

Open

Audit Committee

Agenda

6pm
Wednesday, 22 March 2023
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor R H Coleman
Vice-Chairman: Councillor P W M Young

Councillor B Brookes

Councillor N J Desmond

Councillor A Totty

Councillor B S Dawes

Councillor P Dyke

Councillor L Whitehouse

Information for Members of the Public:

Part I of the Agenda includes items for discussion in public. You have the right to request to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

Part II of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of this constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

For further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Karen Morton, Assistant Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF.
Telephone: 01562 732740 or email committee.section@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Wednesday, 22 March 2023

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 23 November 2022.	5
5.	Internal Audit – Annual Audit Plan 2023-24 To receive a report from the S151 Officer to inform members of the Internal Audit – Annual Audit Plan 2023-24, which has been prepared in accordance with the UK Public Sector Internal Audit Standards 2013, updated 2016 amended 2017.	8
6.	Internal Audit Monitoring Report Quarter Ended 31st December 2022 To receive a report from the Audit Manager that presents the Internal Audit Monitoring Report for the Quarter ended 31st December 2022.	27

7.	<p>Risk Management – Corporate Risk Register Action Plan Monitoring Report</p> <p>To receive a report from the Head of Resources that informs members of the current Corporate Risk Register and the Budget Risk Matrix, and presents the latest Risk Management Strategy, including the updated Risk Impact and Scoring Criteria.</p>	41
8.	<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>	
9.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.</p>	

Part 2

Not open to the Press and Public

10.	<p>To consider any other business, details of which have been communicated to the 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>	
-----	---	--

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

23 NOVEMBER 2022 (6PM)

Present:

Councillors: R H Coleman (Chairman), B Brookes, B S Dawes, N J Desmond, P Dyke, C Edginton-White and A Totty.

Observers

Councillor: A Coleman

Observed remotely: Councillors: G W Ballinger, J Byng, H E Dyke and M Rayner.

AUD.27 Apologies for Absence

Apologies for absence were received from Councillors: P W M Young (Vice-Chairman) and L Whitehouse.

AUD.28 Appointment of Substitutes

Councillor C Edginton-White was appointed as a substitute for Councillor P Young.

AUD.29 Declarations of Interests by Members

No declarations of interest were made.

AUD.30 Minutes

Agreed: The minutes of the meeting held on 28 September 2022 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.31 External Audit Finding Report for WFDC 2021-22 Accounts

The Committee received a report from the Grant Thornton (GT) that presented the key findings and other matters arising from the statutory audit for Wyre Forest District Council and the preparation of the Council's financial statement for the year ended 31 March 2022.

The Key Audit Partner (GT), presented the report and outlined the key issues. Members were advised that an item was outstanding in relation to the pension fund however it was hoped that this would be resolved in the next few days. She thanked the Head of Resources and her team for their assistance during

the audit process.

The Committee were given the opportunity to ask questions on the report.

Agreed: The report be noted.

AUD.32 Statement of Accounts 2021-22

The Committee received a report from the Head of Resources and S151 Officer that presented the changes that had been required to the Pre-Audit Statement of Accounts for 2021-22 so far as a result of the ongoing audit undertaken by GT and provided an update on the current status of the external audit work.

The Head of Resources thanked the Principal Accountants who had led the Audit, the Finance Team and Officers across the authority for all their efforts.

The Principal Accountant presented the report and outlined the key issues. The Committee considered the schedule of audit adjustments as at 23 November, which had been circulated prior to the meeting.

Members were given the opportunity to ask questions on the report and schedule.

Agreed: The Audit Committee DECIDE that:

- 1.1 The Audited Statement of Accounts for 2021-22 be approved and authorise the Head of Resources and S151 Officer to make any minor changes that are appropriate as part of resolution of the final external audit queries should this be necessary.**
- 1.2 The draft Letter of Representation for 2021-22 attached at Appendix 1 be approved noting that those charged with Governance concur with the s151 Officer's view that the changes identified in the Audit Findings Report (referenced in this report), not updated in the accounts, are not material. To also authorise the s151 Officer (Head of Resources), and the Chair of the Audit Committee to make any minor changes that are appropriate as part of the resolution of the final external audit queries should this be necessary.**

AUD.33 External Audit – Annual Audit Certificate for WFDC 2020-21 Accounts

The Committee received the Annual Audit Certificate from GT.

The Key Audit Partner presented the certificate and was happy to advise that the audit for 2020-21 was formally closed.

Agreed: The Annual Audit Certificate for WFDC 2020-21 Accounts be noted.

AUD.34 Internal Audit Monitoring Report Quarter Ended 30th September 2022

The Committee received a report from the Audit Manager who presented the Internal Audit Monitoring Report for the Quarter ended 30 September 2022.

The Audit Manager led members through the report and outlined the key points. Members were advised that there were no follow up reviews or reports issued during this reporting period, but drew Members attention to the work in progress and performance against plan.

Members were given the opportunity to ask questions on the report

Agreed: The Committee CONSIDERED and noted the Internal Audit Monitoring Report for the Quarter ended 30th September 2022 as detailed in the Appendix to the report.

There being no further business, the meeting ended at 6.23pm.

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
22nd MARCH 2023

Internal Audit - Annual Audit Plan 2023~24

OPEN	
CABINET MEMBER	Cllr M Rayner, Finance and Capital Portfolio
RESPONSIBLE OFFICER	S151 Officer
CONTACT OFFICERS:	Helen Ogram, Extension No. 2907 helen.ogram@wyreforestdc.gov.uk Cheryl Ellerton, Extension No. 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit ~ Annual Audit Plan 2023~24 Appendix 2 Briefing Note ~ Reduction of Available Audit Days

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2023~24. 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 2023~24, 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 considering 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.

The detailed operational plan will show how resources are to be allocated in the coming financial year 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 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 2023~24 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. Following the Covid19 pandemic which identified new risks to the Council and changed the profile of other risks, the audit scope of key areas around the internal control environment were revised. This allowed the Internal Audit Team to maintain a pragmatic approach which continued throughout 2022~23 taking into account the implementation of a structured hybrid/remote working methodology for the delivery of future council services. As outlined in the 2023~24 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 able to provide the Audit Committee with assurance that the Council's control environment continues to operate well.
- 4.6 The core structure of the Internal Audit Team changed during 2019~2020 following the resignation of the Trainee Internal Auditor and the Senior Auditor/Corporate Fraud Officer prior to March 2019. The opportunity arose to revisit the structure of the Internal Audit Team and this revised structure remained in place from 1st April 2019 to provide for a full time Auditor to support the Senior Auditor and Audit Manager.
- 4.7 During 2022~23 the Senior Auditor who had previously been on long term sick leave from June 2021, opted for retirement. As a result, the Senior Auditor position become vacant from 1st August 2022. Whilst this position remains vacant throughout 2022~23, the appointment of a temporary senior auditor to the team from October 2022 ensured the continuity in the provision of an internal audit service. This resource provided for additional support to the internal audit team having previously fulfilled the role of Auditor up until her retirement in 2017.
- 4.8 In addition, the Auditor post holder transferred to a new position within the Accountancy Finance Team in June 2022, with the Auditor position becoming vacant from 1st June 2022. Whilst this position remains vacant throughout 2022~23, the previous post holder continued to provide some audit resource to assist with the 2022~23 internal audit plan. Further audit resource was provided by the temporary secondment of a Trainee Accountant from the Finance Team, to assist with their own development and gain internal audit experience and this remains in place until the end of March 2023.
- 4.9 The Corporate Leadership formally agreed to the recruitment of both a permanent Senior Auditor and Auditor to fill the vacant positions. However, despite extensive

campaigns looking at both direct recruitment and use of agency temporary appointments, both positions remain vacant.

- 4.10 The current vacancies within the Internal Audit Team, and the temporary resource arrangements put in place during 2022~23 have however, provided an opportunity to revisit and review the internal audit plan. As part of this review, the internal audit plan has been benchmarked against the respective internal audit plans of the other Districts within Worcestershire as part of the Worcestershire Internal Audit Shared Service, hosted by Worcester City Council.
- 4.11 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 259 days. The reduction in audit days from 394 to 259 is not detrimental to the proposed delivery of an Internal Audit Service for the Council. The realignment of available days is as outlined in Appendix 2.
- 4.12 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.

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 2023~24 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 Internal Audit service is one element of the Council’s assurance/internal control framework.

8. EQUALITY IMPACT NEEDS ASSESSMENT

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

9. CONCLUSION

- 9.1 The Annual Audit Plan 2023~24 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

2023~24

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.

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 2023~24

		<u>2023~24</u>
		Days
Systems and Probity Risk Reviews	NOTE 1	174
Computer Audit {ICT Governance & Advice}	NOTE 2	15
Contract Audit {Procurement}	NOTE 3	10
Sub-total Planned Work		199
Specific Service Duties	NOTE 4	20
Consultancy and Advice {Audit Resource Set Aside}		
→ Provide professional advice on emerging risks and issues {Continuing Covid19 Assurance Work}		20
→ Management Requests for ad-hoc commissioned work		
Irregularity Contingency {Audit Resource Set Aside}		
→ Provide advice and assistance on required investigations		20
WORKLOAD/AVAILABLE DAYS		259

NOTES

- 1 The days per service area are shown on Pages 4-8
- 2 An analysis of the areas covered is shown on Page 9-10
- 3 An analysis of the areas covered is shown on Page 11
- 4 A breakdown of the specific service duties follows on Page 12

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	2023~24 Days	AUDIT SCOPE
Annual Assurance Reviews			
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. <i>A hybrid methodology of working was implemented during 2021~22, therefore, it is acknowledged that remote working arrangements enhance risks due to the change in working arrangements and processes for this key area.</i></p>	29	6	<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 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 for the Capital Portfolio Fund; and the increase in the capital programme arising from the Future High Street Funding and Levelling Up Funding; with regard to the Prudential Code for Capital Finance {2021 Edition} Have regard to all guidance on Local Government Investments and the Code of Practice {TM in the Public Services} ~ 2021 Edition</p>
<p>Budgetary Setting, Control & Monitoring {Risk: Failure to Maintain adequate controls over Key Financial Systems to support an effective internal control environment and ability to set a balanced budget} Budgets are approved by Council in February; review will consider budget monitoring by Service Managers.</p>	33	8	<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 systems and procedures around the 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.</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. The audit review will consider income generation, costing of work to ensure income streams are meeting their targets; pre-payment for services as the Council looks to a more commercial approach to the delivery of services.</p>	51	8	<p>Assurance Historically, good governance. Reviewed as an element of the general ledger supporting the annual statement of accounts; to provide a sound control environment process 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 channel shift/digitalisation to generate increased external income. ➔ Income generation linked to the commercialisation agenda.</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. 2022~23 saw a significant reduction in staff resource, as team changes/ staffing restructures continued to meet the changing business need and the Councils transformation programme} This is a critical system and well managed. Local Council Tax Reduction Scheme as amended due to the cost-of-living crisis and the increase in the level of support provided to low-income households for the 2023~24 financial year.</p>	55	18	<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. Changes to the Benefits System under the Welfare Reform Act, Universal Credit, Single Fraud Investigation Service and the WFDC Local Council Tax Reduction Scheme. ➔ The review will have regard to the impact of the cost-of-living and impact on the level of support to low-income households.</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} NB: Redditch BC moving from Frontier system, Officer Decision on 4th June 2020 to remain with RBC and develop their new service solution with for possible implementation in</p>	<p>51</p>	<p>12</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. With any implemented hybrid/remote working arrangements taking into account the confidential nature of data held for payroll and HR Management</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}</p> <p>→ Business Rate reform continues and with the continuation of a Herefordshire & Worcestershire Business Rates Pool agreement for 2023~24</p> <p>→ Potential for additional Government reliefs add complexity to the administration systems for this key income stream.</p>	<p>21</p>	<p>8</p>	<p>Assurance Historically, good governance. Reviewed as a key financial process with an annual rateable value in excess of £34million 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 for any Valuation Office changes 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. → 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 as appropriate 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 maximising income collection in consideration of the cost-of-living/energy crisis.</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>	<p>21</p>	<p>8</p>	<p>Assurance Historically, good governance. Reviewed as a key financial process, with an annual property charge in excess of £85m. Scope will capture changes to the systems and procedures in place to calculate liability, raise bills, collect payment and monitor arrears. 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 to the impact of the cost-of-living on the level of support to low-income households.</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.</p>	<p>51</p>	<p>12</p>	<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 process. 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.</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>	<p>44</p>		<p>The review will have regard for any transactions for the Future High Street Fund and Levelling Up Fund 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 were genuine, realistic and not fraudulent. The review will acknowledge the implementation of hybrid/remote working on this service area.</p> <p>Assurance 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.</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>	<p>67</p>	<p>5</p>	<p>Assurance Historically, good governance. Reviewed as a key system across all services. Well managed as evidenced from the work of the Corporate Debt Recovery Officer within the Finance Team 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 management of debt recovery within the Property Management Teams and the BNP Contract for managing the Capital Portfolio properties. → The impact in maximising income collection in consideration of the cost-of-living/energy crisis</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 audit reviews will ensure WFDC procedures remain fit for purpose.</p>	<p>40</p>	<p>5</p>	<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 crosscutting across all Service Teams. Including follow up on change processes as part of the on-going transformation programme and having regard to the digital first agenda.</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 Service Teams.</p>	<p>82</p>	<p>10</p>	<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 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 Council's 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 way information is received, managed, and stored.</p>	<p>~</p>	<p>8</p>	<p>Continuous review to support the work of the ICT Strategy Board/Information Governance Group; 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.</p> <p>Confirm compliance with data protection legislation with regard to the General Data Protection Regulation {GDPR} May 2018 to include mapping data protection processes to ensure that the personal information 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 considering the increased remote {Hybrid} working across all service teams implemented from Autumn 2021.</p>

