

Open

# Audit Committee

## Agenda

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



## Audit Committee

### Members of Committee:

**Chairman: Councillor N J Desmond**

**Vice-Chairman: Councillor A Sutton**

**Councillor J F Byng**

**Councillor K Gale**

**Councillor M Rayner**

**Councillor G Connolly**

**Councillor J Griffiths**

**Councillor P W M Young**

### 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.**

### **Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider in ADVANCE of each meeting whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer or other legal officer in good time before the meeting.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPis and ORIs at the meeting.

Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where the matter relates to an ORI they may not vote on the matter unless granted an advance dispensation.

Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where a matter affects the NRI of a Member or co-opted Member, the Code of Conduct sets out the test which must be applied by the MEMBER to decide whether disclosure is required. Again please ensure you have spoken in ADVANCE to the relevant legal officer and determined whether it is appropriate to declare the NRI and leave.

**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 Support Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF.  
Telephone: 01562 732726 or email [karen.morton@wyreforestdc.gov.uk](mailto:karen.morton@wyreforestdc.gov.uk)

Wyre Forest District Council

Audit Committee

Wednesday, 22 November 2023

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

<b>Agenda item</b>	<b>Subject</b>	<b>Page Number</b>
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 27 September 2023.	6
5.	<b>External Audit Update</b>  To receive a verbal update from Grant Thornton.	
6.	<b>BDO Internal Audit Annual Plan 2023/24</b>  To receive a report from BDO.	9
7.	<b>BDO Internal Audit Progress Report November 2023</b>  To receive a report from BDO.	26
8.	<b>Audit Committee Training Programme 2023-24</b>  To receive a report from the Head of Resources and s151 Officer to approve the Audit Committee training programme for 2023-24.	32

9.	<b>To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
10.	<p><b>Exclusion of the Press and Public</b></p> <p>To consider passing the following resolution:</p> <p>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.</p>	

Part 2

Not open to the Press and Public

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

**AUDIT COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,  
KIDDERMINSTER**

**27 SEPTEMBER 2023 (6PM)**

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**Present:**

Councillors: N J Desmond (Chairman), A Sutton (Vice-Chairman), J F Byng, G Connolly, K Gale, J Griffiths, M Rayner and P W M Young.

**AUD.22 Apologies for Absence**

There were no apologies for absence.

**AUD.23 Appointment of Substitutes**

No substitutes were appointed.

**AUD.24 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.25 Minutes**

**Agreed: The minutes of the meeting held on 20 July 2023 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.26 Sector Update**

Apologies had been received from the Director GT and the Audit Manager GT attended in her place. The Committee received a verbal report from the Audit Manager GT, who explained there was no detailed Sector Report, as the contract is coming to an end and it is hoped that sign off of the financial statements will be completed this week. The opportunity was given for members to ask questions.

**AUD.27 Audit Findings Report 2022-23**

The Committee received a report from the Audit Manager GT presenting the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and which informs the process for the audited accounts. Two key areas were highlighted by the Audit Manager GT – the Pension Fund, and how it is managed; and Property, Plant and Equipment, which had not yet been finalised but should be complete by the end of this week. She also thanked the team at WFDC for their support in progressing the audit, which had gone well.

The Committee considered the report and were given the opportunity to ask

questions to which the Audit Manager GT, Principal Accountant and the Head of Resources and S151 Officer were able to provide responses.

**Agreed: The report be noted.**

**AUD.28 Final Accounts 2022-23**

The Committee considered a report, which presented the changes that have been required to the Pre-Audit Statement of Accounts for 2022-23, so far, as a result of the ongoing audit undertaken by Grant Thornton UK LLP, and provided an update on the current status of the external audit work. Members also considered an updated version of the Letter of Representation to the auditors, draft wording attached at Appendix 1 of the report.

The Head of Resources and S151 Officer and Principal Accountant presented the report to the Committee, along with additional pages which had been sent out electronically, and which detailed minor changes to the accounts since the Committee had considered the draft accounts at the meeting in July.

The Committee discussed the report and the Head of Resources and S151 Officer and the Principal Accountant were able to provide verbal responses to their questions on the Final Accounts 2022-23.

**Agreed: The Audit Committee DECIDED that:**

- 2.1 The Audited Statement of Accounts for 2022-23 are approved and authorised 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.**
- 2.2 The draft Letter of Representation for 2022-23 attached at Appendix 1 is approved. They also authorised 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.29 Risk Management – Corporate Risk Register progress update**

The Committee considered a report on the current Corporate Risk Register, which informed members of an update of progress against actions and the Budget Risk Matrix attached as Appendices 1 and 3.

The Head of Resources and S151 Officer presented the report and highlighted key areas to be noted. Members were then given the opportunity to ask questions and were satisfied with the responses the Head of Resources and S151 Officer provided.

**Agreed: The Audit Committee CONSIDERED AND NOTED the Corporate Risk Register and the associated mitigating actions as at 31<sup>st</sup> July 2023 and the 2023-26 Budget Risk Matrix.**

**AUD.30 Internal Audit Resourcing**

The Committee received a verbal report from the Head of Resources and S151 Officer, and she was able to confirm good progress had been made with the procurement process to provide continuity for the internal audit. There had been 3 good applicants and the 2-year contract has been offered to BDO.

