly managed. In doing so, Internal Audit has a role in ensuring the Council achieves its strategic aims. In addition to this, the audit plan should be realistic and achievable. During 2020~21 the audit plan was reviewed in light of the Council operating under Covid19 restrictions. With new risks to the Council and the changes to the profile of other risks, the audit scope of key areas in particular around the internal control environment were revised. This allowed the Internal Audit Team to maintain a pragmatic approach with the knowledge that some areas/risks remained high priority. With this knowledge, the 2021~22 Annual Audit Plan as at Appendix 1 has been prepared in consideration of the Covid19 restrictions continuing into the 2021~22 financial year. As outlined in the 2021~22 Annual Audit Plan, the Internal Audit Team will continue to focus on the current and future risks across the whole internal control environment and be in a position to provide the Audit Committee with assurance that the Council's control environment continues to operate well.
- 4.6 The revised structure of the Internal Audit Team in place from 1st April 2019 provides for a full time Auditor to support the Senior Auditor and Audit Manager. It is intended that the core structure of the Internal Audit Team for 2021~22 remains unchanged ensuring that it meets the staff resources required to audit the risks of the Council and provide management with an opinion on the control environment. Since 23rd March 2020, the Internal Audit Team moved to home working and currently continue to do so to deliver the internal audit service to the Corporate Leadership Team and colleagues. Homeworking has not reduced the efficiency or effectiveness of the Internal Audit service, the team has adapted well and the use of ICT has helped ensure quality has not been compromised.
- 4.7 The areas in the audit plan have been identified by an objective risk assessment. This has produced an overall needs assessment for the internal audit service of 394 days.
- 4.8 In accordance with the Internal Audit Public Sector Standards, the Internal Audit Section must be appropriately staffed and qualified and undertake Continuing Professional Development to fulfil its role. The flexibility demonstrated by the Internal Audit Team will continue, and allow the in-house team to satisfactorily meet any

exceptional service needs as they arise, or to meet the need for an intensive investigation.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

6.1 The Accounts and Audit Regulations 2015 regulation 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. RISK MANAGEMENT

7.1 The Internal Audit - Annual Audit Plan 2021~22 has been prepared in accordance with the recognised Internal Audit Standards. This requires the plan to be informed by the Council’s risk management, performance management and other assurance processes. Where the risk management process is not fully developed or reliable an independent risk assessment is undertaken by the Audit Manager in consultation with the Section 151 Officer.

7.2 The restructure of the Internal Audit Team from April 2019 has been managed carefully in full liaison with CLT against the service need to ensure sufficient Internal Audit resource is retained. The reduced Internal Audit Team continues to work with the S151 Officer on a flexible basis and work additional hours if required to cover specific projects.

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

9. CONCLUSION

9.1 The Annual Audit Plan 2021~22 summarises the work to be undertaken by the Internal Audit team and provides its overall direction. It is presented to members in accordance with the Internal Audit Charter.

10. CONSULTEES

10.1 Corporate Leadership Team
Cabinet Member for Finance and Capital Portfolio

11. Background Papers

Accounts & Audit Regulations 2015 (SI 314)
UK Public Sector Internal Audit Standards ~ April 2017
Internal Audit Charter {Updated} ~ Audit Committee ~ July 2018
Quality Assurance & Improvement Programme ~ November 2018



INTERNAL AUDIT

“Enabling Others To Do What They Need To Do”

INTERNAL AUDIT ANNUAL PLAN

2021 ~ 2022

Wyre Forest District Council affects the whole community and therefore aims to deliver public services to meet the needs of the Community and provide value for money. This includes identifying smarter ways of working to ensure delivery of services the community want as underpinned by the principles of systems thinking, ensuring the Council can meet its outcome priorities and purposes as identified in the Corporate Plan 2021~2023.

Wyre Forest District Council

Corporate plan 2021-23



Our vision:

Wyre Forest is a network of thriving and confident communities, which minimise their impact on the environment, where people have a decent and affordable home, feel safe and enjoy a good quality of life.



Our priorities:

**A safe,
clean and
green living
environment**

**Supporting
a successful
local
economy**

**WYRE FOREST DISTRICT COUNCIL
INTERNAL AUDIT ANNUAL PLAN 2021 ~ 2022**

		<u>2021/2022</u> Days
Systems and Probity Risk Reviews	NOTE 1	249
Computer Audit {ICT Governance & Advice}	NOTE 2	30
Contract Audit {Procurement}	NOTE 3	25
Sub-total Planned Work		304
Specific Service Duties	NOTE 4	25
Consultancy and Advice {Audit Resource Set Aside}		
→ Provide professional advice on emerging risks and issues {Continuing Covid19 Assurance Work}		25
→ Management Requests for ad-hoc commissioned work		20
Irregularity Contingency {Audit Resource Set Aside}		
→ Provide advice and assistance on required investigations		20
WORKLOAD/AVAILABLE DAYS		394

NOTES

- 1 The days per service area are shown on Pages 59-64
- 2 An analysis of the areas covered is shown on Page 65-66
- 3 An analysis of the areas covered is shown on Page 67
- 4 A breakdown of the specific service duties follows on Page 68
- 5 An analysis of the available days is shown on Page 69

OVERALL COMMENTS

The areas in this plan have been identified by an objective risk assessment as denoted by “RA” in the attached pages.

The Audit Risk Assessment uses a number of factors to calculate a risk score and to provide a weighted assessment.

The resulting scores are branded into three risk categories and ranked to identify determine the audit universe for Wyre Forest District Council.

- **High (Scores 61-100+)**
- **Medium (Scores 26-60)**
- **Low (Scores up to 25)**

AUDIT COVERAGE	RA	2021/22 Days	AUDIT SCOPE
Annual Assurance Reviews			
CORPRISK04-FAILURE OF THE INTERNAL CONTROL ENVIRONMENT/UNABLE TO DELIVER A SUSTAINABLE BUDGET			
<p>Treasury Management {Strategy; Reporting & Reconciliations (Risk: Failure to Maintain adequate controls over Key Financial Systems) The daily process is well managed; the audit review considers a more strategic approach. NB: There is no change to the service provider for 2021~22 however the current remote working arrangements enhance risks due to the change in working arrangements and processes for this key area.</p>	32	8	<p>Assurance Historically, good governance. Reviewed as impact of failure is significant. Scope will capture changes to the systems and procedures in place to manage the Council's Cash Flow and investments following the SLY principles (security first, Liquidity second, followed by yield) within the approved Treasury Management Strategy and consequent risk appetite. To review and ensure borrowing is managed in accordance with the Capital Strategy/ Medium Term Financial Strategy. Incorporating the Council Policies on Development Loans Fund to help delivery of regeneration and economic development, and the Capital Portfolio Fund. Have regard to the MHCLG Guidance on Local Government Investments, the statutory guidance on the minimum revenue provision, code of practice on Treasury Management and the Prudential Code and November 2019 Guidance on Prudential Property Investments. Reporting for the Covid-19 grant funding will continue to be reviewed as appropriate and →Ensure that management of grant monies relating to the Covid-19 pandemic is regularly monitored. →Examine the procedure for investing and recalling monies received from HM Treasury for payment relating to further Covid-19 grants to include NNDR Business Grants/Track & Trace Support. →Acknowledge the impact of cash flow for the council arising from the pandemic and of the impact of remote working arrangements.</p>
<p>Budgetary Setting, Control & Monitoring (Risk: Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) Budgets are approved by Council in February, review will consider budget monitoring by Service Managers in light of the Council's financial position.</p>	33	10	<p>Assurance Historically, good governance. Reviewed as impact of an unsustainable budget will result in failure to meet the Corporate Priorities. Scope will capture changes to the systems and procedures around the Council's Budget Cycle; review the setting of financial goals, forecasting future financial resources to include the monitoring of budgets to feed into the Councils Medium Term Financial Strategy. financial records and the final accounts. The review will acknowledge the impact on budgetary control for the council both in terms of MHCLG funding claimed and received for extra costs/lost income and also as the Covid19 restrictions are lifted. This will include assurance of adequate budget monitoring and that remote working arrangements including any adjustments to processes are appropriate.</p>
<p>Accounts Receivable: Corporate Debtors {Compliance & Reconciliations} (Risk: Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) To include Property Debtors. With a more commercial approach the audit review will consider income generation, costing of work to ensure income streams are meeting their targets; pre-payment for services.</p>	51	10	<p>Assurance Historically, good governance. Reviewed as an element of the general ledger that supports the annual statement of accounts; to provide a sound control environment processes must operate effectively. Scope will capture changes to the systems and procedures in place for the raising of accounts for services provided by the Council in respect of Miscellaneous Debts to include the monthly reconciliations and aged debt reports. Including follow up on change processes as part of the transformation programme. Including work in relation to the ICON cash receipting system and channel shift/digitalisation to generate increased external income. Income generation linked to the commercialisation agenda. The review will have regard for the impact of the 2020~21 Covid19 pandemic on the reduction in income collection where services as suspended continued into the 2021~22 financial year.</p>

<p>Benefits {Compliance & Reconciliation} (Risk:Failure to Maintain adequate controls over Key Financial Systems; to support an effective internal control environment This Service continues to be subject to significant change imposed by DWP and is under continuous review to align processes/systems. Team changes/ staffing restructures continue to meet the changing business need.) This is a critical system and on the whole well managed. Local Council Tax Reduction Scheme as amended in 2019~20 remains unchanged.</p>	<p>57</p>	<p>25</p>	<p>Assurance Historically, good governance. Reviewed with regard to the rules covering entitlement to Housing Benefit and Council Tax Support being complex and administrative errors have the potential to lead to under/overpayments. Scope will capture changes to the systems and procedures to ensure entitlement to and payments in relation to Housing Benefit. To include Payments, Overpayments, Rent Referrals, Statistical and Subsidy Returns. Review changes to the Benefits System under the Welfare Reform Act, Universal Credit, Single Fraud Investigation Service and the WFDC Local Council Tax Reduction Scheme. To capture continuing impact from the Covid19 pandemic, including future hardship payments, detailed testing with increased sample sizes will continue to form part of the substantive part of the detailed compliance testing</p>
<p>Payroll (Including Mileage & Subsistence claims) (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment; Significant proportion of expenditure, provided as part of a Shared Service with Redditch BC. HMRC IR35 requirements specific to the public sector) 2021~22 review will continue to provide resources for validation of payments with some compliance testing and review of reconciliations and have regard to the Pay & Grading Review to be implemented from 1st July 2021. NB: Redditch BC moving from current Frontier system, Officer Decision on 4th June 2020 to remain with RBC and develop their new service solution.</p>	<p>51</p>	<p>20</p>	<p>Assurance Historically, good governance. Reviewed as a service delivered via a service level agreement. Scope to capture changes to systems and procedures in place at Wyre Forest DC and Redditch BC to ensure accurate payments to bonafide employees. Validation of all payments, to include those to HMRC including the changes in respect of IR35, Pensions and other deductions and allowances are correct and authorised and that all payroll transactions are accurately recorded in the financial accounts, to incorporate detailed testing of both staff and member mileage & subsistence claims. Act as a critical friend on the review of the payroll arrangements and the service level agreement. The review will have regard for any continuing impact of the Covid19 pandemic in particular: - → any reduced staffing levels due to increased sickness absences, which with overtime worked by those employees able to attend for work, or be re-deployed to other service areas. Detailed testing with increased sample sizes will be the substantive part of the detailed compliance testing. →any revised remote working arrangements taking into account the confidential nature of data held for payroll and HR Management →ensure correct implementation of the pay and grading review and depending on progress with the implementation of the new system undertake detailed assurance testing on new software.</p>
<p>NNDR {Business Rates} {Parameters/Compliance & Reconciliations} (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) →Business Rate reform continues with the continuation of the 50% Worcestershire Business Rates Pool agreement for 2021~2022. Delay for funding reform due to the Covid19 pandemic. →Raft of ongoing Government reliefs, particularly those announced in the March 3rd Budget adds complexity to the administration systems for this key income stream.</p>	<p>21</p>	<p>10</p>	<p>Assurance Historically, good governance. Reviewed as a key financial process with an annual rateable value in excess of £74m. Scope will capture changes to the systems and procedures in place to calculate liability, raise bills, collect income and monitor arrears; review process for the Business Rate retention including contributions to/from the Worcestershire pool. NNDR 3 return. Have regard to the 2017 revaluation by the Valuation Office from April 2017, any changes to reliefs and Check Challenge Appeal process for appeals. Provide assurance that appropriate notifications have been received advising of the NNDR multipliers and transitional relief rates for the current financial year, and that these have been accurately transferred to the Civica system for the billing process. The review will have regard for any continuing impact of the Covid19 pandemic in particular: - →Ensuring Government funding for NNDR Business Grant Schemes and any Rates Reliefs are delivered in accordance with the Business, Energy & Industrial Strategy. Detailed post assurance payment checks will be undertaken on grant monies received relating to the Covid-19 pandemic to ensure they are paid/distributed to businesses within the Wyre Forest district accurately and timely and that all payment runs are reconciled. →The impact in the delay of proceeding with normal recovery during 2020~21 which may impact on 2021~22 in maximising income collection.</p>