Agenda Item No. 5 Appendix 1

Ethics and Governance {Risk: Reputational Damage; Failure to meet Statutory Requirements; Ineffective governance; unsatisfactory audit opinion}	44	8	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.
Risk Management {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,	~	8	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.
TOTAL DAYS		124	

Cyclical Reviews {Rollover}

AUDIT COVERAGE	RA	2023~24 Days	AUDIT SCOPE
Development Management {Risk: Reputational Damage; Failure to meet statutory requirements; customer expectation; income threshold} → Several Staffing Changes during 2022~23	54	15	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} → Change of elections Team during 2022~23	50		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 considering following the Covid19 pandemic and implementation of Voter ID from 2023.
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.	~		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		15	

Corporate Plan Priorities {Allocations}

AUDIT COVERAGE	RA	2023~24 Days	AUDIT SCOPE
North Worcestershire Economic Development & Regeneration Economic Growth:	~	15	Corporate Plan Priority Banner: <i>Supporting a Successful Local Economy</i> →A shared service between Wyre Forest District Council/Redditch Borough Council/Bromsgrove District Council. →Overview of Future High Street Funding and Levelling Up Funding to support the S151 assurance statements
TOTAL DAYS		15	

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

AUDIT COVERAGE	RA	2023~24 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	20	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. Review of the systems and procedures in place for the provision of commercial activities. Continue to review, develop and refine systems to support the commercialisation of services being delivered by the Depot.
Income Generation {Commercial Work} to capture current and new council service income streams {Risk: Reputational Damage, Customer expectations; Failure to Generate External Income}	~		
TOTAL DAYS		20	
TOTAL AVAILABLE AUDIT DAYS		174	

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2023~24

ICT Audits and Assistance (10 Days Per Annum)~ Continuous Programme of Review

~Implementation of ICT Strategy

~Unable to ensure a secure network which would make ICT vulnerable to attacks/threats

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 and any vulnerabilities identified are addressed.
IT Governance ~ Access Control Applications as detailed in the WFDC ICT User Security Policy ~ Updated June 2021	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/Security & 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. To ensure there is a Corporate Cyber Response Plan in place.

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2023~24

Assistance & Advice {5 Days Per Annum} ~ Continuous Programme of Review

Implementation of ICT Strategy

Unable to ensure a secure network which would make ICT vulnerable to attack/threats

Areas	Reason
<p>Social Media to include: {Risk: Reputational Damage; information not managed; feedback not monitored} Facebook</p> <p>Twitter</p> <p>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/remote equipment</p>
<p>Payments on Line ~ Procurement/Paypal {Risk: The continuing use of procurement cards 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 in line with Council policies when used online. To ensure that purchases and payments are appropriately controlled.</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 2023~24

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 (10 Days Per Annum)
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
- Unity Park {Frenco Site} Project
- Capital Portfolio

Government Funding

Unable to improve the economic prosperity of the district}

- Future High Street Funding ~ £20.5m Programme
- Levelling Up Funding for projects in the district

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2023~24

Specific Service Duties – (20 Days Per Annum)

CONSTITUTION-GOVERNANCE

- Continuous review of Financial Regulations to ensure updated for the policies for the Capital Portfolio fund//Contract Procedure Rules/Corporate Fraud Policies and others that may arise.
 - ➔ Implications of Brexit and impact on procurement and contracts.
 - ➔ Changes to Constitution introduced as a result of migration to hybrid working 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 Exercises.
 - ➔ 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 including the drawdown of funding by Kidderminster Town Council of grant from the Levelling Up Fund
- Recommendation Monitoring
 - ➔ To support the Audit Opinion
 - ➔ Allow for Internal Audit to monitor Management's 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.

Appendix 2

Briefing ~ Annual Audit Plan 2023~24~Reduction of Available Audit Days

As noted at 4.11, there is a reduction of 135 available audit days for 2023~24 as detailed below: -

- **Computer Audit Days ~ Reduction of 15 Days**
- **Contract Audit Days~ Reduction of 15 Days**
- **System Reviews ~ Reduction of 75 Days**
- **Specific Service Duties ~ Reduction of 5 Days**
- **Consultancy & Advice {Ad-hoc} ~ Reduction of 5 Days**
- **Consultancy Engagements**
 - **Commissioned Projects & Irregularities ~ Reduction of 20 Days**

Computer Audit

→The days in the 2023~24 Audit Plan have been reduced from **30 to 15.**

These days encompass detailed reviews of applications in use throughout the council.

Permissions and access rights to these applications will now be considered as part of the system review and by continuous auditing.

Contract Audit

→The days in the 2023~24 Audit Plan have been reduced from **25 to 10.**

These days are allocated to specific reviews of contracts from the tendering procedure to the awarding of the contract. These reviews also include the financial monitoring of the contract.

The contract audit days complement the specific days allocated to procurement spend via the procurement cards and detailed analysis of large spend as extracted from the Financial Management System {Agresso}.

System Reviews

Please refer to the table below.

→The days in the 2023~24 Audit Plan have been reduced from **239 to 164.**

Specific Service Duties

→The days in the 2023~24 Audit Plan have been reduced from **25 to 20.**

The days allocated continue to allow for audit resource for those areas that sit outside of the core internal audit plan, ensuring the independence of internal audit from any procedural arrangements across the Council and service specific areas, e.g., Management of Corporate Fraud.

Consultancy & Advice {Ad-hoc}

→The days in the 2023~24 Audit Plan have been reduced from **25 to 20.**

The days allocated continue to allow for the provision of an ad-hoc advice/consultancy roll. The review of the number of audit days is in line with allocation of time to this function by the internal audit team and considered the number of queries that have been asked of the team by colleagues.

Consultancy Engagements {Including Irregularity Contingency}

→The days in the 2023~24 Audit Plan have been reduced from **40 to 20.**

The days allocated continue to allow for the provision of a consultancy roll within the audit team to provide for management requests to complete specific detailed project work.

System Reviews			Comments To Support Reduction in Days
2023~24			
	Revised	Original	
Treasury Management	6	8	Assurance review allowing for policies, procedures and the constitution to be reviewed. No major issues arising from previous audits.
Budgetary Control & Monitoring	8	10	Assurance review of a Core Financial Procedure. Review follows a stringent timetable to allow for a balanced budget to be prepared. No major issues arising from previous audits.
Accounts Receivable	8	10	Assurance review of a Core Financial Procedure. No major issues arising from previous audits.
Benefits {Inc Housing Allowances & CTRS}	18	25	Assurance review of a Core Financial Procedure. No major issues arising from previous audits. Detailed compliance testing is undertaken owing to the complexity of the Benefits protocols.
Payroll	12	20	Assurance review of a Core Financial Procedure. No major issues arising from previous audits. Detailed compliance testing undertaken with Service delivery by Redditch BC.
NNDR	8	10	Assurance review of a Core Financial Procedure. No major issues arising from previous reviews. Service still subject to regulation and change.
Council Tax	8	10	Assurance review of a Core Financial Procedure No major issues arising from previous audits.
Accounts Payable {Inc Procurement Cards}	12	20	Assurance review of a Core Financial Procedure No major issues arising from previous audits.
Debt Recovery	5	8	Assurance review of a Core Financial Procedure No major issues arising from previous audits. Review will include Property Debts in respect of the Council's portfolio.
Income to Bank {Inc Bank Reconciliation}	5	10	The Bank Reconciliation has provided for Full Internal Audit Assurance previously, changes to the new methods of income collection are kept under review.
Fees & Charges	0	6	Incorporated into Accounts Receivable
Corporate Cyclical Review	24	35	To include Information Governance, Risk Management, Ethics & Governance: Reviews to be completed on a continuous rolling plan.
Service Specific Cyclical Reviews	15	34	These will be service delivery dependant in consultation with Service Managers and CLT as appropriate.
Corporate Plan Priorities	15	12	These will align with the Councils Corporate Priorities and reviews undertaken in consultation with Service Managers and CLT as appropriate.
Wyre Forest Forward	20	21	These will be service delivery dependant in consultation with Service Managers and CLT as appropriate.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
22nd MARCH 2023**INTERNAL AUDIT MONITORING REPORT**
QUARTER ENDED 31st DECEMBER 2022

OPEN	
CABINET MEMBER	Councillor Mary Rayner: Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources And {S151 Officer} Extension 2907 helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 31 st December 2022

1. PURPOSE OF REPORT

- 1.1 To present the Internal Audit Monitoring Report for the Quarter ended 31st December 2022, attached as Appendix 1.

2. RECOMMENDATION

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

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 31st December 2022 as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2022~23 in March 2022. This plan considers changes in priorities and risk and provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority. The approved plan for 2022~23 reflects the current staffing resource following a mini restructure of the Internal Audit Team in April 2019.
- 3.3 Actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year by way of this quarterly monitoring report to the Audit Committee, Corporate Leadership Team and to the External Auditors.
- 3.4 The Report attached as an Appendix contains 5 sections which are:

Section 1	Follow up reviews undertaken in the quarter, incorporating recommendations in progress
Section 2	Final Internal Audit Reports issued
Section 3	Draft Internal Audit Reports issued
Section 4	Work In Progress to include draft reports issued following completion of 2021~22 Annual Audit Plan
Section 5	Performance Statistics & Additional Assurance work undertaken

Several reviews are currently in progress. To support the work in progress, a summary of **action plans** issued is detailed within section 4 for Member information. In addition to the managed audits, within the audit plan resources are allocated to **consultancy and advice** for which a summary of the requests dealt with by Internal Audit is included within the performance statistics.

- 3.5 The audit reports referred to in the Appendix are those where testing has been undertaken on an element of the internal control environment. It should be noted that the findings are on an **exception basis** i.e., reported if an internal control was found not to be operating satisfactorily, so giving rise to a control weakness and therefore an area for improvement. The findings of audit reviews in the report do not list those internal controls which were found to be operating satisfactorily. This approach has been adopted to enable the output of the review to focus on those areas considered by Internal Audit to require management’s attention. The final audit report will recognise those areas of improvement and recommendations promptly actioned during the audit, in order to raise the overall level of assurance given by Internal Audit at the completion of the full review.
- 3.6 The Internal Audit review process is published on the Council’s Intranet. This details the process whereby **Draft** internal audit reports arising from audits are forwarded to the respective Corporate Leadership Team member and their nominated service manager{s} for agreement to recommendations and timescales for implementation prior to the preparation of **Final** internal audit reports.
- 3.7 The Internal Audit Charter requires an annual opinion on the Council’s internal control environment. This considers the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered to give an overall view of the Council’s internal control environment, which is reported to the Audit Committee early in the municipal calendar to align with the final accounts’ closedown.
- 3.8 The terminology within the reports presented to members is in line with that used by many other Internal Audit Teams of public authorities, private and public companies, and external auditors.
- 3.9 Every organisation operates in the real world and errors/omissions/system weaknesses (manual or computerised) are inevitable. Management has to manage these known risks through the use of internal controls.
- 3.10 It may be that an operational decision has been taken by management to accept the risk of the non-operation of an internal control. Where Internal Audit is reviewing the area in such an instance the weakness and any associated recommendation would be reported. Management would record within the service’s risk register the processes in place to mitigate the risk.

- 3.11 The Corporate Leadership Team have confirmed that action would be taken immediately should an internal audit review report a significant weakness which could lead to a potentially serious issue.

4. KEY ISSUES

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been designed to enable management and members to focus on those areas that Internal Audit wishes to draw to its attention. The format of the audit briefs and formal reports is also devised to evidence the associated corporate risk and those risks considered against expected controls. The quarterly monitoring report is presented to the Audit Committee in accordance with the Internal Audit, Quality Assurance & Improvement Programme to ensure on-going monitoring of the performance of the internal audit activity.
- 4.3 The Internal Audit Team operate in accordance with recognised Internal Audit Standards. Procedures are monitored to ensure that the Internal Audit Team procedures remain compliant.
- 4.4 The Internal Audit Charter requires an annual opinion on the Council's internal control environment and governance arrangements. This considers the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered to give an overall view of the Council's Internal Control environment and governance arrangements, which is reported to the Audit Committee.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. There may however be financial implications if the audit recommendations made within audit reports are not implemented on a timely basis or if a control environment requires strengthening with the introduction of additional procedures/processes.

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 In order to manage risk, internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.

- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.
- 7.4 A relevant member of the Internal Audit Team will continue to be involved in future Wyre Forest Forward reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised. This work will be resourced as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.
- 7.5 Key audit risks are evidenced against expected controls for all internal audit briefs. This presentational change as recommended by the external review helps to increase focus on risk management issues throughout the delivery of each specific audit review.

8. CONCLUSION

- 8.1 The work undertaken by the Internal Audit Team in the quarter ended 31st December 2022 is reported within Appendix 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

9. CONSULTEES

- 9.1 Corporate Leadership Team

10. BACKGROUND PAPERS

- 10.1 23rd March 2022 ~ Audit Committee ~ Internal Audit Annual Plan 2022~23
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}



INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
31st December 2022**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 31st December 2022

INDEX	PAGE
SECTION 1 Follow up Reviews undertaken in the Quarter	7
SECTION 2 Final Audit Reports issued in the Quarter	8
SECTION 3 Draft Audit Reports issued in the Quarter	9
SECTION 4 Work In Progress {Including Action Plans/Progress Reports Issued} & Draft reports following the completion of the 21~22 Internal Audit Annual Plan	10
SECTION 5 Performance against Annual Plan for the Financial Year 2022~23	11
Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 31st December 2021 & 31st December 2020	13
Supporting Information for Other Internal Audit work including the Wyre Forest Forward reviews, process designs.	14
 <i>Cheryl Ellerton</i> <i>AUDIT MANAGER</i>	
 <i>Helen Ogram</i> <i>SECTION 151 OFFICER</i>	

SECTION 1

Quarter Report to the 31st December 2022

Summaries of Follow up Reviews undertaken in the Quarter

KEY

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

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

SECTION 2

SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st December 2022		
	ASSURANCE	PAGE
CORE FINANCIAL SYSTEM REVIEWS		
<u>Key Systems (Annual Assurance Reviews)</u>		

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

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.

Quarter Report to the 31st December 2022

DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 31st December 2022	
TITLE	DATE OF ISSUE
~	~

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

SECTION 4

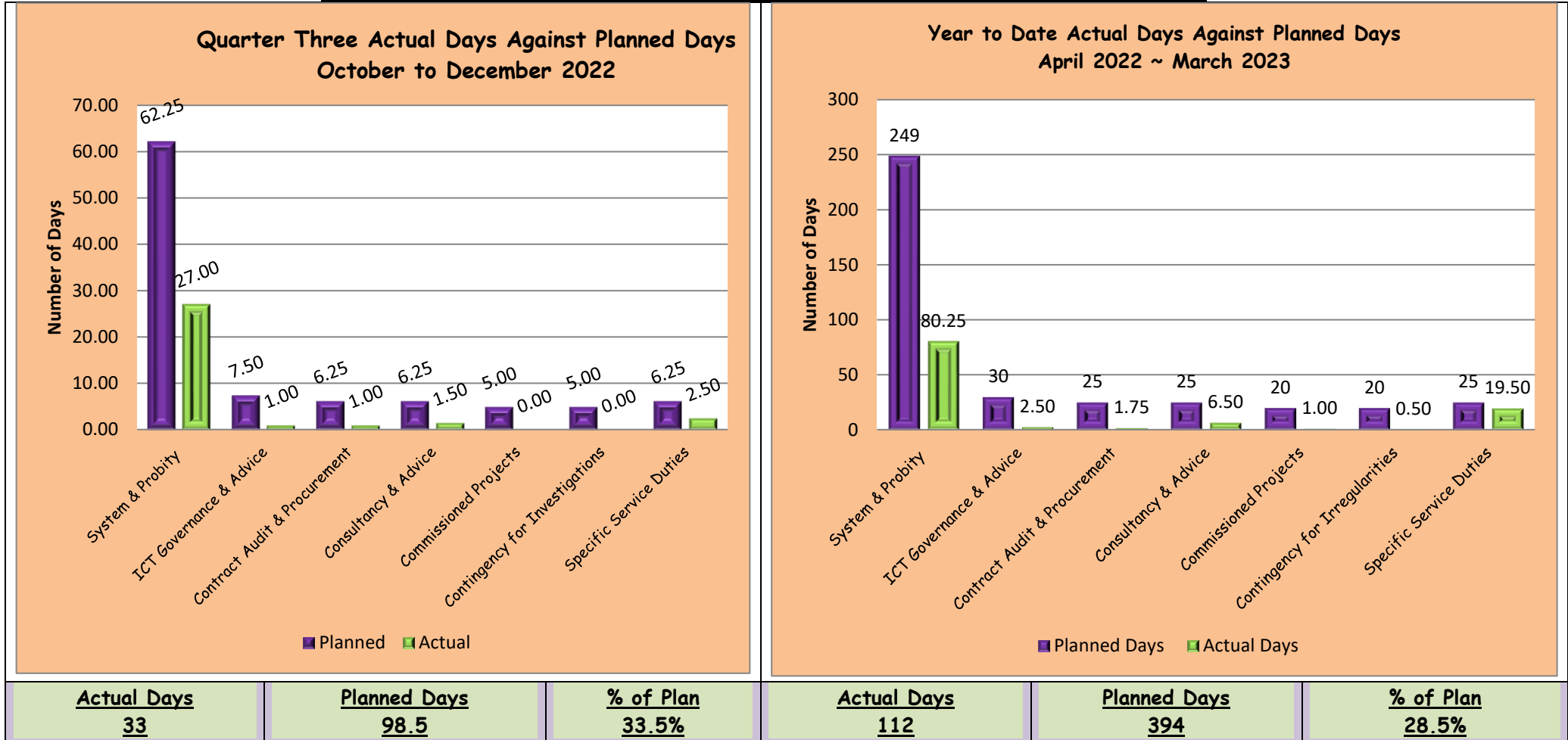
The following Action Plans have been issued to Managers. In addition, the table below shows the status of reviews currently in progress to cover the current on ~ going testing within the 2022~23 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 31st December 2022		Status	Action Plans/Progress Report			DATE OF COMPLETION OF FIELD WORK
RISK ASSESSMENT	AUDIT REVIEW	As At 31.12.22	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	
	Core Financial Systems (Annual Assurance Reviews)					
RA40	Accounting Cash To Bank Bank Reconciliation	Stage 1	-	-	-	
	Income to Bank {WFH, HUB, Green Street & T.I.C}	Stage 3	-	-	18.11.22 {x3}	
RA55	Benefits {Inc Council Tax Discounts (Local Scheme)} Council Tax Reduction {Local Scheme} ~ Compliance	Stage 3	-	-	04.11.22	
	Housing Benefit {Allowances}	Stage 3	-	-	11.11.22	
	Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	-	-	-	-	
RA21	Council Tax Ctax Reconciliations ~ {To include Gross Debit}	Stage 6	23.06.22 {FR}	N/A	N/A	
	Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 1	-	-	-	
	Ctax Compliance/Recovery	Stage 3	-	28.10.22	-	
RA44	Creditors (Accounts Payable) Creditors {Accounts Payable} ~ Compliance	Stage 3	-	-	13.12.22	
	Creditors {Accounts Payable} ~ Reconciliation	Stage 3	-	07.09.22	-	
RA51	Debtors (Accounts Receivable) Debtors {Accounts Receivable} ~ Compliance	Stage 2	-	-	04.01.23	
	Debtors {Accounts Receivable} ~Reconciliations	Stage 3	-	06.10.22	-	
RA82	Establishment Establishment Reconciliation	Stage 1	-	-	-	
	Establishment {Staff Record Forms}	Stage 1	-	-	-	
RA21	National Non-Domestic Rates NNDR ~ Reconciliations ~ {To include Gross Debit}	Stage 6	23.06.22 {FR}	N/A	N/A	
	NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 3	-	-	14.12.22	
	NNDR ~ Compliance	Stage 3	-	-	15.11.22	
RA51	Payroll (Including Mileage & Subsistence Claims) Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team) ^ ^ Field Work includes Local Government Pension Scheme & Local Pay Award	Stage 3	-	17.10.22	21.11.22 19.12.22	
	Payroll ~ Reconciliations {WFDC Accountancy Team} ~Parameter	Stage 3	-	13.09.22	-	
RA29	Treasury Management {Strategy, Reporting & Reconciliations} → Reconciliation Procedures	Stage 3	-	-	07.12.22	
	→ Compliance {Investments Placed/Recalled & Borrowing}	Stage 3	-	-	07.12.22	
	→ Strategic Reporting	Stage 1	-	-	-	
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 ~ Reviewed {Audit Manager} Stage 5 ~ Draft Report Issued Stage 6 ~ Final Report Issued {FR}				

SECTION 5

Audit Resource Statistics

Performance Against Annual Plan For The Financial Year 2022~23



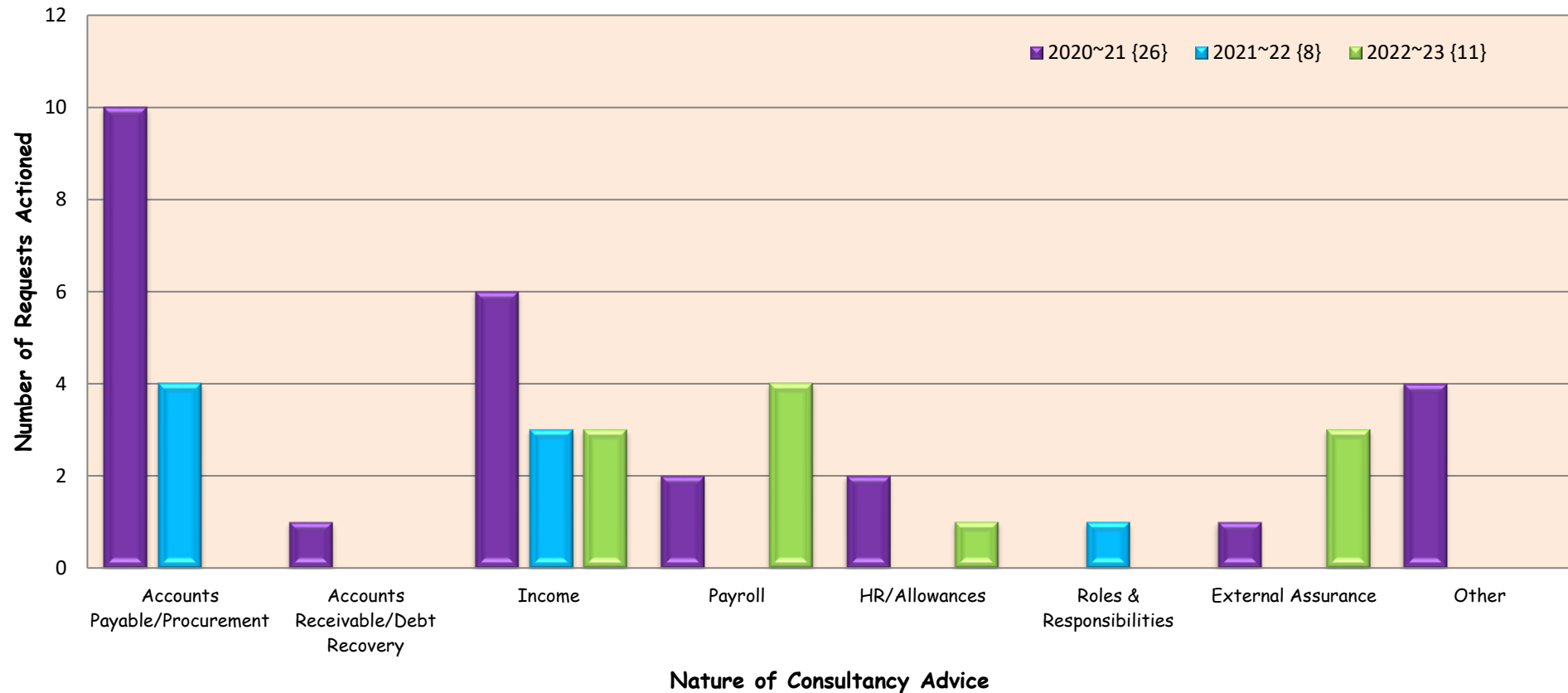
➤ For the quarter to 31st December 2022 actual against plan is 33.5 % compared to a target of 95%