<p>Council Tax {Parameters/Compliance & Reconciliations} (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment)</p>	16	10	<p>Assurance Historically, good governance. Reviewed as a key financial process, with an annual property charge in excess of £68m. Scope will capture changes to the systems and procedures in place to calculate liability, raise bills, collect payment and monitor arrears. To review the local Council Tax Reduction scheme. To provide assurance that Council Tax charges have been correctly calculated, and parameters validated for an accurate billing process. Review changes to the system for the detection/prevention of fraud on Single Person Discounts. The review will have regard for any continuing impact of the Covid19 pandemic in particular: - →The impact in the delay of proceeding with normal recovery during 2020~21 which may impact on 2021~22 in maximising income collection. →Further discounts/exemptions applied due to the Covid19 pandemic in 2020~21 continuing into the 2021~22 financial year.</p>
<p>Accounts Payable: Corporate Creditors {Compliance & Reconciliations} (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) Accounts Payable is a stable system, and audit reviews will consider those applications that interface with Agresso, the Financial Management System e.g. Garage Hive. With regard to recent statutory changes}.</p>	44	10	<p>Assurance Historically, good governance. Reviewed as an element of the general ledger to support the annual statement of accounts and provide a sound control environment processes. Scope will capture changes to the system and procedures in place for the payment of invoices for services and supplies across the Council to cover all aspects including the weekly reconciliations of BACS; Purchase Order Processing (requisition to invoice payment); journal transactions Including follow up on change processes as part of the on-going transformation programme including channel shift and digitalisation. The review will have regard for the impact of the 2020~21 Covid19 pandemic and increased sample sizes will be the substantive part of the detailed compliance testing to cover any emergency payments for orders/goods services placed to ensure payments made were genuine, realistic and not fraudulent. The review will also acknowledge the impact of increased remote working on this service area.</p>
<p>Procurement Cards {Risk: Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment {Failure to comply with the Local Government Transparency Code\monitoring of Contactless Functionality}</p>	44	10	<p>Assurance Historically, good governance. Reviewed as part the transparency process for procurement, Scope will review a sample of procurement activities across all service teams to evaluate the level of compliance with legal, transparency and constitution requirements. Including reviewing the controls in place for the use of the Council's purchasing cards and the recording and verification of purchases via this method. The review will also acknowledge the impact of increased remote working across the all service areas which will have placed additional reliance on the use of procurement cards following the Covid19 pandemic.</p>
<p>Debt Recovery Procedures (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) To include Corporate & Property Debtors; Property Debts to include new Property Acquisitions and noting the role of BNP Paribas Estate Advisory & Property Management UK Ltd.</p>	67	8	<p>Assurance Historically, good governance. Reviewed as a key system across all directorates. Well managed as evidenced from the work of the Corporate Debt Recovery. Scope will capture changes to the systems and procedures for the recovery of outstanding debts having regard to the Legal requirements for Court Action (exc. Council Tax and NNDR). Have regard for the staff changes and realignment of the process for managing debt recovery within the Finance and Property Management Teams and the BNP Contract for managing the Capital Portfolio properties. The review will have regard for any continuing impact of the Covid19 pandemic in particular: - →The impact in the delay of proceeding with normal recovery during 2020~21 which may impact on 2021~22 in maximising income collection.</p>

<p>Accounting (Income& Bank) (Risk:Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) Stable processes in place with no issues identified. As systems continue to become more digital future reviews will ensure WFDC procedures remain fit for purpose.</p>	40	10	<p>Assurance Historically, good governance. Reviewed as a key financial process, underpinning internal and external reporting by reconciliations to the General Ledger. Scope will capture changes to the systems and procedures around the Council's General Ledger to record financial transactions and produce the final accounts. To include Bank Reconciliations, collection of income via all mediums cross-cutting across all Directorates. Including follow up on change processes as part of the on-going transformation programme and having regard to the digital first agenda, including wider implementation of "Just Park" car park single ticket system.</p>
<p>Employee Establishment (Risk: Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment) Remains an area of concern as the process is captured across Directorates.</p>	82	10	<p>Assurance Scope will continue to work with the HR Team to formalise systems and procedures for the maintenance of the WFDC Establishment database; and the process for updating staff details. Without an establishment, ghost employees cannot be identified or salary budgets managed.</p>
<p>Cross Cutting Continuous Reviews</p>			
<p>Information Governance CORPRISK05 Council misses important issues and/or is in breach of a requirement. {Risk: Breach of the Data Protection Act leading to penalties up to £500k – Note report commissioned as part of long term agreement from our insurers Zurich Municipal on Information governance risk} Review will be broken into different elements and reviewed on a rolling basis year on year, reviews will examine the manner in which information is received, managed, and stored.</p>	~	10	<p>Continuous review to support the work of the ICT Strategy Board/Information Governance Group following the Zurich Municipal Review; work with the Data and Project Management Officer in reviewing procedures, processes including the training and awareness of relevant policies and guidelines. To provide assurance on controls implemented to manage information (including disposal) within the Council; to include not just ICT but manual records and information. Confirm compliance with data protection legislation with regard to the General Data Protection Regulation (GDPR) May 2018 to include mapping data protection processes and working with the Digital First Board to ensure that the personal information collected as part of the Digital Agenda is collected and collated as appropriate. Continuing focus around cyber security to ensure the cyber environment maintains pace with current threats addressing the risks of financial loss, disruption or damage to the Council in light of the Covid19 pandemic and greatly increased remote (Hybrid) working across all service teams.</p>
<p>Ethics and Governance CORPRISK12 Effective/strategically focussed political leadership to cope with continuing significant challenges of reduced funding and changing legislative framework. (Risk: Reputational Damage; Failure to meet Statutory Requirements; Ineffective governance; unsatisfactory audit opinion)</p>	44	15	<p>Continuous review to determine whether the Council's has effective governance arrangements and ethical framework in place. to include Anti-Fraud & Corruption Strategies; Data Protection; Freedom of Information; Contract Procedure Rules; Financial Regulations; Constitution; Code of Conduct; Gifts & Hospitality; Members Allowances; Data Quality/Performance Management. Arrangements with third party sections, partnerships and localism arrangements. Standards Management: Definition: An expectation that members and staff will operate to the highest standards of conduct, encouragement to do so, acknowledgement that, on occasions, some may fail to do so and a willingness to address this.</p>
<p>Risk Management CORPRISK05 Council misses important issues and/or is in breach of a requirement. {Risk Reputational Damage; Ineffective risk management; unsatisfactory audit opinion} Review will be broken into different elements and reviewed on a rolling basis year on year,</p>	~	10	<p>Continuous review of the Council's Risk Management arrangements to support the annual audit opinion, and reports to Audit Committee on review of the Corporate Risk Register including work towards embedding Cipfa's Financial Resilience Index. → Select Key Risks from the Corporate Risk Register and review mitigating actions to support the annual audit opinion. → Continue to work with the S151 Officer and the Corporate Leadership Team in respect of emerging risks to review the implementation of the Business Continuity Plans and maintenance of the Corporate Risk Register taking into account the impact of Covid-19.</p>

Fees & Charges (CORPRISK04-Unable to deliver a sustainable budget for the long term) (Risk: Reputational Damage; Failure to maintain a balanced budget) (without accurate financial information customers may be incorrectly charged, income could be lost causing under achievement of budgets and reputational damage)	~	6	Continuous reviews of Fees & Charges not covered elsewhere within the Plan on a rolling basis. Includes setting the charges, assurance that sections are complying with approved charges. This will be a parameter review and form part of the basis for the Accounts Receivable service reviews to ensure fees and charges are correct in Agresso, the Financial Management System and have been increased as per the approved Strategy, noting that the Commercial Activity Programme Board meetings now form part of Cabinet/CLT meetings (From January 2021).
TOTAL DAYS		182	

Cyclical Reviews

AUDIT COVERAGE	RA	2021/22 Days	AUDIT SCOPE
Development Management (Risk: Reputational Damage; Failure to meet statutory requirements; customer expectation; income threshold)	54	12	Cyclical review of the systems and procedures in place for processing and approval of planning applications to include the collection and banking arrangements for fee income.
Electoral Registration & Elections (Risk: Reputational Damage; Failure to meet statutory requirements)	50	12	Cyclical review of the systems and procedures for the maintaining of the Electoral Register and administration of the Elections with regard for the potential increase in postal voting in light of the Covid19 pandemic.
Asset Management/Fixed Asset Valuations (Risk: Failure to Maintain adequate controls over Key Financial Systems) Audit Reviews will have consideration for the Localism Agenda. Delivery of the Future High Streets Funding Programme of initiatives.	~	10	Continuous review of the system and arrangements in place to record, manage and maintain the Council's physical assets and property portfolio. Review of the systems and procedures in place in respect of the arrangement for leases, licenses, and rental agreements; calculation of income due, collection and banking of income and the monitoring and recovery of arrears. Checks will be made to ensure localism transfers are appropriately reflected in the asset register and e.g. removed from the Council's insurance policy. Have regard for the capital funding to grow the Council's portfolio of capital assets to support economic, regeneration and/or housing priorities.
TOTAL DAYS		34	

Corporate Plan Priorities {Allocations}

AUDIT COVERAGE	RA	2021/22 Days	AUDIT SCOPE
North Worcestershire Economic Development & Regeneration Economic Growth: <u>{CORPRISK02: Unable to improve the economic prosperity of the district}</u>	~	12	Corporate Plan Priority Banner: Supporting a Successful Local Economy → A shared service between Wyre Forest District Council/Redditch Borough Council/Bromsgrove District Council. → Overview of Future High Street Funding
TOTAL DAYS		12	

**Wyre Forest Forward Programme {On ~ Going Corporate Interventions}:
Internal Audit to support the Council with Interventions/Continuous Improvement Work**

AUDIT COVERAGE	RA	2021/22 Days	AUDIT SCOPE
Garage ~ Vehicle Maintenance/Stores & Stock Control to include PPE & Garage Hive (Risk: Failure to Maintain adequate controls over Key Financial Systems)	54	8	Continued support to the Depot as part of the Interventions to include ongoing review of the arrangements in place for the maintaining and servicing of Council Vehicles, to cover Driver responsibilities, stock control and issue of fuel with the implementation of the Garage Hive software application.
Income Generation {Commercial Work} to include → Grounds Maintenance/Tree Works → Driver Training → Business Support Team (→ New Council Services/Income Streams) {Risk Reputational Damage, Customer expectations; Failure to Generate External Income}		13	Review of the systems and procedures in place for the provision of → a commercial grounds maintenance service. → provision of professional driver training. Continue to review, develop and refine systems to support the commercialisation of services being delivered by the Depot. Continued review of the work of the depot commercial Team who now report to Cabinet/CLT, to include spot checks on business cases for new/increased commercial work.
TOTAL DAYS		21	
TOTAL AVAILABLE AUDIT DAYS		249	

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2021~2022

ICT Audits and Assistance (20 Days Per Annum)- Continuous Programme of Review

CORPRISK06~Implementation of ICT Strategy

CORPRISK10~Unable to ensure a secure network

Areas	Reason
IT Governance~ Physical Security	To ensure that physical security is in place and that protocols are adhered to. Ensure that there is effective management of assets throughout to manage changes and restructuring.
IT Governance ~ Public Services Network	To ensure actions from penetration testing are implemented to allow for continued connectivity to government systems.
IT Governance ~ Access Control Applications as detailed in the WFDC ICT User Security Policy ~ January 2019	To ensure that system access is recorded and appropriately granted. To ensure that System administrators are appropriately trained. To ensure Roles and Permissions are monitored To ensure employee starter, leaver and transfers access right set up and amendments are controlled and recorded.
IT Governance ~ Upgrade/Patch Management	To ensure there is a system in place for upgrading software and applying security and other supplier patches.
IT Governance ~ Back up	To ensure system back-ups are controlled and secure. To ensure back-ups are tested and the tests are recorded. To ensure back up equipment is working appropriately.
IT Governance ~ Audit Trails	To ensure Audit trails are switched on, show an accountable trail, are retained for an appropriate length of time and the time stamps are accurate. To ensure significant events have been recorded.
IT Governance ~ Contingency Plans (Monitoring of Cyber Risks)	To ensure contingency plans are in place and include security arrangements (including physical). To ensure off site arrangements have been tested. To ensure that the cyber environment is reviewed to maintain pace with current threats; addressing the risk of financial loss, disruption or damage to the reputation of the Council.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2021~2022

Assistance & Advice (10 Days Per Annum) ~ Continuous Programme of Review

CORPRISK06~Implementation of ICT Strategy

CORPRISK10~Unable to ensure a secure network

Areas	Reason
<p>Social Media to include: {Risk: Reputational Damage; information not managed; feedback not monitored} Facebook Twitter Press Releases</p>	<p>The Council regularly updates the pages to ensure the Content is current and accurate. The sites are monitored with regard to mitigating risks in respect of branding and/or reputational damage The sites are accessible to all. Compliance with Data Security under: - ~a privacy policy, ~social media policy, ~ risk policy ~Freedom of Information and Data Protection policies. Ensure an internal policy include the employees use of social media.</p>
<p>IT Governance ~ Inventories {Risk: Misappropriation/misuse of Assets; Reputational damage should data on council assets be lost/misused; financial penalties for loss/misuse of data if hardware not manage}</p>	<p>To ensure inventories are in place for both computer software and hardware. To ensure inventories are regularly reviewed and updated including in relation to homeworking equipment</p>
<p>Payments on Line ~ Procurement/Paypal (Risk: The continuing use of procurement cards a change in process from 2015 and introduction of contactless functionality from 2019)</p>	<p>To ensure that the Council procurement cards are secure and appropriately used. To ensure that the procurement cards are being used inline with Council policies when used on line. To ensure that purchases and payments are appropriately controlled (noting the increase in contactless payments to £100 in the March 2021 Budget)</p>
<p>Payment Card Industry Data Security (Risk: Financial Penalties or withdrawal of payment facilities)</p>	<p>To ensure that appropriate processes are in place for adherence to industry standards in relation to the use of payment card technology. Particularly for increased payment processes to support external income generation.</p>
<p>BACS {Banks Automated Clearing System {Risk: Reputational Damage should payments/income collection not be actioned promptly, failure to deliver services}</p>	<p>To work with the ICT Manager and Finance Team on the implementation of any industry changes to the BACS software to ensure effective arrangements in place for processing BACS bank to bank transactions.</p>
<p>ICT Strategy Board/ICT Security {Cyber} Group</p>	<p>To attend and provide consultative advice and support on information governance and appropriate internal controls.</p>

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2021~2022

The Council undertakes a variety of procurement activities to help deliver services and meet its Corporate Plan Priorities. There are a number of key contracts and in order to mitigate the Council's exposure to commercial, contractual and reputation risk these should be effectively managed.