Notes to Support Performance Statistics

- ❖ The approved audit plan for 2022~23 has been based on a full establishment within the Internal Audit Team from the commencement of the financial year.
- ❖ During the first quarter of this financial year, the Senior Auditor who had previously been on long term sick leave from June 2021, opted for retirement. As a result, the Senior Auditor position become vacant from 1st August 2022. This position remained vacant throughout the second quarter of 2022~23.
- ❖ In addition, the Auditor post holder transferred to a new position within the Accountancy Finance Team in June 2022, with the Auditor position becoming vacant from 1st June 2022. Whilst this position remained vacant throughout the second quarter of 2022~23, the previous post holder has continued to provide some audit resource to assist with the 2022~23 internal audit plan. This has minimised the potential loss of available audit days during this second quarter. This support has been agreed with the S151 Officer/Head of Resources to remain in place until such time as the position can be filled.
- ❖ As referenced in the quarter one monitoring report, the vacancies within the internal audit team impacts on the potential available audit days during the 2022~23 financial year. The audit plan is considered a statement of intent, subject to change/review during the fiscal year. The reduction in the potential audit days from 1st June 2022 is currently being offset against the contingency allowance set aside within the plan for consultancy and investigations as matters arise.
- ❖ The Corporate Leadership Team formally agreed recruitment to the position of Auditor and whilst it was anticipated that this would be filled by September 2022, despite advertising the position on two separate occasions throughout the summer it has not been possible to recruit a suitable candidate and the position remains vacant.
- ❖ To ensure that a robust Audit Plan can be delivered in 2022~23, the appointment of a temporary senior auditor to the team from October ensures the continuity in the provision of an internal audit service. This resource provides for additional support to the internal audit team having previously fulfilled the role of Auditor up until her retirement in 2017 and will enable the delivery of the core financial audits outlined within the approved 2022~23 internal audit plan.
- ❖ With the uplift to pay points approved by Council, the Corporate Leadership Team formally agreed additional recruitment to the position of Senior Auditor. The position was advertised for a period of 3 weeks, and despite interest shown by the number of views of the advert, no formal applications were submitted, and it was not possible to recruit to the position.
- ❖ Following the subsequent agreement of the annual pay award, the decision was taken to readvertise both positions of Senior Auditor and Auditor with a view that both now offered competitive salaries. Despite looking at both direct recruitment and use of agency temporary appointments, both positions remain vacant. Audit resource is currently provided by the appointment of the temporary senior auditor supported by temporary secondments from the Cifa Trainee Accountants within the Finance Team, which will remain in place until the end of March 2023.

Within the time allocated in the above table, during this third quarter of 2022~23 the Internal Audit Team have responded to **11** requests for advice and consultancy as categorised in the graph overleaf, in comparison to the **8** requests received and actioned for the same period in 2021~22 and the **26** requests received and actioned for the same period for 2020~21

Comparison of Audit Consultancy & Advice
Quarter 3 {October - December} ~ 2020/21 ~ 2021/22 ~ 2022/23



Additional Assurance Work Undertaken by Internal Audit

In addition to the planned work detailed above, the Internal Audit Team have also undertaken work in other areas for which a formal report is not issued, however time has been allocated within the 2022~23 Internal Audit Annual Plan approved by the Audit Committee in March 2022 as summarised below: -.

Information Communications Technology (ICT) Governance, Advice & Assistance

- Attend the ICT Strategy Board Meetings.
- Attend the Cyber Security & Information Governance Working Group.

Contracts & Procurement

Internal Audit are working with the NWDER Programme Delivery Manager in respect of the Future High Street Fund ~ Bromsgrove Street and Kidderminster Creative Hub {Former Magistrates Court} as part of the capital contract monitoring procedures.

Wyre Forest Forward ~ Interventions/Continuous Improvement Work

The Internal Audit Team continue to be involved in Wyre Forest Forward continuous improvement reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised. The role of the Audit Team is to ensure that risk is mitigated in the event of proposed changes to current systems and maintain good governance and financial systems resilience.

Corporate Issues

National Fraud Initiative

Internal Audit continue to undertake work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office. This is a continuous programme of work, an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud. The 2022~23 programme of work commenced in August 2022 with the formal request to submit the required data sets to the Cabinet Office in respect of Trade Creditors {Accounts Payable}, Taxi Licences, Payroll, Housing Benefit Claimants, Council Tax Reduction Scheme, Council Tax Single Person Discount and Electoral Register.

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

22nd March 2023

Risk Management – Corporate Risk Register Action Plan Monitoring Report

OPEN	
CABINET MEMBER:	Councillor M Rayner, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources
CONTACT OFFICER:	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register as at 31 st January 2023 Appendix 2 - Budget Risk Matrix 2023-26 Appendix 3 - Risk Management Strategy (updated)

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, and to present the latest Risk Management Strategy, including the updated Risk Impact and Scoring Criteria.

2. RECOMMENDATIONS

The Audit Committee are asked to:

- 2.1 **CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 31st January 2023 and the 2023-26 Budget Risk Matrix.**
- 2.2 **RECOMMEND to Cabinet that the revised Risk Management Strategy is adopted.**

3. BACKGROUND

- 3.1 Council approved a Risk Management policy statement and strategy in February 2008. The approved Risk Management strategy requires that the Corporate risk register and progress against risk action plans are considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk register is held within the Pentana Performance system. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 The Council’s insurers, Zurich Municipal, provide specialist advice on Risk Management. 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 will be led by the Head of Resources in liaison with the Cabinet Member for Finance and Capital Portfolio. The Corporate Risk Register for 2022-23 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 at Appendix 2.
- 3.6 The Risk Strategy document is being revised ahead of consideration by CLT of the significant risks for inclusion in the Risk Register for 2023-24. The latest draft is attached at Appendix 3

4. KEY ISSUES

- 4.1 This report covers updates to the Council’s corporate risk register to the end of Quarter 3 (31st December 2022), with additional narrative updates included where available to the end of January 2023. The risk register includes those risks that could have a significant impact on the Council’s ability to deliver its services and objectives. All reported risks scored 12 or above and are detailed below.

Risk description	Risk owner or Manager	Latest score	Change from previous quarter
Adverse impact of Government legislation on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Chief Executive; CLT	20	No
Poor member behaviour undermines Council's reputation and performance	Chief Executive; Solicitor to the Council	20	No
Unable to deliver sustainable budget for the long term	Head of Resources	16	No
Not having stable and effective political leadership	Chief Executive	16	No
High and sustained inflation, negative effect on council’s finances and on service demand from residents	Head of Resources	20	No
Unable to shift priorities to deal with demands from Government at short notice	Corporate Leadership Team	15	No
Vulnerability to cyber attacks	ICT Manager	15	No
Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Chief Executive	12	No
Members lack skills and knowledge necessary for effective discharge of their responsibilities	Chief Executive	12	No
Not having stable and effective managerial leadership	Chief Executive	12	No

Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Chief Executive	12	No
--	-----------------	----	----

The risk score for all strategic risks are reviewed each quarter. No risks have been rescored during the quarter following the reassessment of the overall risk to the council by the risk owner and remain unchanged from the last report.

- 4.2 While the scores remain unchanged, the risk of being unable to maintain a skilled, balanced and motivated workforce continues to cause concern. The problems of retention and recruitment are particularly acute in some specialised areas at professional grades. The mitigating measure put forward for and agreed by Council at its meeting on 21st September has successfully eased the pressures at the lower end of the pay scale. National pay awards that disproportionally favour the lowest paid might exacerbate the problem for higher paid posts. Further mitigating measures are being considered.
- 4.3 Information on how risk impact and likelihood are assessed is included in the revised draft Risk Management policy statement and strategy at Appendix 3.
- 4.4 In general, good progress has been made in progressing the mitigating actions under each risk.
- 4.5 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 still one of the Council's key corporate risks. The Risk Register for 2022-23 is regularly reviewed by CLT to ensure it is up to date and appropriate mitigating actions are in place.
- 4.4 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of January 2023, 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 a significant risk facing this Council and many others and this is increased significantly due to high and unpredictable inflation and the impact this has on demand led services and income streams. 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 22nd February 2023.
- 7.5 Ongoing good governance is key to managing new and emerging risks. Our constitution underpins good governance, it is kept under review and updated as required.

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

- Medium Term Financial Strategy Report 2023-26 – Cabinet 20th December 2022
- Risk Management – Review of Corporate Risk Register – Audit Committee 6th July 2022

Corporate Risk Register 2022/23







Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

Risk:	Adverse impact of Government legislation on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--


MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Keep abreast of legislative programme	Regular assessment of implications of government policy announcements/legislation	Head of Paid Service; Head of Strategic Growth; Solicitor to the Council	31-Mar-2023	On going horizon scanning and review of policy announcements/legislation.	95%	


Networking/training	To share knowledge and work in conjunction with peers to share expertise and assessment of implications on the sector. All officers encouraged to participate in networking events within their individual professionalisms. Participate in government consultations and participate in seminars and training as appropriate.	HR and OD Manager	31-Mar-2023	Actively promote and encourage officers to participate in appropriate networking and training events in their specialist field	90%	
Influencing – through DCN/LGA. Submitting responses to consultation	To be a visible and regular contributor to the DCN special interest group and the LGA in order to influence lobbying of Government.	Chief Executive	31-Mar-2023	Ongoing activity. Chief executive is one of W Midlands representatives on DCN Chief executives' group & lead chief executive for finance & investment workstream	95%	
Suspension of lower priority activities, meetings and projects	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	WF20 service managers	31-Mar-2023	Ongoing activity	50%	



Risk:	Poor member behaviour undermines Council's reputation and performance	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Ethics & standards regime	The Ethics and Standards Committee promotes and seeks to maintain high standards of conduct by councillors and co opted members and assists them to observe the Code of Conduct including provision of training on matters relating to the Code of Conduct. Member training continues to be the primary means of addressing the risk with an annual programme being prepared. Terms of reference of the Committee kept under review	Chief Executive; Solicitor to the Council	31-Mar-2023	Ongoing activity. Training provided for Planning Committee in August & briefing note.	75%	
Register of interests	The Monitoring Officer maintains the register of interests to record financial and other interests to provide openness and transparency. The register is maintained as a current record and is available on the council's website.	Monitoring Officer	31-Mar-2023		75%	
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline. Regular meetings held between Cabinet and CLT members to provide operational and strategic support and 1:1 sessions between Cabinet members and CLT leads to provide additional support as required.	Chief Executive	31-Mar-2023	Ongoing activity	95%	
Continue to lobby Government to change legislation to provide stronger sanctions for	Continue to lobby Government to change legislation to provide stronger sanctions for standards committees.	Chief Executive; Solicitor to the Council	31-Mar-2023	Raised with DLUHC again 6th September.	75%	


standards committees						
----------------------	--	--	--	--	--	--


Risk:	Unable to deliver sustainable budget for the long term	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	 <p>Lifehood Impact</p>
--------------	--	---------------------------------	---------------------------	---------------------	--



MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Progression of the Transformation Programme including exploring shared services and to secure the transfer of assets under localism to reduce the net cost of services	The Medium-term financial Strategy is prepared annually but is forecast to be balanced by a transfer from reserves to meet the funding gap. The strategy reviews progress against savings targets to close the funding gap. The interventions introduced to close the funding gap include the service transformation programme, Wyre Forest Forward savings and the localism agenda. Progress is monitored and managed by CLT and through WF20 with regular Cabinet/CLT meetings focussed on change. The programme of service reviews will ensure that resources are aligned to the Council's priorities and are operating efficiently. There will be a continuation of the work stream to secure future joint service	Head of Resources; WF20 service managers	31-Mar-2023	The remaining target for 2022/23 will be met from non recurring pay cost savings. The programme continues to be progressed.	92%	

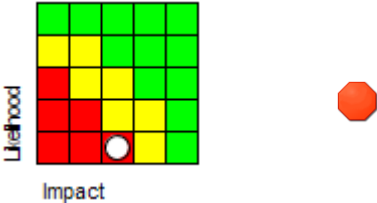
	delivery agreements with Town and Parish Councils and other public sector partners. Progress is monitored and reported regularly to Cabinet and WF20					
Implementing a robust local plan to achieve sustainable housing development	The Local Plan was adopted at Council on 26/04/2022. Having a robust local plan enables the council to control where development happens. Implementing a robust local plan will lead to sustainable housing development which will meet demand and help to grow council tax. The plan will be supported by supplementary planning documents.	Head of Strategic Growth	31-Mar-2023	Health SPD agreed and is out for consultation with a closing date of 20th March 2023.	95%	
Continue to grow income	Continue to grow income by: - implementing development proposals to meet council priorities and to generate new revenue streams - reviewing proposals to establish new income streams - increasing council tax every year - increasing fees & charges every year (subject to any legal requirements and business case for not implementing increases)	Head of North Worcestershire Economic Development and Regeneration; Head of Resources; Head of Strategic Growth	31-Mar-2023	Following Covid restrictions a full return to the Leisure Management Fee paid by the contractor (Places for People Ltd) has been renegotiated for the financial period 2022/23. Discussions underway for potential support for energy and other inflationary costs. Income at the depot for the financial period 2022/23 is budgeted at £5.4m and is showing a positive bounce-back in some key areas like car parking.	75%	


Support DCN/LGA in lobbying for local government finance reform and fair and equitable funding for new government policy decisions e.g. waste strategy	On-going contact with MP, DCN, West Midlands Chief Executives, LGA and directly with ministers to promote role of district councils to achieve the best possible outcome from reform.	Chief Executive	31-Mar-2023	Chief Executive continues to lead DCN workstream on finance; other opportunities for lobbying undertaken when they arise. Response to DLUHC provisional settlement submitted in January.	95%	
--	---	-----------------	-------------	--	-----	---




Risk:	Not having stable and effective political leadership – no guarantee May 2023 elections will produce clear political mandate	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	---


MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline. Regular meetings held between Cabinet and CLT members to provide operational and strategic support and 1:1 sessions between Cabinet members and CLT leads to provide additional support as required.	Chief Executive	31-Mar-2023	Ongoing activity	95%	

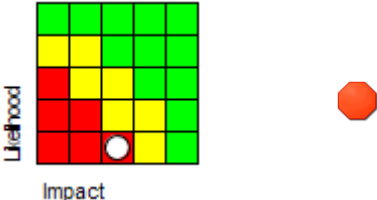
LGA leadership programmes	Leaderships Essentials is a series of programmes and workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available.	Corporate Leadership Team	31-Mar-2023	Ongoing activity. Members also encouraged to attend webinars about personal safety.	90%	
Regular Cabinet/CLT meetings & briefings for Cabinet members	Maintaining a knowledgeable and experienced senior leadership team to provide professional advice and support	Corporate Leadership Team	31-Mar-2023	Fortnightly meetings attended by CLT members or deputies with reports taken forward to monthly Cabinet CLT meetings	95%	



Risk:	High and sustained inflation – effect on council’s finances and on service demand from residents	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	--


MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Revise budgets in MTFS for 2023	The impact of inflation and other cost pressures will be closely monitored during 2022-23 and the impact on the current year and future years’ budgets will be reflected in the MTFS. Further mitigating actions will be proposed to address any	Head of Resources	31-Mar-2023	Approved by Council on 22nd February 2023. Period 10 budget reporting against approved revised budget.	100%	


	widening of the budget gap as a result.			Going to Cabinet/CLT on the 7th March 2023.		
Increase minimum reserves	The Council has adopted the general principles of CIPFA guidance on Local Authority Reserves and balances. The Council holds a working balance of £1.5m (increased from £1.2m during final accounts closedown 2021-22) as an additional risk mitigation measure given the high inflation, low growth environment. The size of the balance will continue to be kept under review and will be reassessed as part of the budget setting process ahead of the Head of Resources S25 report.	Head of Resources	31-Mar-2023	The current level of reserves at the end of the 2023-26 MTFS is above the minimum level considered appropriate. Formal consideration by Section 151 Officer was presented to Council in February 2023. The Section 151's Section 25 report was considered formally at Council in February. Further consideration of level of reserves during final accounts process.	100%	
Make adequate contingencies in project costing	Standard inflation factors and PWLB rates will be kept under review and assessed for appropriateness when each business case is prepared. External advice will be sought as appropriate to ensure that any contingencies are adequate given the prevailing environment.	Head of Resources	31-Mar-2023	On-going, PWLB rates monitored daily. Latest assessments included in business plans. Contingency sum requirements reviewed for each business case prepared	92%	
Preventative activity – early provision of assistance e.g.	Capacity reviewed within all service teams and, subject to business case, requests to recruit will be viewed positively by CLT to	Chief Executive; Benefits and Customer Service	31-Mar-2023	Financial Inclusion Team capacity increased – now 1.8	100%	


financial inclusion and homeless prevention	provide the necessary capacity within teams to deliver early intervention or provision of advice	Head of Revenues; Head of Strategic Growth		FTE - to support financially vulnerable residents to maximise their income		
Review council tax reduction support scheme for 2023	Undertake a cost-benefit review of the current maximum level of Council Tax Support and explore the option of increasing the level of support to the most financially disadvantaged/vulnerable.	Benefits and Customer Service Head of Revenues	31-Mar-2023	Council approved changes to the scheme to be implemented for 1st April 2023.	<div style="background-color: #4f81bd; color: white; padding: 2px;">100%</div>	

Risk:	Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	---

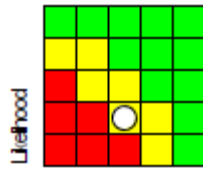

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive; HR and OD Manager	31-Mar-2023	Previous OD strategy completed and looking ahead to the new strategy.	<div style="background-color: #4f81bd; color: white; padding: 2px;">95%</div>	
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective	Chief Executive; HR and OD Manager	31-Mar-2023	Learning and Development under review to establish	<div style="background-color: #4f81bd; color: white; padding: 2px;">50%</div>	





	project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.			full strategy with mandatory requirements both e-learning and support by face to face training as aligned to the MDR.		
Regular review of service priorities	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	WF20 service managers	31-Mar-2023	Ongoing activity	90%	






Risk:	Vulnerability to cyber attacks	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--------------------------------	---------------------------------	---------------------------	---------------------	---

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Maintain and enhance ICT Security and Governance	ICT Security and Governance is key to maintaining high levels of Cyber Security and ICT Security in general to protect the Council ICT Infrastructure and Data from malware, hacking and data breaches. This is particular important with the increase in home/remote working, rise in sophisticated cyber-attacks and use of	ICT Manager	31-Mar-2023	Continue to roll out Cyber Security training and phishing campaigns to staff, Councillors and tenants. New round of course about to commence.	90%	

	<p>mobile devices. Mitigation of the risks doesn't just involve the use of technology such as firewalls, virus software etc but user training and awareness of Councils ICT Security policies. The ICT policy in place is regularly reviewed, the ICT security perimeter is regularly tested and a cycle is in place to ensure all system versions are patched and up to date.</p>			<p>Number of security project have been completed or nearing completion including</p> <ul style="list-style-type: none"> - Event and Security log system (SIEM) - Upgrade of Network Switches - Cloud backup - Firewall upgrades - Upgrade of a number of servers who's operating system goes end of support later this year - New Anti Virus and endpoint security system - multi-factor authentication for server 		
--	--	--	--	--	--	--

Risk:	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	 Likelihood Impact	
--------------	---	---------------------------------	---------------------------	---------------------	---	---




MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Implement a refreshed Organisational Development strategy Sept 2022	The OD strategy will set out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and ensure the long term viability of the District. It will also explain expectations of staff and the support the council will provide to further develop skills and commitment. The strategy will be the first step in identifying the actions that need to be taken to develop and maintain a skilled, balanced and motivated workforce. It will underpin the council's commitment to its workforce, ensuring that working practices make WFDC an employer of choice enabling the council to attract and retain high quality employees.	Chief Executive; HR and OD Manager	31-Mar-2023	Previous OD strategy completed and looking ahead to the new strategy.	 95%	
Pay policy and pay strategy delivering a pay system that is effective, fair and transparent	The use of pay ranges to form grades enables the council to recognise elements of loyalty, competence, experience or scarcity. The council recognises the importance of managing pay fairly and in a way that motivates staff to make a positive contribution. The pay and grading review implemented in July 2021, underpinned by	Chief Executive	31-Mar-2023	Adjustment to pay scales agreed by Council September 2022. Revised pay policy statement also adopted. April 2022 national pay increase	 100%	

	job evaluation ensures fairness and equality of opportunity. The review was based on a clear and rational process for setting and reviewing pay, levels of remuneration which are sufficiently flexible and reasonably competitive.			implemented in November pay.		
Flexible employment policies including use of market supplements for recruitment and retention	In order to successfully deliver day to day services and projects the Council offers flexible employment policies. In order to retain a flexible and committed workforce service managers can offer market supplements at the discretion of the Head of Paid Service.	Chief Executive	31-Mar-2023	Ongoing mitigation available subject to approval of Head of Paid service for consideration when proposals are received.	<div style="background-color: #4f81bd; width: 90%; text-align: center; padding: 2px;">90%</div>	
Apprenticeship programme	To maximise usage of apprenticeship schemes. To continue considering the suitability of apprenticeships as part of the approval to recruit to all vacant posts and to increase development opportunities internally by supporting staff to access suitable apprenticeships to maximise the opportunity to grow internal talent to develop a skilled and motivated workforce.	HR and OD Manager	31-Mar-2023	Work continues on aligning this with the ingoing Learning and Development review.	<div style="background-color: #4f81bd; width: 50%; text-align: center; padding: 2px;">50%</div>	
To maintain and promote the Leadership & development programmes	To maintain, promote and further develop training and development opportunities to capture, nurture and retain emerging talent	Chief Executive; HR and OD Manager	31-Mar-2023	Work continues on aligning this with the ingoing Learning and Development review.	<div style="background-color: #4f81bd; width: 50%; text-align: center; padding: 2px;">50%</div>	
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental well being encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Chief Executive; HR and OD Manager	31-Mar-2023	EAP package available.	<div style="background-color: #4f81bd; width: 95%; text-align: center; padding: 2px;">95%</div>	
Listening to staff feedback and	To develop new and enhance existing two way communication channels. Gauging	Corporate Leadership Team	31-Mar-2023	The Wyre Forest Forward vision has	<div style="background-color: #4f81bd; width: 100%; text-align: center; padding: 2px;">100%</div>	

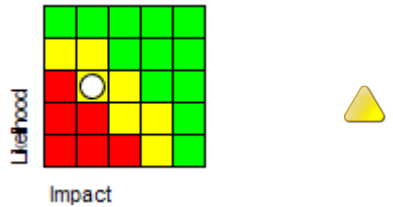
responding positively	satisfaction through the staff suggestion scheme and responding positively to feedback, developing regular communication channels to engage hard to reach teams and develop initiatives to support staff through organisational change.			been issued to staff. A working group meets every 6 weeks to drive the agenda for change. Currently looking into health and wellbeing activities, employee benefits, induction process and rewards and recognition.		
-----------------------	---	--	--	---	--	--



Risk:	Members lack skills and knowledge necessary for effective discharge of their responsibilities	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--


MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Member induction & training programmes including members' forum	Comprehensive suite of training modules through in person, I-learn and Human Library sessions provide and updated on a rolling basis Bespoke additional training provided according to circumstances Annual regulatory training Individual Member training records reviewed at annual Council	Corporate Leadership Team	31-Mar-2023	Two scheduled Forums held July and March plus 2 additional ad hoc meetings held in October and November. Emergency planning training session February 2023, x2	95%	