Contract Audit to include Procurement (25 Days Per Annum)

CORPRISK09~Unable to effectively improve the Council's Reputation

Contract/Procurement Audit includes:

- Contract Specifications
- Tendering Process including opening & recording
- Award of Contract
- Contract Monitoring
- Contract payments
- Contract register
- Final accounts as appropriate
- Service Level Agreements
- Due regard to Home Office Guidance on fraud and organised crime.

On contracts selected from the approved Revenue & Capital budgets.

Current Examples Include:-

- Disposal of Council Assets
- Depot 2020 Project {Final Account}
- Unity Park {Frenco Site} Project
- Capital Portfolio and Development Loans Fund Strategies progression
- Brinton Park Heritage Lottery Funding

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2021~2022

Specific Service Duties – (25 Days Per Annum)

CONSTITUTION-GOVERNANCE

- Continuous review of Financial Regulations to ensure updated for the policies on Development Loan Fund and the Capital Portfolio fund//Contract Procedure Rules/Corporate Fraud Policies and others that may arise.
 - ➔ Implications of Brexit from January 2021 and impact on procurement and contracts.
 - ➔ Changes to Constitution introduced as a result of migration to homeworking and remote meetings

ARRANGMENTS FOR THE PREVENTION/DETECTION OF FRAUD

- To continue to coordinate the statutory requirement for the Cabinet Office National Fraud Initiative Data Matching Exercise to include any new mandatory data sets required in respect of Government funding around Covid19 assurance work.
 - ➔ Participation by management and coordination in mandatory data matching exercise across public bodies to identify anomalies which may signify fraudulent transactions. Matches are investigated promptly and thoroughly.
- Counter Fraud Arrangements
- Participation in national surveys for Fraud to demonstrate actions in Protecting The Public Purse.

SPECIFIC ROLES

- Grant certifications where the contractual arrangement requires Internal Audit to confirm that expenditure is in line with grant terms and conditions.
- Recommendation Monitoring
 - ➔ To support the Audit Opinion
 - ➔ Allow for Internal Audit to monitor Managements progress with the implementation of recommendations.
- Internal Working Groups ~ Critical Friend Role
 - ➔ To provide for a representative on working groups to advise on risk and control.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2021 ~ 2022

	TOTAL Per Annum
GROSS (FTE*)	640
<u>Less: Leave Allocations</u>	
Bank Holidays	24
Annual Leave	69
Sick/Special Leave	12
Training	31
Sub Total	504
<u>Less: Administration</u>	
Corporate Fraud	35
Kidderminster Town Council	25
Management Inc. Meetings (Internal)	18
Corporate Briefings	4
Audit Committee Attendance	6
Audit Plans/Monitoring Reports/Annual Report	8
General Duties	4
Risk Management {Critical Friend } S151 Support	10
Available audit days (FTE)	394

*FTE = Full Time Equivalent.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****24th MARCH 2021****Annual Governance Statement**

OPEN	
CABINET MEMBER:	Councillor M Rayner, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Corporate Director: Resources
CONTACT OFFICERS:	Corporate Director: Resources Ext 2100 tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Annual Governance Statement Action Plan 2019/20

1 PURPOSE OF REPORT

- 1.1 This report is to present the current position in relation to the action plan which was developed to address the issues identified within 2019/20.

2 RECOMMENDATION

- 2.1 **The Audit Committee is asked to approve the progress against the Annual Governance Statement Action Plan 2019/20 which is attached at Appendix 1.**

3 BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of internal control and publish the findings alongside the authority's financial statements. The regulations require that a relevant committee considers the findings of the review.
- 3.2 The need to produce a Statement of Internal Control has been superseded by the requirement to produce an Annual Governance Statement (AGS) using the framework defined in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: The Framework".
- 3.3 Full details on these requirements in relation to the Annual Governance Statement have been reported to the Audit Committee and are regularly refreshed as part of annual Member training. The Annual Governance Statement was presented and approved at the July 2020 meeting of the Audit Committee.
- 3.4 In determining the Annual Governance Statement the Council is required to take into account all relevant information including the following sources of evidence:

- Internal Audit reports;
- External Audit reports;

- Assurance Statements completed by senior staff;
- Corporate Risk Register;
- External Inspection findings including the Peer Review;
- Other relevant information.

3.5 Following consideration by the Corporate Leadership Team the Annual Governance Statement was approved by the Audit Committee at the meeting in July 2020.

4 KEY ISSUES

4.1 The Annual Governance Statement identified areas of Corporate Governance which needed to be addressed during 2020/21. An action plan has been developed and is attached at Appendix 1, which identifies these areas and the progress that has been made in addressing these points. This has been reviewed and agreed by the Corporate Leadership Team.

4.2 Members are requested to review and approve the action plan and to note the current progress in relation to the delivery of the necessary improvements.

5 FINANCIAL IMPLICATIONS

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

6 LEGAL AND POLICY IMPLICATIONS

6.1 It is a requirement under the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement and monitors actions arising from the content.

7 EQUALITY IMPACT NEEDS ASSESSMENT

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

8 RISK MANAGEMENT

8.1 The Governance Framework pulls together all of the Council's information in relation to governance. In doing so the Council has regard for the Corporate Risk Register and approach to Risk Management. It is essential that the Council acts upon the significant governance issues that have been identified within the Annual Governance Statement.

9 CONCLUSION

9.1 The Council is required to complete an Annual Governance Statement which is required to:

- Consider the arrangements required for gathering assurances for the preparation of the annual governance statement;
- Consider the robustness of the Authority's governance arrangements;
- Monitor any actions arising from the review of arrangements.

9.2 This report identifies the progress that has been made to date in relation to the Annual Governance Statement approved on 22nd July 2020 and re-certified on the 28th October 2020.

10 CONSULTEES

10.1 Corporate Leadership Team.

10.2 Cabinet Member for Finance and Capital Portfolio.

11 BACKGROUND PAPERS

11.1 22nd July 2020 and 28th October 2020 – Annual Governance Statement 2019/20

11.2 Delivering Good Governance in Local Government CIPFA/SOLACE.

11.3 UK Public Sector Internal Audit Standards April 2016. {Refreshed 2017}

11.4 Audit Committee Reports 25th March 2020.

APPENDIX 1 - Significant Governance Issues for 2019-20

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2019-20 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p>General – Significant Financial Challenges</p> <p>-Continue to maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the challenges of the Covid-19 pandemic and also proposed Funding Reform, noting the impact of the progression of “Brexit” and global economy volatility.</p> <p>-Potential shortfall on the delivery of savings to meet the circa £1.7m Funding Gap by 2022-23.</p> <p>-Managing Covid-19 budget pressures</p>	AGS 2017-18 as highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	<p>a) Realignment of the MTFS to take into account the impact of the pandemic with appropriate updates and action plans to Members.</p> <p>b) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>c) To re-energise work around income generation, commercialisation and expenditure reductions post pandemic. Further develop and evolve the Financial Strategy to include:</p> <ul style="list-style-type: none"> – potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management. <p>d) To restart the Wyre Forest Forward Programme once the Covid-19 pandemic eases and to re-profile savings targets as appropriate as part of the next MTFS</p> <p><u>Progress</u> MTFS for 2021-24 approved Council 1st March 2021. Savings programme slowed down in 2020-21 due to diversion of resource to COVID, to be accelerated going into 2021-22 in accordance with indicative timetable in paragraph 6.21 of December Cabinet report. Cabinet/CLT now consider business case proposals for further depot commercial development. Localism savings rescheduled.</p>	<p>a) Ongoing financial resilience Achieved</p> <p>b) Balanced Medium-Term Financial Strategy (MTFS) for 2020-23 with developed proposals for significant savings/cost reductions to close the increased funding gap from 2019-20. Achieved</p> <p>c) Commercial Activity Programme Board to manage process of rebuilding income streams Achieved</p> <p>d) Realigned savings plan accelerated to align with MTFS Achieved</p>	<p>Corporate Director: Resources, Chief Executive, and whole Corporate Leadership team</p> <p>CAPB</p> <p>CLT/Cabinet</p>	<p>April 2020 to February 2021, early work on response to Covid-19 specific plans to close Funding Gap after easing of the restrictions Achieved</p>