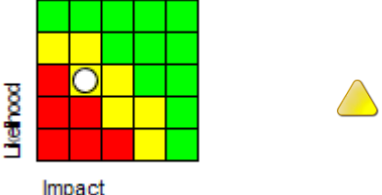
				regular Treasury Management training sessions (January and November) and additional Planning training. Any change in Committee membership or new members receive tailored training.		
LGA training programme and support from LGA political groups including event for potential candidates, autumn 2022	Leaderships Essentials is a series of programmes and workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available.	Corporate Leadership Team	31-Mar-2023	Ongoing activity. Members also encouraged to attend webinars about personal safety.	90%	
Corporate governance framework	The Council has adopted the SOLACE/CIPFA corporate governance framework and reviews its compliance with it regularly, including through the annual governance statement and the annual report of internal audit.	Corporate Leadership Team	31-Mar-2023	The AGS was prepared and presented alongside the Statement of Accounts to Audit Committee in November	100%	
Cabinet system	Wyre Forest District Council has adopted the Strong Leader and Cabinet Model. This concentrates responsibility into one decision-making body on most issues while still allowing a cross cutting perspective across the Council. Cabinet members offer a clear point of contact and strategic decisions can be taken in a swifter, more co-ordinated way. There is a strong scrutiny system that provides a means of ensuring all councillors can have a role in the development of council policy	Chief Executive; Head of Resources; Monitoring Officer	31-Mar-2023	Position unchanged. Quarter 3 performance and budget report being considered March 2023. Car Parking Advisory Panel recommendations considered by Cabinet at December meeting in setting charges	90%	


	and review specific areas of concern, and many items are considered in pre-decision scrutiny by the overview and scrutiny committee. The scrutiny committee receives quarterly reports on performance which, for 2022-23 onwards, will also include budget information. In addition, the Cabinet uses cross-party advisory panels on specific issues such as the green agenda. The Cabinet system enables the targeting of developmental opportunities to raise skills and knowledge swiftly if the need arises.			for 2023.	
--	--	--	--	-----------	--





Risk:	Not having stable and effective managerial leadership	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	 <p>The risk matrix shows a 5x5 grid with Likelihood on the y-axis and Impact on the x-axis. The grid is color-coded: Red (High Risk), Yellow (Medium Risk), and Green (Low Risk). A white circle is positioned in the second row, second column (Yellow/Medium Risk). To the right of the matrix is a yellow triangle pointing upwards, indicating a medium-level risk.</p>
--------------	---	---------------------------------	---------------------------	---------------------	---

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Regular CLT and Managers' meetings	Regular meetings to discuss strategic issues and to provide a strong framework	Chief Executive	31-Mar-2023	CLT held every fortnight. Managers' Network, which has replaced WF20, to be held every 4 months, last meeting 1st February 2023.	90%	
Leadership	Progression of Wyre Forest Futures	Chief Executive; HR	31-Mar-2023	The Wyre Forest	75%	




development programme	Leadership Development Programme and training and development budget to support it.	and OD Manager		Futures Leadership programme has been successfully completed and the Council remains committed to progressing leadership and development and will be captured as part of the Learning and Development review. Managers Network continues.		
Professional networks/CPD/training	Membership of professional networks encouraged, Peer to peer support facilitated where appropriate. Training and development opportunities (degree/MBA courses)	Chief Executive; HR and OD Manager	31-Mar-2023	Work continues as part of the learning and development review	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #cfe2f3; display: flex; align-items: center; justify-content: center;">95%</div>	

Risk:	Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Participation in Worcestershire	Continue participation in the shared service working collaboratively to support	Chief Executive	31-Mar-2023	WFDC continues to participate in this	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #cfe2f3; display: flex; align-items: center; justify-content: center;">95%</div>	

Regulatory Services shared service	initiatives to improve efficiency and service delivery. Working together as part of a larger shared service enhances resilience and capacity of individual staff members sharing knowledge, experience and best practice.			shared service playing an active role in management committee.		
PSPOs reviewed	To stop behaviour in a particular area that is making life worse for the local community the use of Public Spaces Protection Orders to be reviewed in good time before October 2023, to decide whether there is a need to change or amend including a wider range of behaviours and locations.	Head of Community and Environment	31-Mar-2023	Initial work has already commenced to start reviewing process for application.	<div style="width: 10%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 10%	
Risk-based hierarchy to enforcement	A risk-based approach to regulation to introduce a more agile approach aimed at minimising harm rather than solely focussing on technical compliance to ensure that non finite resources achieve maximum public value.	Head of Community and Environment	31-Mar-2023	Work ongoing	<div style="width: 75%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 75%	
Maintain good links with other enforcement agencies	The benefits of knowledge sharing with other agencies is recognised. We continue to pursue and promote new and existing opportunities.	Head of Community and Environment	31-Mar-2023	Good networking in place Maintain close links with Keep Britain Tidy, DEFRA, the Environment Agency and locally with all district partners and WCC through the Senior Waste Officers Group.	<div style="width: 75%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 75%	
Data sharing including National Fraud Initiative	Continued participation in the data-matching exercise to identify fraud and non-compliance with regulations.	Audit Manager; Head of Resources; Benefits and Customer Service Head of Revenues	31-Mar-2023	Annual Counter Fraud Arrangements report to Audit Committee 28th September 2022.	<div style="width: 75%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 75%	




				<p>National Fraud Initiative Mandatory Exercise for 2022~23 commenced in October 2022 with data submitted in respect of Payroll, Accounts Payable, Taxi Driver Licences, Council Tax Reduction Scheme, Housing Benefits, Council Tax Single Person Discount and Electoral Register. Matches released in January 2023 and currently under review by the Compliance Officers and Internal Audit, the outcomes will be recorded in the annual counter fraud report to the Audit Committee in September 2023 and contribute to Cabinet Office reports on the national fraud landscape.</p>		
Issuing fixed penalty notices and taking court action where appropriate	To keep under review the appropriate use of fixed penalty notices and taking court action for enforcing regulations.	Chief Executive; Head of Community and Environment	31-Mar-2023	Planning court time to explain to circuit judges the role fo environmental	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;"> 75% </div>	▶

				enforcement.		
Fraud and compliance officers	Compliance Officers within the Revenues & Benefits Section 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. Internal Audit continue to undertake ad hoc compliance and assurance work including post payment assurance work on all government funded COVID 19 support payments.	Head of Resources; Benefits and Customer Service Head of Revenues	31-Mar-2023	The Compliance Officers continue to undertake reviews to protect and increase the tax base. Electoral register mismatches have been added to the National Fraud Initiative (NFI) database which the team have been focussing on since Dec 2022. An action plan is being produced to undertake a review of exemption R (unoccupied caravan pitch/boat moorings) during 2023/24	100%	
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Head of Strategic Growth	31-Mar-2023	Work on the Cost of Living Plan homeless prevention and domestic abuse ongoing.	95%	
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer	Benefits and Customer Service Head of Revenues; Head of Strategic Growth	31-Mar-2023	Financial Inclusion Officers are reaching out to residents via community networking events, establishing strong	100%	

	term. To include financial inclusion officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.			links with partners and providing support to those who are struggling financially. The teams are preparing for the launch of Household Support Fund 4 for 2023/24.		
--	--	--	--	--	--	--

Risk:	Unable to sustain mental health & wellbeing of staff	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	--




MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental well being encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Chief Executive; HR and OD Manager	31-Mar-2023	EAP package available.	95%	
Worcestershire Works Well accreditation	To actively seek to improve the health and well being of staff by meeting and maintaining the criteria of the scheme.	Chief Executive; HR and OD Manager	31-Mar-2023	In the last quarter, a new Health and Wellbeing working	50%	

	Currently achieved level 2.			group has been established. The Worcestershire Works Well Scheme has been changed and there is no longer an accreditation route. Commitment remains to improve health and wellbeing of staff and ongoing review of future offering for staff.		
Mental health first aiders	To maintain commitment to mental first aiders who provide a first point of contact for colleagues, providing guidance and support.	Chief Executive; HR and OD Manager	31-Mar-2023	Additional Mental Health training continues to support staff with responsibilities for mental health first aid.	<div style="width: 70%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">70%</div></div>	
Health and safety plan	Ensures appropriate Corporate Health and Safety arrangements are in place including regular reviews of health and safety in practice, risk assessments and lone working procedure. Employee induction includes focus on health and safety and all employees provided with health and safety guidance.	Chief Executive; Head of Community and Environment	31-Mar-2023	Significant work being undertaken on H&S policies, arrangements, risk assessments, safe systems of work, training and health surveillance Corporate H & S risk register is reviewed and updated quarterly	<div style="width: 30%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">30%</div></div>	
OD strategy: succession planning Implement a refreshed	The OD strategy will set out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and	Chief Executive; HR and OD Manager	31-Mar-2023	First draft of refreshed OD Strategy presented to CLT 6th	<div style="width: 95%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">95%</div></div>	

Organisational Development strategy Sept 2022	ensure the long term viability of the District. It will also explain expectations of staff and the support the council will provide to further develop skills and commitment. The strategy will be the first step in identifying the actions that need to be taken to develop and maintain a skilled, balanced and motivated workforce			September; expected to be finalised mid Oct.		
---	--	--	--	--	--	--

Risk:	Unable to secure effective delivery of wide range of significant projects	Corporate Plan Priority:	A safe, clean and green living environment Supporting a successful local economy Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	--	---------------------	--




MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive; HR and OD Manager	31-Mar-2023	Previous OD strategy completed and looking ahead to the new strategy.	95%	
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective	Chief Executive; HR and OD Manager	31-Mar-2023	Learning and Development under review to establish	50%	


	project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.			full strategy with mandatory requirements both e-learning and support by face to face training as aligned to the MDR.		
Effective governance mechanisms	Major projects are closely monitored by CLT and Cabinet members, effective risk registers and issue logs, robust budgetary control and effective Financial Regulations and contract procedure rules.	Chief Executive; Head of Resources; Solicitor to the Council	31-Mar-2023	On-going attendance and participation in LUF and FHSF board meetings. Robust arrangements maintained for budgetary control and governance. Progression of Audit plan to provide assurance.	75%	
Use of external support/advice	Use of procurement frameworks to access external resources, project support or advice	Corporate Leadership Team	31-Mar-2023	On-going review of requirements, external support accessed via frameworks, or otherwise as permitted by contract procedure rules	92%	
Adequate contingencies	Business and budget planning aligned to ensure adequate contingencies are held, project specific held outside programme budgets and balance of general risk reserve and minimum level of reserves kept under review.	Head of Resources	31-Mar-2023	Contingencies reviewed and assessed for adequacy throughout the project life and formally reported to respective board meetings or CLT as	92%	

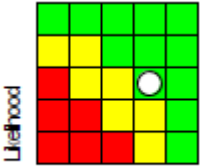

				appropriate. Risk reserves and minimum level of balances have been formally reassessed by the CFO in preparation for the Section 25 report to Council.		
--	--	--	--	--	--	--



Risk:	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Corporate Plan Priority:	Supporting a successful local economy	Risk Scores:		
--------------	--	---------------------------------	---------------------------------------	---------------------	--	--

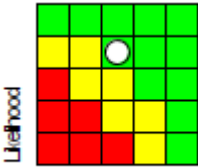

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Governance arrangements: programme board in place	The governance structures include the Programme Boards, chaired by the Head of North Worcestershire Economic Development and Regeneration (NWedR) who is also a member of WFDC Corporate Leadership Team (CLT) and includes WFDC Leader of the Council and Cabinet Member for Economic Regeneration, Planning and Localism; Solicitor to the Council; Head of Resources (S151 Officer); Worcestershire County Council	Head of North Worcestershire Economic Development and Regeneration; Head of Resources; Solicitor to the Council	31-Mar-2023	On-going attendance and participation in LUF and FHSF board meetings. Robust arrangements maintained for budgetary control and governance. Audit plan provides resource for contract	<div style="border: 1px solid black; padding: 2px; display: inline-block;">75%</div>	