2	<p>Covid-19 – Recovery Management of the recovery from impact of the Covid-19 impact on delivery operational services and also support services to ensure the Council continues to best meet business need.</p>	Covid-19 Emergency	<p>Recovery Plan – reversion to the “new normal”.</p> <p>Reports to Cabinet/Council The Council is working closely with central government and the health service to support businesses and residents across the district including:</p> <ul style="list-style-type: none"> Supporting businesses - Rate relief coupled with grants for businesses in the retail, hospitality or leisure sector have to date helped around 4,500 businesses Discretionary Grant Scheme – scheme launched end May 2020 Hardship Fund - 4,887 claims have been processed reducing bills by up to £150. Supporting residents – the Council is making contact with vulnerable residents and tenants and is working with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this highly vulnerable group. Volunteering opportunities – an interactive map on the Council website provides details of local organisations that are assisting residents through COVID-19, the kinds of support they offer, and how to get in touch <p><u>Progress</u> Service disruption kept to a minimum, good transition to online, digital service offer. Numerous Strong Leader Cabinet reports to set out detail of grant schemes. Close inter-agency working weekly briefings, Chief Executive officer lead. The Revenues and Benefits, Customer Services and Housing and Welfare Teams have worked collaboratively to achieve the best outcomes for customers and have actively signposted customers to other sources of support.</p>	<p>Continuity of high standards of council services to the community</p> <p>Achieved</p> <p>Equitable distribution of government funding</p> <p>Achieved</p> <p>Achieved.</p>	<p>CLT/Cabinet /WF20/Service Managers</p> <p>Revenues, Benefits and Customer Services Manager</p>	<p>Dependent on easing of lockdown – within 6 months of end of restrictions. Report to July Council Within MHCLG timescales</p> <p>Achieved</p>
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3	<p>Governance of Property and Loan Portfolios to further progress the implementation of the policies for the Development Loans Fund of £10m and Capital Portfolio Fund of £26.5m. To continue to clarify with the wider public that the intended impact of these £36.5million policies is to support the Financial Strategy and the Corporate Plan priority to deliver a successful local economy rather than commercial investment particularly in light of pandemic impacts on property markets.</p>	<p>AGS 2017-18 MTFs 2019-22, endorsed by Peer Review</p>	<p>a) Continue to implement revised Capital Portfolio Fund Strategy as approved at February 2020 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions. Take action to protect income streams against the pandemic impacts.</p> <p>b) Continue to work with Finance Birmingham to source suitable further loan applicants and progress loan approvals.</p> <p>c) To work with the communications team to reinforce intended impact.</p> <p><u>Progress</u> No further acquisitions in 2020-21. Change of policy for geography of purchases to within district see November Cabinet report due to changes in PWLB borrowing rules and impact of COVID. Finance Birmingham (FB) were not able to actively pursue further loans due to COVID but contract for £1.9m loan signed in February 2021 and drawdown to commence shortly. FB waived their flat annual fee from end of September 2019 until first loan signed so this will recommence from March 2021.</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams as revised in approved budget</p> <p>b) Loans approved where appropriate and robust corporate value for money and due diligence procedures are satisfied</p> <p>c) Less negative social media comment</p>	<p>CLT -Corporate Director of Economic Prosperity and Place, Corporate Director: Resources, Solicitor to the Council</p>	<p>a) Portfolio budget fully spent by end March 2021 Not Achieved</p> <p>b) By end 2021 Achieved in part</p> <p>c) By end of 2020-21 Achieved</p>
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4	<p>Information governance issues and non-benefit fraud -utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported once the temporary “pause” as an impact of the pandemic passes.</p>	<p>Annual Governance Statement 2018-19</p>	<p>a) Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues & Benefits Section in post since March 2015. They are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Additional work on potential fraud in relation to grant payments/claims in relation to Covid-19 will also be undertaken supported by Internal Audit in line with national guidance. To review the decision last year to invest in more staff for council tax and business rates recovery jointly funded by Worcestershire County Council to maximise Council Tax Income.</p> <p>c) Regular reports activity in relation to Corporate Fraud (responsibility assigned to Internal Audit Team). These will include results of extra compliance work in relation to assurance on Covid-19 payments.</p> <p><u>Progress</u> The information Governance Group has now been combined with the Cyber Security Group and is working well in this revised forum. Revenues and Benefits compliance work has been extremely challenging this year due to the diversion of resources to cope with the COVID related work. Internal Audit have undertaken additional post payment assurance work on COVID grants.</p>	<p>a) Information Governance is well managed with no breaches</p> <p>Achieved</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>Achieved although both Council tax base and collection rates have reduced this year as a result of the pandemic</p> <p>c) Annual report to Audit Committee will assess success of Corporate Fraud service</p> <p>Achieved</p>	<p>Chief Executive, Corporate Director: Resources Revenues, Benefits & Customer Services Manager</p> <p>c) Corporate Director: Resources/ Audit Manager</p>	<p>a) Ongoing consideration via Information Governance Sub-Group</p> <p>Achieved</p> <p>b) Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>Achieved</p> <p>c) September Audit Committee for Fraud Update report</p> <p>Achieved {October Audit Committee}</p>
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5	<p>Partnership and Engagement Governance issues Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP set up on the 22nd March 2017 and the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities</p>	Annual Governance Statement 2018-19	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Progress work with PSP Wyre Forest LLP by progressing the former Lloyds Garage site development and allocating further sites/projects within the district for this new partnership arrangement to explore</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC <u>Progress</u> No new partnering arrangements have been put in place in 2020-21.</p> <p>Work with PSP Wyre Forest LLP continues with work on business case for a solar farm and consideration of development site within the district for this new partnership arrangement to deliver. Regular meetings continue to be held to explore the potential to progress further development through the PSP Wyre Forest partnership.</p>	<p>a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c) That work with PSP Wyre Forest LLP delivers some tangible outcomes and progresses the first approved development for temporary accommodation Not Achieved First proposal declined by Planning Committee</p> <p>d) Reports prepared for proposals for alternative service delivery models</p>	CLT – Corporate Director of Economic Prosperity and Place, author of Property LATC report, designated officers for PSP	<p>a)/b) Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2020-21 None progressed for 2020-21</p> <p>c) PSP deliver first approved development and utilised further during 2020-21 Not Achieved – first proposal declined by Planning Committee</p> <p>d) LATC Group Structure utilised as appropriate Not appropriate to date</p>
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6	<p>ICT Resilience Governance Issues</p> <p>Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats.</p> <p>Progression of ICT Strategy Capital Allocation of £1.757m plus further allocation of £653k</p> <p>GDPR –compliance</p> <p>Additional assurance for increased homeworking and remote meetings</p>	<p>Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}</p> <p>MTFS 2020-2023</p> <p>GDPR Legislation - effective date 25th May 2018</p> <p>Covid-19</p>	<p>a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings</p> <p>b) ICT Strategy Board approvals</p> <p>c) Review of compliance by Information Governance Sub-Group (of the ICT Strategy Board) and ongoing work of Cyber Security Group established in 2019-20 to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy. The Council holds a Cyber Essentials Certificate accredited by the National Cyber Security Centre</p> <p>d) Risk assessments and review of security of homeworking arrangements</p> <p><u>Progress</u></p> <p>Network security continues to be a priority with significant resource dedicated to it. PSN compliance has been maintained and the network security continues to be effective. Progress continues to be made with the roll-out of the ICT Strategy despite the significant additional work as an impact of the mass migration to homeworking due to the pandemic.</p>	<p>a) PSN compliance, secure network;</p> <p>Achieved</p> <p>b) Timetable proceeds to timetable</p> <p>Achieved</p> <p>c) Review evidenced compliance</p> <p>Achieved</p> <p>d) Compliant risk assessments</p> <p>Achieved</p>	<p>ICT Manager/ Corporate Director: Resources</p> <p>Data Controller</p> <p>ICT Manager</p>	<p>Ongoing reports to ICT Strategy Board, Information Governance and Cyber Security Sub-Groups, Cabinet Members and Group Leaders</p> <p>Achieved</p> <p>Initial assurance work by end October 2020, ongoing risk assessments</p> <p>Achieved</p>
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WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****24th March 2021****Risk Management – Corporate Risk Register**

OPEN	
CABINET MEMBER:	Councillor M Rayner, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Corporate Director: Resources
CONTACT OFFICER:	Tracey Southall Tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register as at 31 st January 2021 Appendix 2 – Budget Risk Matrix 2021~24

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 January 2021 and the 2021-24 Budget Risk Matrix.**
3. 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 Pentana Performance (formerly Covalent) computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 Following a full collaborative procurement exercise this year Zurich Municipal were appointed to continue as the Council's insurers and will continue to provide specialist advice on Risk Management as this helps keep the costs of insurance down. The Risk Register is one of the key documents we provide to our insurers for the review of risk. We are also working with an Independent Specialist Insurance and Risk Management expert from Gallagher commissioned to work across the Insurance Consortium and this is proving beneficial to supplement the Zurich contract.
- 3.4 In addition to this external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Corporate Director: Resources in liaison with the Cabinet Member for Finance

and Capital Portfolio. The Corporate Risk Register for 2020-21 is attached at Appendix 1; it 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 and updated as part of the Quarterly Budget Monitoring reports attached as Appendix 2.
- 3.6 A report was considered and noted by Audit Committee on the 28th October 2020 that reviewed the Corporate Risk Register and included revisions to reflect the impact and increased risk of COVID-19.

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 inability to deliver a balanced budget is one of the Council's key corporate risks. The Risk Register for 2020-21 revised by CLT and includes specific reference to the risks arising from the COVID-19 pandemic. The whole Risk Register including these revisions were considered and noted at the Audit Committee in July 2020. In addition to this the Leadership team (Officers and Members) are managing more granular risks in relation to the pandemic which were summarised together with key actions taken and planned in the appendix to the Financial Stress Testing – Coronavirus Cabinet report of July 7th 2020
http://www.wyreforest.gov.uk/council/docs/doc55902_20200707_cabinet_agenda.pdf
- 4.4 It is appropriate for the Audit Committee to consider the current Corporate Risk Register that includes the impact of the COVID-19 pandemic, attached at Appendix 1, updated to the end of January 2021, and agreed by CLT. The Corporate Risk Register will continue to be reported on a six-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”.

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.

7.2 Financial risk continues to be the most significant risk facing this Council and many others and this is increased significantly due to the uncertainty surrounding the impact of the COVID-19 pandemic. Sections 25-27 of the Local Government Act 2003 require the Section 151 Officer to report on the robustness of the estimates and the adequacy of its proposed financial reserves and this is included as Appendix 4 to the MTFs Council report approved by Council on 1st March 2021.

7.3 Ongoing good governance is also key to managing the new risks in these unprecedented times. The extraordinary Council meeting on the 21st April 2020 updated our constitution that underpins good governance allowing for remote meetings that continue to operate successfully and also included some revisions to Financial Regulations.

7.4 The risks associated with the Capital Portfolio and Development Loans Fund Strategies and the steps to be adopted to mitigate them, were set out in depth in appendices 3/1 and 3/2 to the medium term financial strategy report, which was considered by Cabinet on 20th December 2016 (see hyperlink at section 11.4) and are regularly updated as part of the Capital Strategy reports. The refresh of policies and strategies in relation to the Capital Portfolio can be found in the December 2020 Capital Strategy 2021-2031 report. The Capital Portfolio Overview and Scrutiny Monitoring Reports cover risks specific to these property acquisitions in detail. The suite of related Quantitative Indicators in accordance with CIPFA guidance, is included with both the Treasury Management Reports and also the Annual Capital Strategy.

7.5 To recognise risk across the public sector CIPFA have been actively working on a Financial Resilience Index and also a Financial Management (FM) Code. The first full year of compliance for the FM Code will be 2021-22. This reflects the recognition that organisations will need time to reflect on the contents of the code and can use 2020-21 to demonstrate how they are working towards compliance.

This is closely allied to the Risk Register and updates will be provided in future reports.

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

9. CONCLUSION

- 9.1 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, including the ongoing impact of the COVID-19 pandemic and will be monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
10.2 Cabinet Member for Finance and Capital Portfolio

11. BACKGROUND PAPERS

- 11.1 The Annual Audit Findings report – Audit Committee 31st July 2017
11.2 The Annual Audit Findings report – Audit Committee 30th July 2018
11.3 The Annual Audit Findings report – Audit Committee 29th July 2019
11.4 Cabinet - 20 December 2016. Risk mitigation in relation to the Capital Portfolio Fund and Development Loans Fund
<http://www.wyreforestdc.gov.uk/media/2639628/20161220FinancialStrategy2017-2020IncludingCover.pdf> (pages 34 to 54).
11.5 Medium Term Financial Strategy Report 2021-24 – Cabinet 22nd December 2020
11.6 Capital Strategy 2021-2031 Report – Cabinet 22nd December 2020
11.7 Financial Stress Testing – Coronavirus Cabinet report of July 7th 2020
http://www.wyreforest.gov.uk/council/docs/doc55902_20200707_cabinet_agenda.pdf
11.8 Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
11.9 Audit Committee Information Pack - 25th March 2020
http://www.wyreforest.gov.uk/council/docs/doc55711_20200401_officer_decision_report.pdf
11.10 Risk Management – Review of Corporate Risk Register – COVID-19 – Audit Committee 22nd July 2020
http://www.wyreforest.gov.uk/council/docs/doc55958_20200722_audit_committee_agenda.pdf
11.11 Risk Management – Review of Corporate Risk Register – COVID-19 – Audit Committee 28th October 2020
http://www.wyreforest.gov.uk/council/docs/doc56103_20201028_audit_agenda.pdf

Corporate Risk Register 2020/21



Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

CORPRISK01 **Failure to adapt to streamlining of service delivery.** The Council continues to make plans to close the significant funding gap and this inevitably means it will continue to undergo major transformational change. Whilst this change will include the review of processes, cultural and behavioural change, it will also involve the cessation/transfer of some services. This transformational work must be carefully managed with risk mitigated by robust due diligence and use of external expertise and alternative service delivery vehicles as appropriate. Activity to mitigate this risk has been delayed by the Covid-19 Pandemic – see COPRRISK 16.




	<p>Original Matrix</p>		<p>Current Risk Matrix</p>		<p>Target Risk Matrix</p>	
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MITIGATING ACTIONS				
Description	Managed By	Due Date	Latest Note	
Regular CLT/ cabinet meetings focussed on change, demonstrating leadership by example and maintained by regular	Corporate Leadership Team; Ian Miller	31-Mar-2021	Monthly Cabinet/CLT meetings discuss a range of strategic issues and opportunities for change. Corporate Briefings delivered	<div style="border: 1px solid black; padding: 2px; display: inline-block;">90%</div>

updates at corporate briefings and team meetings etc.			in June and October 2020 and February 2021		
Use of external expertise to identify and manage commercial opportunities and advise on the most appropriate mode of service delivery.	Corporate Leadership Team; Mike Parker	31-Mar-2021	Work ongoing.	0%	
Progress implementation of organisational development work programme	Rachael Simpson	31-Mar-2021	Update to Group Leaders 9th February 2021	100%	
Demonstrating robust and focussed leadership in all transformation activity	Corporate Leadership Team; Rachael Simpson	31-Mar-2021	Ongoing	25%	






CORPRISK02 **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 tenth year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council continues to host of the North Worcestershire Economic Development and Regeneration Service (having adopted a new North Worcestershire Economic Strategy in 2019) and maintains its membership of two Local Enterprise Partnerships and continues to maximise the benefit of that position, although it is recognised that this may change as the Government seems to eliminate dual LEP membership from April 2021. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System towards 75% retention and Fair Funding Review is still emerging. We will continue to review our position as more information is released. Membership of the Worcestershire Business Rates Pool has only mitigated this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform. Successful bid for 75% rate retention pilot for 2019/20 but all the net overall gain will be invested in activity to reduce social care pressure (subject to a no detriment agreement for district councils). The 75% pilot will end 31st March 2020 so new pooling arrangements have been agreed for 2020-21 now it has been confirmed that the funding reform has been delayed to 2021-22. The Council has successfully bid for funding through the Future High Streets Fund initiative and submits its Full Business Case in May 2020. The impact of Brexit influences this risk and COVID-19 presents a significant challenge and increase in this key risk

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Worcestershire Housing Partnership Plan including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2021	Examination in Public concluded in February 2021 and now awaiting comments from the Planning Inspector. Initial actions from the Partnership Plan are completed or underway and a new Housing Delivery Strategy developed is being developed during 2021. The Homelessness and Rough Sleeping Strategy 2019 – 2022 has been refreshed and is published. An action plan has been developed, some projects are underway and some projects will be deferred in light of Covid 19.	<div style="border: 1px solid black; background-color: #e6f2ff; padding: 2px; display: inline-block;">90%</div>	
Collection of Council Tax and Business Rates Local Council Tax Reduction Scheme requires approximately 5000 Customers to pay at least 20% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.	Lucy Wright	31-Mar-2021	The current pandemic has resulted in the lowest collection rates for both council tax and business rates for many years. As at 1st Feb 21, Council Tax in year collection rates are at 93.82% compared to 94.82% last year. Many instalments were moved from Apr/May to Feb/Mar so it is hoped some of this loss may be recovered. NNDR in year collection rates are at 86.81% compared to 91.85% last year. We have not been able to issue any summons this financial year until now and the first magistrates court is being held in February. This will allow us to proceed with recovery such as attachment of earnings benefits or passing the debt to enforcement agents.	<div style="border: 1px solid black; background-color: #e6f2ff; padding: 2px; display: inline-block;">86%</div>	
Generation of additional Business Rates Income through continued delivery of	Mike Parker	31-Mar-2021	Third Quarter 2020/21	<div style="border: 1px solid black; background-color: #e6f2ff; padding: 2px; display: inline-block;">50%</div>	

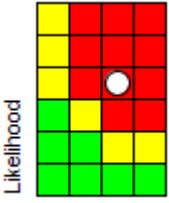

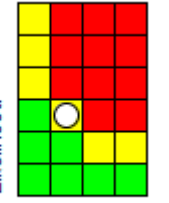

<p>regeneration and continued utilisation of policies for development loans fund and capital portfolio fund.</p>			<p>-3.1% decrease in the third quarter from £12,647,964 down to £12,261,858. Due to coronavirus the Government, with effect from 01/04/2020, are giving retail, hospitality and leisure businesses 100% off their business rates. This will be reimbursed via a S31 grant, currently this discount is approx £16,543,346. The drop in net rates is due to rateable value reductions on Doctors surgeries, ATM machines, the increase in the reliefs, and the demolition of the Churchfield site.</p> <p>Coronavirus will have a major impact on businesses in the Wyre Forest area as a lot will not reopen and many others may not be able to continue trading.</p> <p>The Valuation Office Agency has still not agreed the Supermarket appeals on the 2010 list, however the final Court decision has been made on ATM machines, the Valuation Office are now starting to take out the machines from the date they were included in the list, and the NHS hospitals Court case has now been heard but the NHS are appealing the decision.</p>		
<p>Influencing a positive outcome to the LEP Review, taking account of the potential impact of the Brexit process.</p>	<p>Ian Miller; Mike Parker</p>	<p>31-Mar-2021</p>	<p>Still no decision taken and no current discussion with government apparent.</p>	<p>0%</p>	<p></p>
<p>Delivery of redevelopment of former Lloyds Garage site and adjoining land (STC.4)</p>	<p>Mike Parker</p>	<p>31-Oct-2021</p>	<p>February meeting of Planning Committee agreed further temporary use of car park for a four year period.</p>	<p>25%</p>	<p></p>
<p>Redevelopment of former Frenco site adjacent Hoobrook Enterprise Centre to provide 9 new units</p>	<p>Mike Parker</p>	<p>31-Aug-2020</p>	<p>Contractor has failed to demonstrate sufficient progress or provide a suitable revised programme and Council has served non completion certificate with</p>	<p>80%</p>	<p></p>

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			accompanying letter requiring completion of works by 26th February. Liquidated damages accruing from 25th January being last agreed completion date.		
Purchase of land and six industrial units on Silverwoods Way (land opposite Aldi)	Mike Parker	31-Dec-2021	Legal agreement between Council and Suma to begin on site before the end of February.	50%	
Redevelopment of area around bullring and former Crown House	Mike Parker	31-Mar-2024	Initial investigation survey works expected to be undertaken before end March 2021. NWEDR currently reviewing programme of delivery with MHCLG. All FHSF programme needs to be complete by end of March 2024.	0%	
Implementation of improved connectivity from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park	Mike Parker	31-Mar-2024	Council has recommissioned Burrell Foley Fischer to undertake next stages of work comprising RIBA stages 3-5 to progress design work towards submission of planning and listed building applications. Officers undertaking discussions with potential partners and tenants and considering options for final delivery model in accordance with delegations granted by Cabinet at February Committee meeting.	0%	
Implementation of improved connectivity from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park	Mike Parker	31-Mar-2024	Jones Valerio instructed to begin approaches to property owners with a view to negotiating acquisition of key properties to be redeveloped. Officer to bring options for delivery of redevelopment sites in accordance with delegations from Cabinet at February Committee meeting.	0%	
Delivery of cinema led leisure redevelopment	Mike Parker	31-Oct-2022	Council still working with Cordwell on proposed delivery of cinema led leisure scheme but currently affected by covid pandemic and awaiting news of likely return for hospitality sector to reopen before we can expect to resume dialogue	50%	

			with cinema operator about new build proposals.		
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CORPRISK03 **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. The risk is increased by the emerging national position regarding changes in the National Planning Policy Framework the Voluntary Right to Buy pilot in the West Midlands and the First Homes Proposals.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS


Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Worcestershire Housing Partnership Plan including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2021	Examination in Public concluded in February 2021 and now awaiting comments from the Planning Inspector. Initial actions from the Partnership Plan are completed or underway and a new Housing Delivery Strategy developed is being developed during 2021. The Homelessness and Rough Sleeping Strategy 2019 – 2022 has been refreshed and is published. An action plan has been developed, some projects are underway and some projects will be deferred in light of Covid 19.	90%	

CORPRISK04 **Unable to deliver a sustainable budget for the long term.** The outcome of the Fair Funding Reform has been deferred past 2021-22 and represents a significant risk. There has been a 1 year Spending Round for 2020-21 and for 2021-22. The Reset and Fair funding review will now be put back to 2022-2023. The future of Negative RSG is also uncertain. The working assumption is that NHB Legacy payments will be paid. Business Rates 75% pilots to end after 2019-20. The 2019-22 Medium Term Financial Strategy projected a much lower level of government funding over the next 2 years

	<p>with RSG phased out completely by 2019-20 and NHB being reformed for which no funding is paid than previously expected The success of this strategy is reliant on the delivery of significant savings to close the funding gap of circa £2.7m per annum by 2023-24. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance on 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. The Business Rates Retention Scheme and the imposition of further reductions/cessation in Government funding streams represents significant corporate financial risk. These risks include the uncertainty around the future of New Homes Bonus as it is clear that there will be a significant reduction in this funding stream. Business Rates reform, growth and the risk of Appeals resulting in lower Business Rates yield represent a key risk to future sustainability. The two significant council policies for development loans fund and capital portfolio fund are intended to generate both housing and business growth whilst also generating a net revenue income stream to help alleviate the significant financial pressures. The introduction of a Financial Resilience Index by the Chartered Institute of Finance and Accountancy (CIPFA) may prompt further challenge to our future financial resilience. The Council is also responding to the findings of the follow up visit by the LGA peer review team. Brexit and COVID-19 also impact on financial sustainability. Corporate Risk 16 covers the COVID-19 pandemic impact on the Council including the significant financial impact. Corporate Risks 03 – Affordable Homes and 16 is also allied to delivery of a sustainable budget</p>					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy, taking into account the significant changes in the funding regime, increased risk and diminishing reserves available and reduced capacity following various restructures. Brexit and Covid-19 add further uncertainty and complexity.	Tracey Southall	31-Mar-2021	Council decision on 1st March.	<div style="background-color: #4f81bd; color: white; padding: 2px;">100%</div>	
Collection of Council Tax and Business Rates Local Council Tax	Lucy Wright	31-Mar-2021	The current pandemic has resulted in the lowest collection rates for both council tax	<div style="background-color: #4f81bd; color: white; padding: 2px;">86%</div>	

<p>Reduction Scheme requires approximately 5000 Customers to pay at least 20% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.</p>			<p>and business rates for many years. As at 1st Feb 21, Council Tax in year collection rates are at 93.82% compared to 94.82% last year. Many instalments were moved from Apr/May to Feb/Mar so it is hoped some of this loss may be recovered. NNDR in year collection rates are at 86.81% compared to 91.85% last year. We have not been able to issue any summons this financial year until now and the first magistrates court is being held in February. This will allow us to proceed with recovery such as attachment of earnings benefits or passing the debt to enforcement agents.</p>		
<p>Municipal Mutual Insurance Clawback - Budget Pressure</p>	<p>Tracey Southall</p>	<p>31-Mar-2021</p>	<p>A potential claim is currently being considered but liability not confirmed at this early stage.</p>	<p>90%</p>	
<p>Regular meetings to facilitate effective communications. Regular additional Cabinet/ CLT meetings in 2020-21 to focus on future financial strategy and Wyre Forest Forward savings achievement.</p>	<p>Corporate Leadership Team; Ian Miller</p>	<p>31-Mar-2021</p>	<p>Programme of meetings for 2020 including the financial impact of COVID-19. Regular meetings between Cabinet and CLT on future direction of the Council and uncertainty surrounding the ongoing financial sustainability that is dependent on Government funding and the impact on the financial gap</p>	<p>90%</p>	
<p>Further progression of policies for development loan fund and capital portfolio fund. Use of external support/expertise to manage fund and produce each business case/perform due diligence. MHCLG investment guidance and revised Codes of Practice for Prudential Code and Treasury Management reflected in Capital Strategy. Close monitoring of economic outlook/external factors influencing</p>	<p>Caroline Newlands; Mike Parker; Tracey Southall</p>	<p>31-Mar-2021</p>	<p>February/March Full Council will consider approval of new capital strategy and related policies.</p>	<p>85%</p>	

<p>market rates including the impact of the whole percentage increase in PWLB rates as at October 2019 and Covid-19.</p>					
<p>To continue to progress the Corporate Fraud role aligned to the Internal Audit Team to focus on non-benefit fraud, continue to raise awareness of national issues as part of the Fighting Fraud and Corruption Locally Agenda working in close liaison with Services and ICT; to raise awareness of risks associated with cyber fraud and management of information. There will also be close liaison with the Compliance resource within the Revenues team with updates to the Audit Committee. Implementing redevelopment proposals to generate new revenue streams</p>	<p>Cheryl Ellerton; Tracey Southall</p>	<p>31-Mar-2021</p>	<p>Progress continues to be made on raising awareness to demonstrate the commitment of the Council to tackling fraud and protecting the public purse. A formal report on the counter fraud arrangements within the Council for 2020/21 was presented to the Audit Committee in October 2020. The Councils commitment to a zero tolerance of fraud continues with current fraud and cyber scams published within the Wyred Weekly e-magazine. With heightened fraud risks and cyber scams following the lockdown in March 2020 and subsequent national restrictions, regular monitoring of new threats continues with weekly updates from the National Anti-Fraud Network reviewed and shared with service managers as appropriate. As at 30th September, the 2020/21 mandatory National Fraud Initiative had been commenced. The required mandatory sets for Payroll, Trade Creditors, Taxi Driver Licences, Council Tax Single Person Discounts, Electoral Register, Housing Benefits and Council Tax Reduction Scheme have been provided to the Cabinet Office for the 2020/21 national data matching exercise, along with details of the recipients of the Covid-19 Business Grants. All data matches will be reviewed when issued and the outcomes reported to the Audit Committee during 2021. In addition the Council have also contributed to the 2020 Cipfa Fraud and Corruption</p>	<p>95%</p>	

			Tracker to assist in the collation of national statistics in respect of fraud with particular reference to the impact of COVID19 on services during the pandemic.		
Business Rates Retention Scheme. To continue to contribute to the reform debate to maximise the council's future position.	Tracey Southall	31-Mar-2021	The current pandemic has resulted in the lowest collection rates for both council tax and business rates for many years. As at 1st Oct 20, Council Tax in year collection rates are at 56.26% compared to 57.92% last year. NNDR in year collection rates are at 49.77% compared to 56.78% last year. Normal recovery processes were put on hold until the end of June however we are yet to receive a date from the magistrate's court so we can issue summons for non-payment.	80%	▶
Green street depot 2020 improvement and investment plan and related office moves and service efficiencies	Steve Brant	30-Jun-2020	Building fully completed and we are in 12 month retention period.	100%	✓
Implementing redevelopment proposals to generate new revenue streams	Mike Parker	31-Mar-2021	Temporary policy still remains to considering district purchases only. No new potential acquisitions under consideration at present.	0%	▶
To continue to monitor impact of Universal Credit noting the significant increase in the number of claimants as a result of Covid-19.	Lucy Wright	31-Mar-2021	The current pandemic has seen a sharp rise in UC claimants. The impact for WFDC is that more people are claiming CTRS. Our working age caseload was 4,396 on 1st April rising to 4,839 on 1st Oct. CTRS expenditure has gone from £7.36m on 1st April to £7.5m on 1st Oct. This cost is shared across all preceptors. These figures are expected to increase if more furloughed staff are made redundant in the coming months.	50%	▶
To monitor the potential impact of the government's waste strategy in terms of	Steve Brant; Ian Miller	23-Mar-2023	The national Resources and Waste Strategy for England 2018 (RWS) will	25%	▶

<p>securing Government funding and the logistical implementation of changes. This could reduce current commercial income streams</p>			<p>drive a range of changes and measures to achieve a more Circular Economy, moving from an inefficient take, make, use, & throw away culture to keeping resources in use for as long as possible. The government’s clear direction is for the increased segregation and treatment of waste streams and a new target of 65% recycling.</p> <p>The Environment Bill will provide landmark primary legislation for delivery of the policies and approaches set out in RWS. It has passed through the detailed committee stage in the House of Commons and on 26th January a delay was announced with Royal Assent originally expected in Spring now put back to Autumn 2021. The Bill will require the separate collection of food waste every week from all households</p>		
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CORPRISK05 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 insurer's high standards. The potential impact of Brexit and COVID-19 so increase this risk.