	Assistant Director Economy; Worcestershire LEP Director of Operations and Re-Wyre Public-Private Regeneration Partnership member. Regular meetings of the boards provide senior officer oversight. The programme Board monitors progress, receives financial reports and considers risk and issue logs. Grant funding agreements in place with LUF partners			audit assurance		
Project management including delivery managers in place and project specific issues and risk registers maintained	A programme team leads the delivery of the LUF programme and a separate team leads on FHSF. The teams are chaired by the Head of North Worcestershire Economic Development and Regeneration (SRO) and led by dedicated Programme Delivery Managers who manage a multi-disciplinary team (architects; quantity surveyors; structural and highways engineers; planning consultants; contractors).	Head of North Worcestershire Economic Development and Regeneration	31-Mar-2023	Project and delivery managers continue to deliver against their respective briefs	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #4F81BD; display: flex; align-items: center; justify-content: center;">75%</div>	
External advice including procurement support	Use of procurement frameworks to access external project support/ advice	Head of North Worcestershire Economic Development and Regeneration; Solicitor to the Council	31-Mar-2023	Specialist procurement support commissioned as required from West Mercia Police under the existing services contract.	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #4F81BD; display: flex; align-items: center; justify-content: center;">75%</div>	
Financial contingencies	Revenue contingencies established/held and proposal progressed to meet the funding shortfall for the repurposing (levelling up fund) from the capital portfolio fund. Revenue cost limitation during design and development mitigated by commissioning external experts where appropriate to progress claims with VOA.	Head of North Worcestershire Economic Development and Regeneration; Head of Resources	31-Mar-2023	On-going – revenue contingencies reviewed for adequacy at quarter end. External experts commissioned to progress Check Challenge Appeal	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #4F81BD; display: flex; align-items: center; justify-content: center;">75%</div>	


				with VOA to remove properties due for demolition from rating list. Revenue contingencies will be reviewed at year end		
Formal reporting of spend and forecast spend	Actual spend and forecast spend against the programme and delivery progress is subject to formal reporting and monitoring at each Kidderminster LUF and FHSF Board meetings (held every six weeks) and that actual spend and forecast spend is reported as part of regular quarterly budgetary control reporting to Cabinet. Actual spend and forecast spend is also reported at Monthly Treasury Management Review meetings, the minutes of which are circulated to the Cabinet Member with responsibility for Finance. In addition, written monitoring reports on progress are presented to regular meetings of Cabinet and the Corporate Leadership Team.	Head of North Worcestershire Economic Development and Regeneration; Head of Resources	31-Mar-2023	Reporting to Board, CLT and Cabinet in line with expectation and quarterly reporting to DLUHC submitted to timetable. Scheme spend projections captured in Treasury Management meetings to inform cashflow planning. DLUHC deep dive assurance review meeting held on Wednesday 1st March 2023.	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4a7ebb; color: white; display: flex; align-items: center; justify-content: center;">85%</div>	

Risk:	Unable to achieve balanced housing market to meet need	Corporate Plan Priority:	Internal corporate issues	Risk Scores:		
--------------	--	---------------------------------	---------------------------	---------------------	---	---

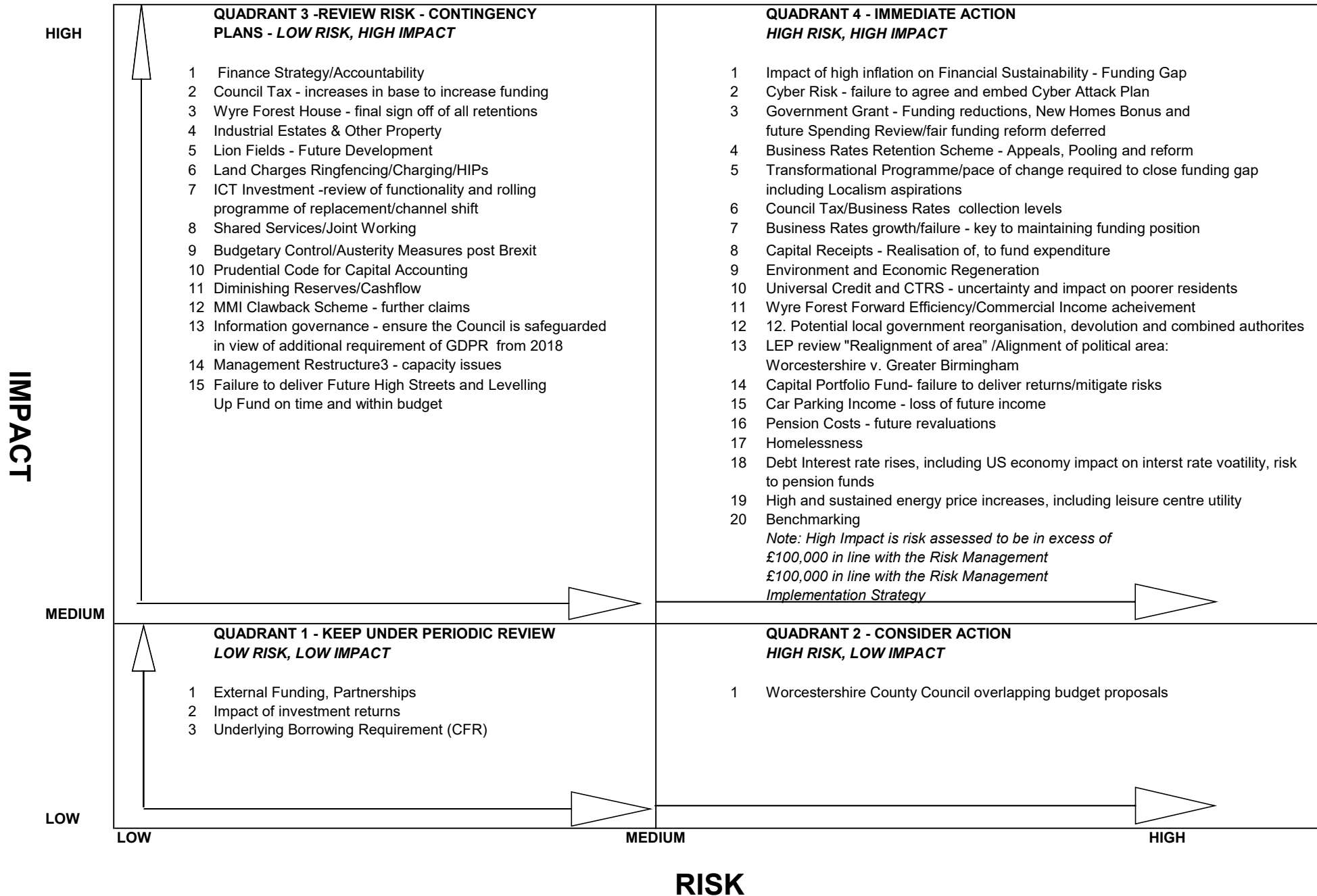
MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Head of Strategic Growth	31-Mar-2023	Work on the Cost of Living Plan homeless prevention and domestic abuse ongoing.	95%	
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer term. To include financial inclusion officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.	Benefits and Customer Service Head of Revenues; Head of Strategic Growth	31-Mar-2023	Financial Inclusion Officers are reaching out to residents via community networking events, establishing strong links with partners and providing support to those who are struggling financially. The teams are preparing for the launch of Household Support Fund 4 for 2023/24.	100%	

Risk:	Lack of effective governance and oversight of local authority trading company (if operating)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:		
--------------	--	---------------------------------	---------------------------	---------------------	---	---

MITIGATING ACTIONS						
Action	Description	Managed By	Due Date	Progress		
External advice commissioned	External advice will be commissioned and taken to ensure the Council acts within current legislation on individual proposals as appropriate.	Solicitor to the Council	31-Mar-2023	External advice from Mazars including Anthony Collins Solicitors confirms ability for Council to act within current legislation	<input type="text" value="0%"/>	
Appropriate due diligence of financial transactions between Council and LATC	Any financial transactions between the Council and the LATC will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken	Head of Resources	31-Mar-2023	Company registered but inactive 22/23. No resulting action required.	<input type="text" value="0%"/>	
Business Plan	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 governance as well as financial arrangements are appropriate/viable	Head of Resources; Solicitor to the Council	31-Mar-2023	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	
Exit strategy to collapse LATC implemented	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.	Solicitor to the Council	31-Mar-2023	Company registered but inactive 21/22. No resulting action required.	<input type="text" value="0%"/>	
Directors and board	The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Solicitor to the Council	31-Mar-2023	No change to appointments required at present	<input type="text" value="0%"/>	
Monitoring of individual projects	Governance arrangements for oversight of activity established using the external	Solicitor to the Council	31-Mar-2023	Company registered but no transactions	<input type="text" value="0%"/>	

	advice from Mazars. Individual projects will be monitored as the LATC business progresses.			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.		
Knowledge development	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.	Corporate Leadership Team	31-Mar-2023	Company registered but inactive 21/22. No resulting action required.	0%	
Response to legislative change	The LATC or the Council amends or introduces new policy to reflect legislative changes.	Corporate Leadership Team	31-Mar-2023	As company registered but not yet used the company secretary scans for any relevant changes in legislation.	75%	

BUDGET RISK MATRIX 2023-26



Risk Management Strategy (Updated)

1. Introduction

- 1.1 The purpose of this Risk Management Strategy is to establish a framework for the effective and systematic management of risk, which will ensure that it is embedded throughout the Council and makes a real contribution to the achievement of the Council's objectives. This document outlines the Council's commitment to managing risk in an effective and appropriate manner and provides guidance to ensure management of risk is a routine process for all services.

2. What is Risk Management

- 2.1 Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long and short-term objectives of the Council are achieved and that opportunities are fully maximised.
- 2.2 Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could affect the achievement of objectives and develop actions to control, or reduce, those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.
- 2.3 The 'Delivering Good Governance in Local Government' 2016 framework, jointly issued by The Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives states that there are seven core principles of good governance including 'Managing risks and performance through robust internal control and strong public financial management'. The document goes on to state 'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.'

3. Risk Management Aims and Objectives

- 3.1 The aim is to adopt best practices in the identification, evaluation, cost effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.
- 3.2 The risk management objectives are to:
- Integrate risk management into the culture of the Council
 - Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
 - Manage risk in accordance with best practice

- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the Council’s delivery of services.
- Ensure that opportunities are properly maximised through the control of risk.
- Reduce duplication between services in managing overlapping risks and promote ‘best practise’.

4. Ownership/Roles and Responsibilities

Members	Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council faces. All members will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the reports that are submitted to them. They should not seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities
Cabinet	<p>Receive regular updates on the key strategic risks facing the Council and provide their input as to how these should be managed.</p> <p>Receive regular reports, as received by the Audit Committee, covering implementation of the Council’s risk management policy and strategy to determine whether strategic risks are being actively managed.</p> <p>Report to Council on the risk management framework, as appropriate.</p> <p>Agree the Risk Management Policy and Strategy on an annual basis, or if significant changes require a revision of it.</p>
Audit Committee	<p>To provide an independent assurance of the adequacy of the risk management framework and the associated control environment.</p> <p>Monitor and evaluate the development and operation of risk management by the Council.</p> <p>Receive reports and make recommendations to Cabinet where appropriate on Risk Management Policy, Strategy and its associated action plans</p> <p>Receive Internal audit and External audit reports on Risk Management matters as appropriate.</p>
Corporate Leadership Team (CLT)	<p>CLT, led by the Chief Executive, is pivotal in the promotion, demonstration and embedding of risk management within the Council. The successful outcome of this will be risk management practised throughout the organisation as part of usual activities and the sharing of best practice and experience between services.</p> <p>Ensure that effective systems of Risk Management and internal control are in place to support the Corporate Governance of the Council.</p> <p>Take a leading role in identifying and managing the strategic key risks and opportunities to the Council and to set the example and standards for all employees.</p> <p>Advise the Audit Committee, Cabinet and Council on the Risk management framework, Policy, Strategy and processes, as appropriate.</p> <p>Ensure that the Risk Management Strategy is communicated, understood and implemented by all Members and employees and that it is fully embedded in the Council’s business planning and monitoring processes.</p>

	<p>Identify, analyse and profile high-level strategic and cross-cutting key risks on a regular basis as outlined in the monitoring process.</p> <p>Report to Members on the management of strategic and other significant risks and the overall effectiveness of risk management controls.</p> <p>Ensure that risk management skills training and awareness is provided to all Members and employees.</p>
Heads of Service and Service Managers	<p>Individually responsible for proper monitoring of the relevant service risk register, local action plans and the embedding of risk management into the business and service planning of the service.</p> <p>Actively involved in the identification and assessment of service level risks resulting in an up to date service risk register.</p> <p>Ensuring that the risk management process is part of all major projects, partnerships and change management initiatives.</p> <p>Ensuring that all reports of a strategic nature written for Members include a risk assessment of the options presented for a decision.</p> <p>Reporting quarterly to the CLT on the progress being undertaken to manage the risks and an update on the nature of the high priority red risks.</p> <p>Providing assurance on the adequacy of the service's risk and control procedures.</p>
Head of Resources and s151 Officer	<p>Collation and reporting on "red" risks from Service Managers on a quarterly basis, to CLT.</p> <p>Reporting to Audit Committee and Cabinet on a six monthly basis of current risk position.</p> <p>Ensuring that mitigation measures are captured and monitored using the existing performance management arrangements (Pentana).</p> <p>To ensure compliance with statutory requirements of current financial regulations, as appropriate.</p>
Managers	<p>Managers have an important role in risk management and will:</p> <p>Manage risk effectively in their job and report hazards/risks to their service managers.</p> <p>Carry out their role within risk management policy and guidelines.</p>
Employees	<p>All employees have an important role in risk management and will:</p> <p>Identify risks surrounding their everyday work processes and working environment, where necessary.</p> <p>Demonstrate an awareness of risk and risk management relevant to role.</p>
Internal Audit	<p>Produce an annual Audit Plan that is based on an evaluation of risk and provide an annual 'Statement of Assurance' to the Council on the Authority's internal control environment on the work undertaken in the year.</p> <p>Provide assurance to the Council with an independent and objective opinion on the control environment comprising risk management, control procedures and governance.</p> <p>Report to Members on the control environment.</p>

5. Arrangements for Managing Risk

5.1 Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle. The risk management process is outlined in detail in Appendix 1.