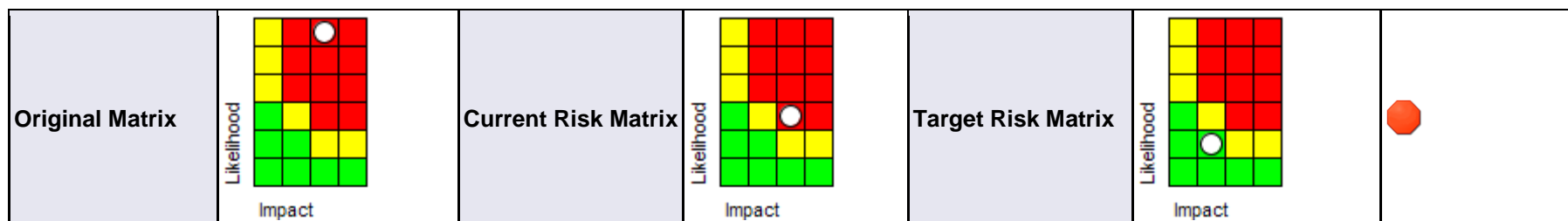
<p>Original Matrix</p>		<p>Current Risk Matrix</p>		<p>Target Risk Matrix</p>		
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MITIGATING ACTIONS			
Description	Managed By	Due Date	Latest Note


Agenda Item No. 10 – Appendix 1


Support and advice on major strategic projects to ensure sound and robust arrangements including Capital Portfolio and development loans fund.	Jane Alexander	31-Mar-2021	Work continues and on schedule for completion by 31st March 2021	<div style="width: 50%;"><div style="background-color: #4F81BD; height: 10px; width: 100%;"></div></div> 50%	
To ensure the leadership team keeps abreast of statutory changes in legislation and seek to influence consultation and seek to prepare for changes in legislation.	Caroline Newlands	31-Mar-2021	Work continues and on schedule for completion by 31st March 2020	<div style="width: 25%;"><div style="background-color: #4F81BD; height: 10px; width: 100%;"></div></div> 25%	
Continue to improve and develop Strategic management of information governance risks including follow up of Zurich Municipal in previous annual review recommendations	Corporate Leadership Team; Tracey Southall	31-Mar-2021	The merged Cyber Security Information Governance Group has met and an action plan is in place and is being implemented.	<div style="width: 60%;"><div style="background-color: #4F81BD; height: 10px; width: 100%;"></div></div> 60%	
Budgetary Control - ongoing development of reporting to include further enhancement of demand-led commercial income reporting and earlier identification of variances.	Tracey Southall	31-Mar-2021	The Q3 Cabinet report to include the forecast impact of the third lockdown is currently being prepared for March Cabinet.	<div style="width: 70%;"><div style="background-color: #4F81BD; height: 10px; width: 100%;"></div></div> 70%	
Monitor the impact of Brexit and Covid-19 and report on any significant changes in requirement as appropriate	Corporate Leadership Team	31-Mar-2021	The Chief Executive is the nominated lead for Brexit and shares relevant updates appropriately. Regular reports on Covid-19 impact.	<div style="width: 30%;"><div style="background-color: #4F81BD; height: 10px; width: 100%;"></div></div> 30%	


CORPRISK06	<p>Implementation of ICT Strategy. There continues to be significant investment in the development of technology at the Council. The ICT Strategy was agreed in February 2018 as part of the budget process with a further approval of £653k approved in February 2020. This is being implemented across the authority with progress and governance provided by the ICT Strategy Board. A number of new websites have 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 refreshing ICT platforms / systems 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 work streams. 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 needs to be aware of software support expiry dates; consideration of this issue is included within the ICT Strategy for replacement of corporate system i.e. Office and business systems. The Council needs to maintain high levels of Cyber Security to protect against malware, hacking etc. particularly in light of the increased requirement for homeworking and remote meetings.</p>
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to deliver the ICT Strategy to achieve additional efficiency savings.	Dave Johnson	31-Mar-2023	See detailed update re sub actions	72%	
Digital by Default is the expected method of interacting with the Authority	Dave Johnson; Dave Johnson	31-Mar-2023	<p>Digital Platform – set up and roll out of MyCouncilService (MCS) self-service platform is proceeding well, summary of current position:</p> <ul style="list-style-type: none"> - Overall, platform is working well. Current project to improve the data and reporting for the waste team underway, part of the continuous improvement aim of the system waste team project stuff is complete - Now using MCS system to replace the current postfields system (call logging system for the Hub). Depot have been working closely with the hub ensure needs are met. There will be savings from retiring the old Postfields system, amount of savings will depend on whether additional MCS licences are required once system has gone live. – has been live since Dec 1st. No word from MCS saying we have exceeded or licences. - Demo of waste management and route 	70%	



			<p>optimisation module viewed 20/11, more information required before deciding if this is something we want to progress. – cost prohibitive in the short term, possibility to review if partnership with R&B moves forward.</p> <ul style="list-style-type: none"> - Forms for Revenues will be the next area of work to commence following contracts and mobile working. – potential saving from replacing Victoria forms - Contracts project commenced, focus on garden waste collections. Aim is to get all 8000 customers registered on the platform and all contracts managed in the system - Investigations into booking module on hold as room bookings plugin does not currently meet our needs, but this is still currently being developed by MCS - Demo of waste management and route optimisation module viewed 20/11, more information required before making a decision if this something we want to progress. - Mobile worker project to progress with aim of having one service ready January / February time. <p>Looking at the market into option for new Income management systems and additional digital facilities for customer payments</p>		
<p>Application Software</p> <ul style="list-style-type: none"> o MS Office o Planning system o Garage system o CRM 	<p>Dave Johnson</p>	<p>31-Mar-2023</p>	<p>Planning / Land Charges – Number of Samsung tablets have been set up and handed out in readiness for roll out of Idox mobile app for the planning department. Initial install of system completed with Idox / WFDC configuring forms end of October. Number of technical issues have delayed</p>	<div style="border: 1px solid black; padding: 2px; width: 80px; text-align: center;"> 70% </div>	

			<p>the rollout, due to go live in the new year. Land Charges is now Live following upgrade to latest version of the software and data extracted and being loaded into the Live System. A few teething problems as you would expect, LC working with Idox to resolve them before the project is signed off.</p> <p>M3 - Upgrade of system used for Housing / Water Management is challenging, most of the initial work has been completed. Northgate updated system and moved to new server on the 30th November. UAT and preparation of standard documents and setup of the system ready for upgrade to latest version in February, followed by more testing and training and planned go live in March for all users with latest version of Assure. Additionally, assessing the GIS element of the system to see if there is a requirement to continue to use for plotting cases or not.</p>		
<p>ICT Infrastructure</p> <ul style="list-style-type: none"> o New Wireless o Complete Firewalls o Complete data line install o Shoretel upgrade o VMWare upgrades o Mobile Phones 	<p>Dave Johnson</p>	<p>31-Mar-2023</p>	<p>Security / Upgrades– New batch of 110 laptops have all been prepared. IT have shipped laptops out to all WFDC and WRS priority users. Most of WFDC staff completed with the focus now on WRS, this is progressing well with a number of pick up this week and next. Currently reviewing number of new laptops that might be required for WFDC staff. Anti-Virus licences have been updated on servers and workstations. Currently testing new Advanced Malware Protection Client to add an extra layer of security that complements existing products.</p> <p>Servers- Old servers continue to be upgraded or switched off following system</p>	<div style="border: 1px solid black; padding: 2px;"> 78% </div>	

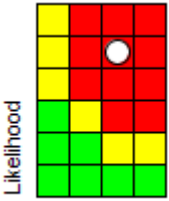
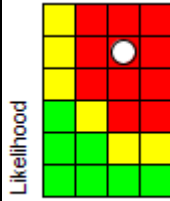
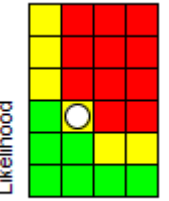

			<p>upgrades including 4 GIS servers. Server work still to be completed: -</p> <ul style="list-style-type: none"> . 7 physical servers have been delivered following tender award. This will be set up over the coming months for systems such as BSM and lighting servers. . Build of new M3 server and move over to it has now been completed upgrade to latest version of ASSURE due 19th / 20th January and user training early Feb. . Number of final server upgrades weekend 16th / 17th / 23rd January including Document, Forms and Operevenues EDM document store server. <p>Citrix – This is now a priority following the upgrade of exchange and number of other systems. IT Indicative timetable for go live for new Citrix environment Mid / End February. Users currently testing</p>		
<p>Review and Update Security Systems including Firewalls/ Web filter/New Email Gateway and associated modules/Network monitoring and reporting (Solarwinds / Firewalls etc)</p>	<p>Dave Johnson</p>	<p>31-Mar-2023</p>	<p>Anti-Virus licences have been updated on servers and workstations. Currently testing new Advanced Malware Protection Client to add an extra layer of security that complements existing products. Anti Virus Licences to advanced product now updated</p> <p>Remaining old updates nearing completion or retiring</p> <p>Fireswall firmware has been upgraded with a new failover pair for remote access to add extra resilience.</p> <p>DNS, DHCP and IP Address Management System – Implementation and set up of new system is nearing completion due to go live later in March</p> <p>Cyber training going well approx 50%</p>	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #e0e0e0; position: relative;"> 70% </div>	


			completed current course			
CORPRISK07	<p>Not able to maintain a skilled and motivated workforce. Against the background of the current local agreement until March 2021. Council on 25th September 2019 agreed a move back toward annual pay increases in line with the National Pay Agreement from 2021. The Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer. The Council has started to experience recruitment and retention issues in some areas e.g. HGV drivers. Various restructures following the move to the Wyre Forest House have provided slimmer management structures and more devolution of responsibility which should assist in motivation and retention of the workforce, alongside a management development programme. The age profile of the workforce and increasing number of employees aged 55 and over needs to be considered together with succession planning in future workforce restructures. The Council has responded to findings from the peer review follow up visit that relate to workforce issues.</p>					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Rachael Simpson	31-Mar-2021	Virtual programme commenced September 2020	100%	
Develop initiatives to support any 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.	Rachael Simpson	31-Mar-2021	Ongoing and continually under review as a result of the coronavirus pandemic and new ways of working	100%	

Undertake review of pay grading structure	Ian Miller; Rachael Simpson	31-Mar-2021	Proposals shared with unions September 2020. Revised implementation date 1 July 2021 to ensure robust data and secure agreement from unions. Unions reported positive ballots on 26 January, collective agreement being completed after formal approval at Council on 24 February.	<div style="width: 100%; background-color: #4f81bd; color: white; text-align: center; padding: 2px;">100%</div>	
Undertake and implement further organisational reviews	Ian Miller	31-Mar-2021	Fully implemented	<div style="width: 100%; background-color: #4f81bd; color: white; text-align: center; padding: 2px;">100%</div>	

CORPRISK08 **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, and review of partnerships to commence in 2020. 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/ efficiency plan and the ability to provide effective leadership for the management of the Council. This is particularly true given the increased savings targets from 2020-21 as a result of reductions in central government funding and the additional resource required to deliver the policies for development loans fund and capital portfolio fund. The impact of Coronavirus (COVID-19) represents a risk to business need see CORPRISK 16.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Ensure resources are monitored and managed to protect capacity issues when Systems reviews take place. The Innovation Fund/General Risk Reserve is used to allocate funding to support interventions and consideration will be given to topping up these reserves at year end.	Ian Miller	31-Mar-2021	CLT has reviewed past allocations in order to release unused resources to the innovation fund. Allocations made for current year include up to £100k for implementation of independent Museum Trust.	<div style="width: 90%; background-color: #4f81bd; color: white; text-align: center; padding: 2px;">90%</div>	

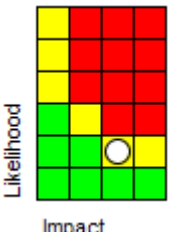

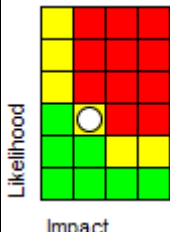
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Ensure involvement of appropriate staff from both within and outside WF20 onto projects to spread resourcing and maximise the opportunities for success.	Ian Miller	31-Mar-2021	Cross directorate working groups on Digital First and Information Governance. Staff from appropriate teams involved in other projects e.g. Capital Portfolio Fund.	90%	
Progressing changes to monitoring attendance levels. Working closely with employees, maintaining conversation and development opportunities in accordance with our values and the Worcestershire works well agenda.	Rachael Simpson	31-Mar-2021	Ongoing support being provided to employees to assist with their well-being and support managers to proactively manage staff sickness. Increased focus on data analytics to identify 'hot spots' and specific reasons of absence	100%	
Utilise external support for property investment /management expertise to expedite implementation of policies on development loans fund and capital portfolio fund.	Mike Parker	31-Mar-2021	Quarter 4 performance to be reported to Overview & Scrutiny Committee on 4th February 2021.	75%	

CORPRISK09	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.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue with Corporate programme of Employee, Member and public Engagement	Suzanne Johnston-Hubbold	31-Mar-2021	Monthly meetings held with the Chief Executive and also with Leader and Cabinet Member for Economic Regeneration, Planning and Capital	80%	