6. Monitoring Arrangements

6.1 To ensure that the risk management process is effective it will need to be measured and reported to CLT, Audit Committee and Cabinet. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

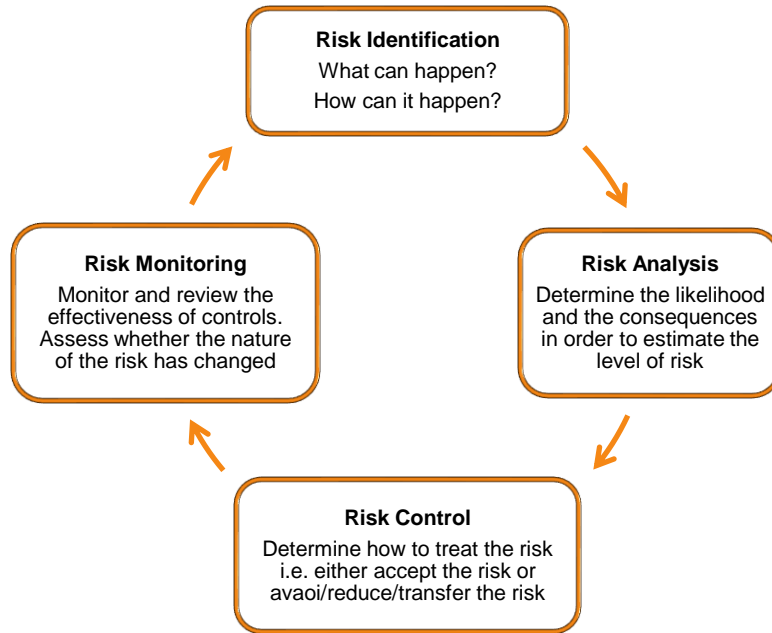
- The inclusion of risk management principles within Service Plans and budgets.
- The development of the Internal Audit plan based on the risk issues.
- Members consistently ensuring managing risk is considered as part of the decision making processes within the Council.
- Service managers making recommendations that regard risk as an opportunity as well as a threat.
- Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.
- Changes in risk being independently identified and assessed by Service Managers.
- Suitable opportunities to benchmark risk management against other organisations should also be explored, to ensure that it is effective, and the work carried out by the Council conforms to best practise.

Appendix 1 – The Risk Management Process/Methodology

Appendix 2 – Categories of risk

1. Risk Management Methodology

There are 4 key stages in the risk management cycle, as illustrated in the chart below:



1.1 Risk Identification

Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks and Appendix 2 provides a summary of categories of risk, which includes team sessions and individual knowledge. Once identified a risk should be reported to the relevant CLT member who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews, then it is reported to the Head of Resources for information and the relevant Head of Service is responsible for managing the risk.

1.2 Risk Analysis and Scoring

Once risks have been identified they need to be assessed. This process requires risk owners to assess the level of risk by considering:-

- The probability of an event occurring - “likelihood”; and
- The potential severity of the consequences should such an event occur – “impact”.

The following tables provide Impact and Likelihood descriptors to assist with this process:

Likelihood

Score	Description	Draft Indicative guidelines
5	Almost certain	<ul style="list-style-type: none"> • Is expected to occur in most circumstances. • Will undoubtedly happen, possibly frequently e.g. annually or more frequently. • Imminent/near miss
4	Probable	<ul style="list-style-type: none"> • Will probably occur in many circumstances. • Will probably happen, but not a persistent issue.

		<ul style="list-style-type: none"> • Has happened in the past.
3	Likely	<ul style="list-style-type: none"> • Could occur in certain circumstances. • May happen occasionally. • Has happened elsewhere
2	Possible	<ul style="list-style-type: none"> • May occur only in exceptional circumstances. • Not expected to happen, but is possible. • Not known in this activity.
1	Rare	<ul style="list-style-type: none"> • Is never likely to occur. • Very unlikely this will ever happen

Impact

Score	Description	Draft Indicative guidelines
5	Catastrophic	<p>Risks which can have a catastrophic effect on the operation of the Council or service. This may result in critical financial loss, severe service disruption or a severe impact on the public, for example:</p> <ul style="list-style-type: none"> • Unable to function without aid of Government or other external Agency. • Inability to fulfil obligations. • Medium to long-term damage to service capability. • Severe financial loss - supplementary estimate needed which will have a catastrophic impact on the Council's financial plan and (>£200k uninsured loss). • Death. • Adverse national publicity - highly damaging, severe loss of public confidence. • Litigation certain and difficult to defend. • Breaches of law punishable by imprisonment.
4	Major	<p>Risks which can have a severe effect on the operation of the Council or service. This may result in major financial loss, major service disruption or a significant impact on the public, for example:</p> <ul style="list-style-type: none"> • Significant impact on service objectives. • Short to medium-term impairment to service capability. • Major financial loss - supplementary estimate needed which will have a major impact on the Council's financial plan (>£100k uninsured loss). • Extensive injuries, major permanent harm, long-term sick. • Major adverse local publicity, major loss of confidence. • Litigation likely and may be difficult to defend. • Breaches of law punishable by fines or possible imprisonment.
3	Moderate	<p>Risks which have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget, for example:</p> <ul style="list-style-type: none"> • Service objectives partially achievable. • Short-term disruption to service capability. • Significant financial loss - supplementary estimate needed which will have an impact on the Council's financial plan (>£50k uninsured loss). • Medical treatment required, semi-permanent harm up to one year.

		<ul style="list-style-type: none"> • Some adverse publicity needing careful public relations. • High potential for complaint, litigation possible. • Breaches of law punishable by fines only.
2	Minor	<p>Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences, they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. For example:</p> <ul style="list-style-type: none"> • Minor impact on service objectives. • No significant disruption to service capability. • Moderate financial loss - can be accommodated at service level (>£10k uninsured loss). • First aid treatment, non-permanent harm up to one month. • Some public embarrassment, no damage to reputation. • May result in complaints/litigation. • Breaches of regulations/standards.
1	Insignificant	<p>Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences, they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. For example:</p> <ul style="list-style-type: none"> • Minimal impact, no service disruption. • Negligible impact on service capability. • Minimal loss - can be accommodated at service level (<£5k uninsured loss). • No obvious harm/injury. • Unlikely to cause any adverse publicity, internal only • Breaches of local procedures/standards.

Both gross (before internal controls/mitigation) and residual (after internal controls/mitigation) scores should be identified to review and monitor the effectiveness of the controls in place. It is expected that gross scores are reviewed annually and residual scores at least quarterly.

The residual scores are then plotted onto the risk matrix, see below, which will determine the risk priority.

Likelihood		Impact				
		Catastrophic	Major	Moderate	Minor	Insignificant
		5	4	3	2	1
Rare	1	Low 5	Low 4	Low 3	Low 2	Low 1
Possible	2	Medium 10	Medium 8	Medium 6	Low 4	Low 2
Likely	3	High 15	High 12	Medium 9	Medium 6	Low 3
Probable	4	Very High 20	High 16	High 12	8	Low 2
Almost certain	5	Extreme 25	Very High 20	High 15	10	Low 1

1.3 Risk Control

Risk control is the process of taking action to reduce or minimise the likelihood of risk events occurring and reducing the severity of the consequences should it occur.

In broad terms risks are split into three categories:

- Strategic – those risks relating to the long-term goals of the Council
- Operational – risks related to the day-to-day operation of each individual service
- Project – consideration of the risks occurring as a result of the Council’s involvement in specific initiatives.

Risks that score the highest are managed via a management action plan. The action plan will detail the risk, identify the required management action/control and who is responsible for delivering the improvement and provide a timescale. All red risks require action plans.

Medium (Amber) risks will require actions plans or to be closely monitored as appropriate.

Low-scoring (Green) risks can be “accepted” and will not require actions plans. However, these risks will need to be monitored to ensure that controls remain operational to manage them and that such risks do not become Medium (Amber) or High (Red) risks.

Where it is not deemed appropriate to accept the risk, the actions on the will either minimise the likelihood of the risk event occurring or reducing the severity of the consequences should it occur. There are 3 main options for controlling risk;

- avoidance,
- reduction and
- risk transfer.

Risk avoidance involves the Council opting not to undertake a current or proposed activity because it is considered to be too risky.

Risk reduction is dependent on implementing actions which will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur.

Risk transfer involves transferring liability for the consequences of an event to another body. This may be done in two ways:

- (i) Cost, delivery or legal liability may be transferred to an alternative provider under contractual/partnership arrangements for service delivery; it should be remembered that some responsibility may be retained for ensuring that the risk is managed e.g. Health & Safety.
- (ii) The costs associated with a damaging event may be reduced by transferring some or all of the financial risk to external insurance companies; it should be remembered that many risks are uninsurable.

Most risks are managed by either minimising the likelihood of the risk occurring or reducing the severity of the consequences should the risk occur. Relatively few risks have to be avoided or transferred.

The cost/benefit of each control action must be assessed. Managers will apply professional knowledge and experience to judge whether the financial cost of risk control is justified in terms of non-financial benefit to the Council. On occasions, managers may conclude that the cost of the control action may outweigh the benefits which will accrue to the Council as a result of the action being taken. In such instances, where no statute is likely to be breached all, or an element of the risk is retained.

Responsibility for drawing up the action plans lies with the Leadership Team (for strategic risks) and with Service Managers for service / operational risks.

1.4 Risk Monitoring

The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time. No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore, it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

The Corporate **strategic risks** are reviewed quarterly by the Corporate Leadership Team (CLT). The ownership of strategic risks will be the ultimate responsibility of members of CLT who will have the lead role for these issues. The corporate strategic risks and associated action plans are recorded and monitored using an appropriate risk management software package (Pentana).

Operational risks - reviewed quarterly by the responsible manager in consultation with their CLT member, who have the ownership for these risks.

Any specialist operational/health & safety risks that arise will be collated by the responsible Service Managers in conjunction with the Corporate Risk Officer for review and introduction into the process.

Programme or project risks are reported through the project management process, managed by the programme or project manager and reported to the programme or project board.

On a quarterly basis, the strategic and operational risk registers are reviewed and where necessary risks re-prioritised. Risks are amended to reflect the current situation, obsolete risks should be deleted and new risks identified. This ensures that risk registers and mitigation actions are appropriate for the current service and corporate objectives

Risk Management Strategy

A six-monthly report is presented to Audit Committee detailing the current strategic risks and high-level operational risks and the progress made in controlling them. It will be the role of the Audit Committee to review and make recommendations on the key risks to Cabinet.

The top strategic risks will be reported to Cabinet on a 6 monthly basis.

Action plans developed to manage both strategic and operational risks will be monitored as part of the performance management process. This will ensure the integration of risk management with other processes and ultimately ensure its profile and success is maintained.

Risk assessments are included as a section in all policies and reports, so that risk is considered in everything the Council does.

Categories of Risk

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment	New political arrangements. Political personalities, Political make-up
Economic	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives	Employee levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives	ICT infrastructure, Employee/client needs, security standards Data protection
Legislative	Associated with current or potential changes in national law	Human rights, appliance or non-appliance of TUPE regulations
Environmental	Relating to the environmental consequences of progressing the Council's corporate strategic objectives	Land use, recycling, pollution
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Loss of revenue Fail to win quality accreditation
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens. This also includes Public perception as a consequence of adverse publicity	Managing expectations, extent of consultation-
Managerial/ Professional	Associated with the particular nature of each profession, internal protocols and managerial skills & abilities	Employee restructure, key personalities, internal capacity, recruitment, development and welfare
Financial	Associated with financial planning and control and the adequacy of insurance cover and internal funds	Budget overspends, level of Council tax, level of reserves and ability to set a balanced budget
Legal	Related to possible breaches of legislation	Client brings legal challenge
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services	Contractor fails to deliver, partnership agencies do not have common goals

	or products to the agreed cost and specification	
Physical	Related to fire, safety, maintenance, accident prevention, security, and health and safety	Offices in poor state of repair, use of equipment