			Investments. These have been conducted via phone or zoom during Covid19 pandemic.		
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CORPRISK10	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	Managed By	Due Date	Latest Note		
Ongoing patching of servers/workstations/software	Dave Johnson	31-Mar-2021	Patching and updateing of servers going, some notable servers include openrev server, forms server and application servers.	<div style="width: 70%; background-color: #4f81bd; border: 1px solid black; display: inline-block; padding: 2px;">70%</div>	
Annual Penetration tests and network scans.	Dave Johnson	31-Mar-2021	Have joined the LGA funded pilot scheme for this years penetration, they have just awarded to the supplier. Penetration test due March / April. Are currently submitting new cyber essential form.	<div style="width: 25%; background-color: #4f81bd; border: 1px solid black; display: inline-block; padding: 2px;">25%</div>	
Review and Update Security Systems including Firewalls/ Web filter/New Email Gateway and associated modules/Network monitoring and reporting (Solarwinds / Firewalls etc)	Dave Johnson	31-Mar-2023	Anti-Virus licences have been updated on servers and workstations. Currently testing new Advanced Malware Protection Client to add an extra layer of security that complements existing products. Anti Virus Licences to advanced product now updated	<div style="width: 70%; background-color: #4f81bd; border: 1px solid black; display: inline-block; padding: 2px;">70%</div>	

			<p>Remaining old updates nearing completion or retiring Firewall firmware has been upgraded with a new failover pair for remote access to add extra resilience. DNS, DHCP and IP Address Management System – Implementation and set up of new system is nearing completion due to go live later in March Cyber training going well approx 50% completed current course</p>	
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CORPRISK11 **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. The Council has entered into a Limited Liability partnership with Public Sector PLC and has approved the setup of a LATC in readiness for property/housing development utilising the capital portfolio fund where this is the most viable option. However, there are always risks around the management of such arrangements, whether the work is being led by another organisation or led by the Council. This risk cross refers to CORPRISK 14

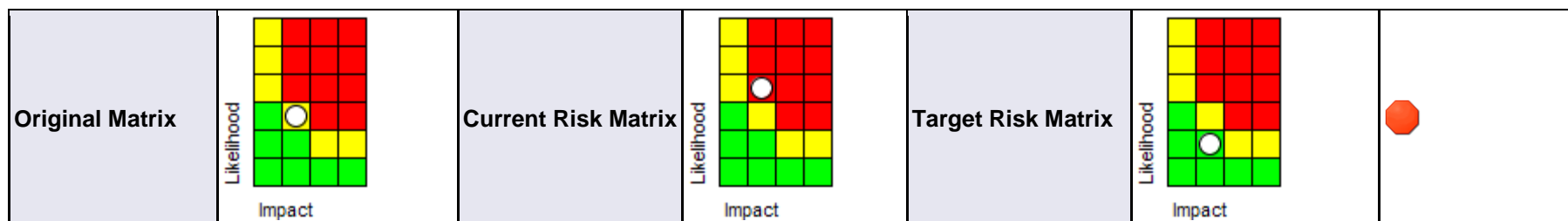
Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS				
Description	Managed By	Due Date	Latest Note	
To ensure that governance arrangements are appropriate for all forms of service delivery including Public Private Partnerships (PPPs) and Local Authority Trading Companies (LATCs).	Caroline Newlands; Tracey Southall	31-Mar-2021	Continue to maintain a watching brief and input to governance arrangements as appropriate	<div style="border: 1px solid black; padding: 2px; display: inline-block;">85%</div>

CORPRISK12 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 undertaken in May - July 2019.						
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	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 undertaken in May - July 2019.	Ian Miller	31-Mar-2021	Regular meetings with Group Leaders. Additional members forum for 20th November regarding Medium Term Financial Strategy.	<div style="border: 1px solid black; padding: 2px; display: inline-block;">90%</div>	
Ensure newly elected members taking up lead positions in the Council are mentored to enable their skills to be fast tracked	Ian Miller	31-Mar-2021	Development opportunities for relevant members being identified on an ongoing basis. Planning training provided in September, Diversity Awareness event held in late January.	<div style="border: 1px solid black; padding: 2px; display: inline-block;">90%</div>	
Training programme for all councillors for 2019-2023 to be designed, including induction training for all elected in May 2019 and refresher training in 2021 for planning and licensing and treasury management training	Ian Miller; Tracey Southall	28-Feb-2021	Treasury Management training was delivered in February which completes the programme for 2020/21.	<div style="border: 1px solid black; padding: 2px; display: inline-block;">100%</div>	

CORPRISK13	Localism: Sustaining the pace and effectiveness of asset and service transfers to third sector parties, Parish and Town Councils
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Effective operational arrangements for the oversight of governance for mutually beneficial partnerships with third parties	Corporate Leadership Team; Caroline Newlands; Tracey Southall	31-Mar-2021	Continue to maintain a watching brief.	85%	
To ensure this Council keep abreast of the latest reorganisation developments and participates in the reorganisation debate to ensure it is not left in an isolated position.	Ian Miller	31-Mar-2021	Government has invited proposals for reorganisation in three county areas (not within Worcestershire). Further information on Government policy expected in Devolution and Economic Recovery White Paper after May 2021	90%	
Continue to operate robust arrangements to secure future joint service delivery agreements with Parish and Town Councils utilising the £50k Localism Fund	Ian Miller	31-Mar-2021	Developing 3-5 year plans with individual town councils to achieve savings and protect vulnerable service areas such as parks, events, play areas. Meetings held with Town Councils since July 2020. Cabinet approval of transfers in Stourport and Bewdley obtained in November/December 2020. Kidderminster Town Council confirmed decision to transfer 4 parks on 3 February, formal Cabinet approval pending.	90%	

CORPRISK14	Establishing a group structure - Local Authority Trading Company Council on 21st February 2018 approved a group structure of Local Authority Trading Companies. Risks associated with this separate legal entity include legal, financial, governance and reputational factors. These will need to be
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managed and mitigated on an ongoing basis to protect both the LATC's and the Council's position.						
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
That external advice is taken to ensure the Council acts within correct legislation on individual proposals as appropriate.	Mike Parker	31-Mar-2021	External advice from Mazars including Anthony Collins Solicitors confirms ability for Council to act within current legislation	<input type="text" value="0%"/>	
Any financial transactions between the Council and the LATC e.g. lending through the Development Loan Fund will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken	Mike Parker; Tracey Southall	31-Mar-2021	Holding company registered with Companies House, subsidiary to follow, no business conducted as yet. Details of company below: Name & Registered Office: Wyre Forest (Holdings) Limited Wyre Forest House Finepoint Way Kidderminster Worcestershire DY11 7WF Company No. 11451232	<input type="text" value="0%"/>	
Through the shareholder agreement and through the establishment of the business plan within which the LATC operates, the Council will be able to ensure that all financial arrangements	Mike Parker	31-Mar-2021	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	

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are viable					
In the event that a catastrophic event requires it the LATC will be closed down - an exit strategy will be considered as a contingency plan to protect the Council against unknown events in the future.	Caroline Newlands; Mike Parker; Tracey Southall	31-Mar-2021	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	
The development activity of the LATC is financially self-sustainable and not reliant upon funding from the Council	Tracey Southall	31-Mar-2021	Company registered but no transactions taken place yet.	<input type="text" value="0%"/>	
The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Caroline Newlands	31-Mar-2021	Achieved with first appointment made - delegated decision published.	<input type="text" value="0%"/>	
The LATC is able to purchase support from existing council officers until such time as it is able to or requires the appointment of its own staff	Mike Parker; Tracey Southall	31-Mar-2021	Company registered but no transactions taken place yet.	<input type="text" value="0%"/>	
The LATC Business Plan identifies a suitable pipeline of development opportunities and this will be refreshed and updated on a regular basis.	Mike Parker	31-Mar-2021	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	
Changes to Prudential and Treasury Management Codes are considered in conjunction with the revised MHCLG Guidance on Investments and MRP and specific advice sought if further clarity is required on risk in relation to specific investment proposals in relation to the LATC Group structure.	Helen Ogram; Tracey Southall	31-Mar-2021	Company registered but no transactions taken place yet with the company as property acquisitions are held in Council's name.	<input type="text" value="0%"/>	
Using the external advice from Mazars individual projects will be monitored as the LATC business progresses.	Caroline Newlands; Mike Parker; Tracey Southall	31-Mar-2021	Company registered but no transactions taken place yet. So far the work that has been done has been to confirm the LATC was not the right vehicle to use for property proposals.	<input type="text" value="0%"/>	

Further training and guidance will be taken to ensure sufficient knowledge is developed. The PWC VAT Helpline the Council already subscribes to will be used and other specialist advice taken as appropriate.	Helen Ogram; Tracey Southall	31-Mar-2021	Company registered; no transactions yet taken place. Knowledge and learning is actively being progressed as part of work with PSP and also property acquisition work with the LATC perspective considered in each case but not utilised so far. To be included as part of due diligence in specific business case proposals.	0%	
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CORPRISK15 **Local plan:** Revised Local Plan to be submitted in April 2020 to Secretary of State to appoint a Planning Inspector to undertake Examination; risk that Inspector finds irreconcilable issues with the ‘soundness’ of the plan and the Council has to revisit parts or all of the process causing delay in adoption.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS

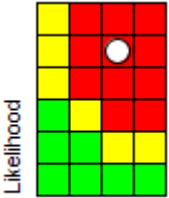
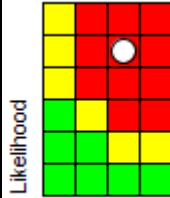
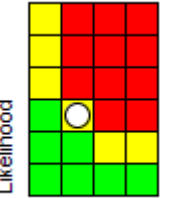

Description	Managed By	Due Date	Latest Note		
Continue to advise Local Plans Review Panel, Cabinet and Council on steps necessary to remove objections and potential objections to plan and/or to minimise their impact on the examination in public – particularly points raised by statutory consultees	Mike Parker	31-Mar-2022	Local Plan hearings successfully concluded on 10th February. Council is now awaiting report from Planning Inspector, expected to set out policies where further main modifications will be required to make the Plan 'sound'.	50%	
Implementation of robust Local Plan up to 2036	Mike Parker	31-Mar-2022	Local Plan hearings successfully concluded on 10th February. Council is now awaiting report from Planning Inspector, expected to set out policies where further main modifications will be	75%	

			required to make the Plan 'sound'.		
CORPRISK16	Three year programme to end of March 2024 delivering £20.5million programme of interventions across Kidderminster Town Centre. Governance arrangements established with board overseeing programme delivery and individual project boards to oversee each specific intervention. Additional capacity to be added to NWEDR to oversee programme and project delivery. Regular liaison with MHCLG to ensure delivery in accordance with programme and specifically focussing on monitoring and evaluation. Provision made in capital programme at February Council.				
Original Matrix		Current Risk Matrix		Target Risk Matrix	


MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Redevelopment of area around bullring and former Crown House	Mike Parker	31-Mar-2024	Initial investigation survey works expected to be undertaken before end Mach 2021. NWEDR currently reviewing programme of delivery with MHCLG. All FHSF programme needs to be complete by end of March 2024.	<input type="text" value="0%"/>	
Implementation of improved connectivity from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park	Mike Parker	31-Mar-2024	Council has recommissioned Burrell Foley Fischer to undertake next stages of work comprising RIBA stages 3-5 to progress design work towards submission of planning and listed building applications. Officers undertaking discussions with potential partners and tenants and considering options for final delivery model in accordance with delegations granted by Cabinet at February Committee meeting.	<input type="text" value="0%"/>	
Implementation of improved connectivity	Mike Parker	31-Mar-2024	Jones Valerio instructed to begin	<input type="text" value="0%"/>	



from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park			approaches to property owners with a view to negotiating acquisition of key properties to be redeveloped. Officer to bring options for delivery of redevelopment sites in accordance with delegations from Cabinet at February Committee meeting.		
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CORPRISK17 **COVID-19** The COVID-19 pandemic places pressure on ongoing service provision and means alternative ways of working must be introduced. Loss of staff due to illness may mean that staff will need to be redeployed from other service areas/ use of agency staff increased to ensure essential services such as Waste Collection, Benefits, Customer Services and Housing/Homelessness can continue. The financial impact of the pandemic will result in unprecedented stress on our budget in the short term. We are likely to see the reduction or even complete failure of some of our income streams. Together with cost pressures in certain services this will mean we will have to take action to safeguard the Council's budget in the medium term. The government has failed to address this issue fully, other than the Coronavirus Act 2020.






Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS

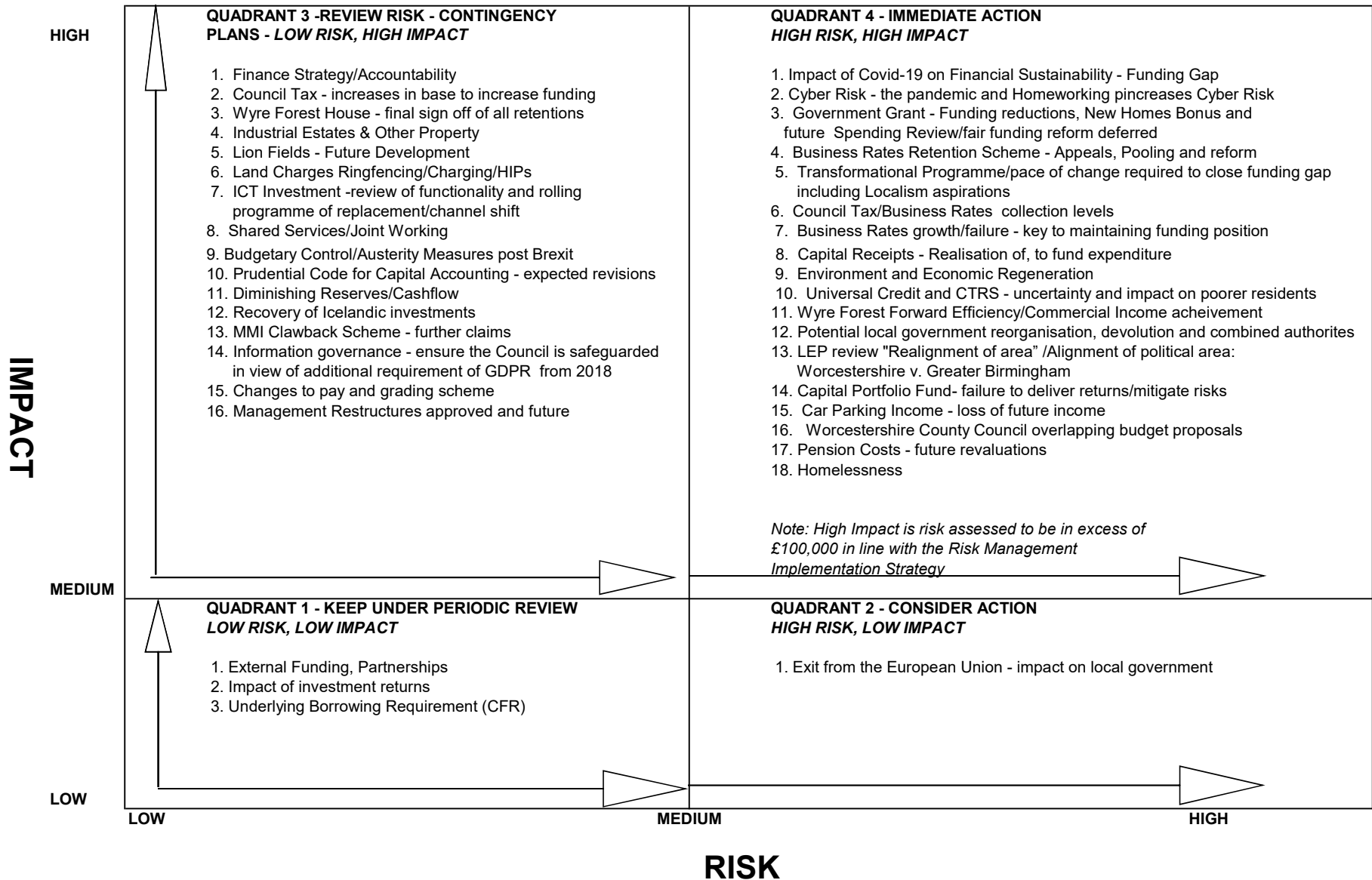
Description	Managed By	Due Date	Latest Note		
To respond appropriately to COVID-19 . To monitor the financial impact of the pandemic and make regular reports to members to ensure the Council remains financially sustainable. . To engage with MHCLG and ensure there is full understanding of the financial impact and funding support required. . To lobby for legislation to help BIDs – monitor the position of the new Kidderminster BID	Corporate Leadership Team; Corporate Leadership Team; Tracey Southall	31-Jul-2021	Reports to Cabinet on 20th May and 7th July 2020 on Financial Stress Testing re the Coronavirus Pandemic Impact. Quarter 1 Budget Monitoring Report 18th September provided overall estimates of increased funding gap over the next 3 years. MTFS to December and February Cabinets provided updates and Quarter 3 Budget Monitoring report currently being prepared for March Cabinet.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #add8e6; display: flex; align-items: center; justify-content: center;">75%</div>	

<ul style="list-style-type: none"> . Pay Business Rate Grants are distributed to help sustain businesses as quickly as possible . Award business rate reliefs . Distribute hardship funding . To modify savings plans to take account of the impact of the pandemic . Consider if delivery of any new capital or revenue projects should be deferred . Cash flow to be closely monitored together with global economic impacts that will influence treasury management activity . Monitor impact on Pension Fund and Property valuations, 			<p>Regular engagement with MHCLG and work through the District Council Network to secure additional funding. BIDs additional funding secured of £1,252 and pass ported to the Kidderminster BID.</p> <p>Good progress with passporting of MHCLG funding to businesses</p> <p>£16.552m reliefs awarded £897k of total £952k funding for Hardship reliefs awarded in reliefs of up to £150 to 6,132 CTRS claimants. Balance to be used to help new claimants. Savings plans to be reconsidered when full extent of Government funding is known.</p> <p>Not necessary to defer any planned capital projects as yet. Summer events programme cancelled. Cash flow managed daily. Worcestershire Treasurers are managing this risk in close liaison with Worcestershire County Council Pension Fund.</p>		
<p>Business Continuity Plans to be used by all teams – roll out of homeworking wherever possible; daily reports from HR on working arrangement for all staff. This will inform potential redeployment decisions.</p>	<p>Corporate Leadership Team; Corporate Leadership Team</p>	<p>31-Jul-2021</p>	<p>Currently upgrading Citrix to support homeworking and video conferencing e.g. teams etc</p>	<p>50%</p>	
<p>To monitor resource requirement to manage COVID-19. Where gross income streams fall, review resource, consider ongoing use of agency staff and/ or redeploy staff to other service</p>	<p>Corporate Leadership Team; Corporate Leadership Team</p>	<p>31-Jul-2021</p>	<p>Some redeployment of resource from service areas that could not impact in full lockdown (such as Bewdley Museum, Events) to cover areas impacted by employees shielding. Extra hours worked</p>	<p>35%</p>	

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areas to reduce costs in the short term.			to cover peak business need (to pay out Business Grants quickly).		
Facilitate remote meetings both internal and external for Council meetings.	Corporate Leadership Team; Corporate Leadership Team	31-Jul-2021	Update Citrix to support homeworking and roll out of laptops continues	<div style="width: 95%;"><div style="width: 95%; background-color: #4F81BD; color: white;">95%</div></div>	
To revise the Council's Constitution and other policies and procedures to ensure that services can continue to be provided taking into account the impacts of the pandemic	Corporate Leadership Team; Corporate Leadership Team	31-Jul-2021	Report to Extraordinary Council Meeting on 21st April 2020. Further Strong Leader reports on Discretionary Grant Policies. Council September 23rd on Committee Appointments and rebalancing the Political balance	<div style="width: 40%;"><div style="width: 40%; background-color: #4F81BD; color: white;">40%</div></div>	
Follow Public Health England guidance on response to COVID 19, ensure PPE is may available to all key workers as appropriate and that changes to safe working practices/risk assessments are in pace. To also work with West Midlands Employers.	Corporate Leadership Team; Rachael Simpson	31-Jul-2021	Ongoing communications/advice to all staff members. Participate in weekly webinars with WME. Daily staffing data monitored	<div style="width: 75%;"><div style="width: 75%; background-color: #4F81BD; color: white;">75%</div></div>	
Revisit the Corporate Plan priorities with a view to re-shaping the delivery of the Council's services to support the recovery phase of Covid-19	Corporate Leadership Team; Corporate Leadership Team	31-Jul-2021		<div style="width: 0%;"><div style="width: 0%; background-color: #4F81BD; color: white;">0%</div></div>	
Develop a COVID-19 recovery plan	Corporate Leadership Team	31-Jul-2021	Report to Cabinet on 7th July 2020, approvals by Council 15th July 2020. Member survey reported to Council 23rd September 2020. Outcome of Homeworking survey reported to December Council.	<div style="width: 60%;"><div style="width: 60%; background-color: #4F81BD; color: white;">60%</div></div>	

BUDGET RISK MATRIX 2021-24



Budget Risk Matrix

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 reductions due to COVID-19 and report as appropriate. Balances available for investment are reducing over the MTFP but further rate reductions mean lower levels of investment income will be achieved. We continue to work with Link 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 Link Asset Services to gauge both the timing and type of external borrowing.</p>
<p>Quadrant 2 - High Risk, Low Impact</p> <p>1. Exit from the European Union</p>	<p>Consider Action</p> <p>To-date the impact has not been significant but this will be closely monitored.</p>
<p>Quadrant 3 - Low Risk, High Impact</p> <p>1. Finance Strategy/Accountability (see Q4 Risk 1 also)</p> <p>2. Council Tax – increase in base</p> <p>3. Wyre Forest House final sign off of all retentions</p> <p>4. Industrial Estates and Other Property</p> <p>5. Lion Fields Gateway - Future Development</p> <p>6. Land Charges Ring fencing/Charging/HIPs</p> <p>7. ICT Investment/channel shift</p> <p>8. Shared Services Joint working</p> <p>9. Budgetary Control/Austerity Measures</p> <p>10. Prudential Code for Capital Accounting, increase in PWLB 1% Interest rate Oct 2019 and expected restrictions</p>	<p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy.</p> <p>Assumption of increase of 300 pa not realised in MTFP CD:R to monitor.</p> <p>Managed closely by Chief Executive and 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 oversee/enhance 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. Focus on income generation and innovative alternative service delivery models.</p> <p>External borrowing currently £37m, PWLB consultation paper on likely changes to code/rules. Link Asset Services continue to provide technical advice and are looking for alternative sources of cheaper borrowing.</p>

ISSUE	BUDGETARY RESPONSE
<p>11. Diminishing Reserves/Cashflow</p> <p>12. Recovery of Icelandic investments</p>	<p>Cash flow management will be tighter given reduction in capital and revenue reserves and use of the Link Cash flow model is being used to improve management information to help mitigate any risk in this area</p> <p>Under £1m is outstanding on one investments and work will continue to achieve maximum recovery.</p>
<p>13. MMI Claw Scheme</p> <p>14. Information Governance</p> <p>15. Change to Pay and Grading Scheme</p> <p>16. Management Restructures</p>	<p>Further claim received and settled, ear marked reserve held.</p> <p>Internal working group chaired by the DOR is reviewing this area to ensure the Council continues to be safeguarded.</p> <p>The impact of these proposals are being managed by Cabinet/CLT with particular regard to the impact on the overall funding envelope</p> <p>To be managed by the Chief Executive and Cabinet</p>
<p>Quadrant 4 - High Risk, High Impact</p> <p>1. Impact of Covid-19</p> <p>2. Cyber Risk</p> <p>3. Government Grant –Funding Changes, further Spending Reviews and New Homes Bonus</p> <p>4. Business Rates Retention Scheme, appeals, Pooling and revision of funding arrangements. Baseline reset (timing uncertain), impact on growth</p> <p>5. Impact of Transformational Programme, Localism agenda</p> <p>6. Council Tax Collection levels including impact of CTRS Scheme</p> <p>7. Government’s Waste Strategy</p> <p>8. Capital Receipts - Realisation of to fund expenditure</p>	<p>Immediate Action</p> <p>Managed by Cabinet/CLT reports to Cabinet/Council as appropriate.</p> <p>Managed by ICT Strategy Board, treated as priority for resource allocation</p> <p>Significant issue given the scale of the Spending deficit. The Strategic Review Panel process will assist Wyre Forest Forward Coordinating Councils Future Plans.</p> <p>Application for pan-Worcestershire Pool (including Fire Authority) agreed for 2020-21. Proposed changes to funding arrangements and delays continue to cause uncertainty and risk. The Baseline reset could also result in a decrease in this key funding stream. Our regeneration programme is a mitigation factor. Monitored closely by CLT/Cabinet</p> <p>The impact of the revised Local Scheme will be kept under review by the Corporate Director: Resources Revised CTRS scheme from April 2019 to align with Universal credit</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. Impact of COVID-19 being monitored and reported.</p> <p>Impact will be monitored as more information emerges and reported as appropriate.</p> <p>Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary.</p>

ISSUE	BUDGETARY RESPONSE
9. Environment and Economic Regeneration	The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT
10. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax	Universal Credit impact monitored
11. Wyre Forest Forward Efficiency savings	Progress continues albeit slower during 2020-21 due to COVID-19, monitored and reported regularly to members.
12. Potential Local Government Reorganisation, Devolution debate and Combined Authorities	Macroeconomic area strategically assessed and managed by the Leadership team. Communication and liaison with town and parish councils.
13. Realignment of LEP area/political area	Kept under strategic review by the Leadership team in liaison with two LEPS. The three LEP footprint proposals are also within our radar.
14. Capital Portfolio Income	Key performance metrics included in quarterly Cabinet Budget Monitoring reports
15. Car parking income	Income levels usages closely monitored, new simplified policy is proposed. Earlier timetable for scrutiny.
16. WCC overlapping budget proposals – adverse impact	Liaison with WCC to work to minimise/mitigate the impact of any overlapping proposals to protect the financial position of both parties as far as possible.
17. Pension costs – future Revaluations	Managed by Worcestershire Treasurers jointly with actuaries
18. Homelessness Reduction Act	Rising demand requiring extra resource managed by housing team with extra funding secured where possible.