The Head of Resources and S151 Officer received questions from members, who welcomed the news that the procurement had been successful, and the framework had delivered the resource required.

**Agreed: The verbal report be noted.**

**AUD.31 Counter Fraud Arrangements 2023-24**

The Committee considered a report on Counter Fraud Arrangements 2022-23, which updated Members on the Counter Fraud arrangements in place for 2022~23 and into 2023~24.

The Audit Manager presented the annual report which continues to raise awareness, drawing out the outcomes in respect of the response to fraudulent activity around cyber-crime and meeting the mandatory National Fraud Initiative, with , the Fraud Response Plan and Strategy for Dealing with Theft, Fraud and Corruption as reminders of corporate documents in place.

The Committee were invited to ask questions and the Head of Resources and S151 Officer and Audit Manager provided verbal responses.

**Agreed: The Audit Committee CONSIDERED and NOTED the report on the counter fraud arrangements within the Council.**

**AUD.32 Internal Audit Position Statement as at 30th September 2023**

The Committee received a report from the Audit Manager to update them on work completed by Internal Audit as a contribution towards the completion of the approved 2023~24 Internal Audit Plan.

The Audit Manager presented her last report to the Committee prior to her retirement at the end of the month, which detailed the progress against the Audit Plan 2023-24 to date, including the special projects she has undertaken in the last 3 months.

The Committee were offered the opportunity to ask questions.

The Chairman thanked the Audit Manager for her dedicated service over 33 years, and for all her hard work and dedication. The Committee is grateful that she is leaving the Audit department in a very healthy position.

**Agreed: The Audit Committee CONSIDERED the outline of work completed by Internal Audit as a contribution against the approved 2023~24 Internal Audit Plan.**

There being no further business, the meeting ended at 7.10pm.



# INTERNAL AUDIT ANNUAL PLAN

WYRE FOREST DISTRICT COUNCIL

2023/24

## CONTENTS

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## AUDIT RISK ASSESSMENT



### BACKGROUND

Our risk-based approach to internal audit uses Wyre forest District Council's own risk management process and risk register as a starting point for audit planning as this represents your own assessment of the risks to achieving your strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.



### PLANNED APPROACH TO INTERNAL AUDIT 2023/24

The indicative Internal Audit programme for 2023/24 is set out on pages 6 to 10. We met with Corporate Leadership Team, each Head of Service, the Finance Portfolio Holder and the Audit Committee Chair to bring together a full draft plan to be presented to this Audit Committee meeting for formal review and approval. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period. As we have been appointment 7 months into the audit year we have also reviewed the existing plan, desktop documentation such as the risk register and previous internal audit reports completed. We have not however, developed a multi-year plan and this will be issued to you prior to the end of the 2023-24 financial year.



### INDIVIDUAL AUDITS

When we scope each review, we will reconsider the anticipated coverage to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Head of Service prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council, and which ensures availability of key management and staff and takes account of any operational pressures being experienced.



### VARIATIONS TO THE PLAN

We review the plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we propose to undertake, demonstrating we are focussing on your most important issues.

As such, our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Heads of Service. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

## OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

### Core assurance

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

### Soft controls

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

### Future focused assurance

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

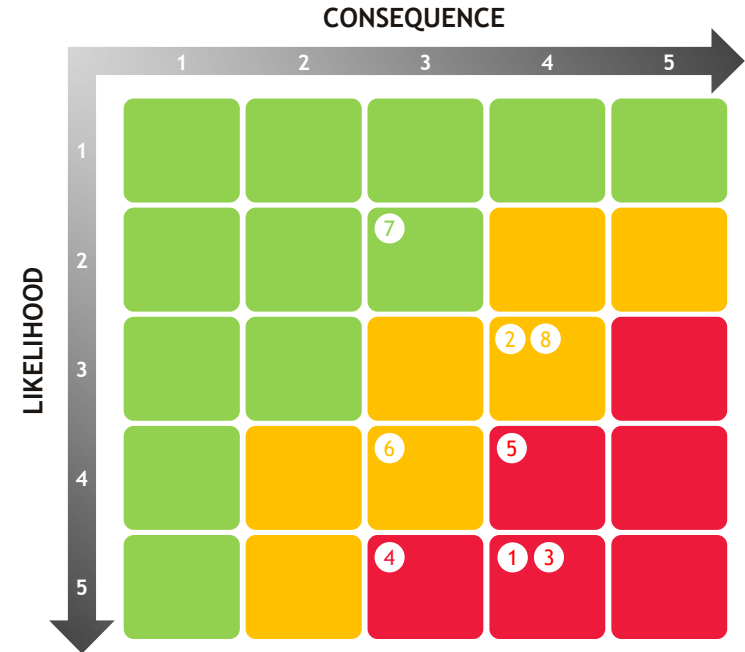
### Flexible audit resource

Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



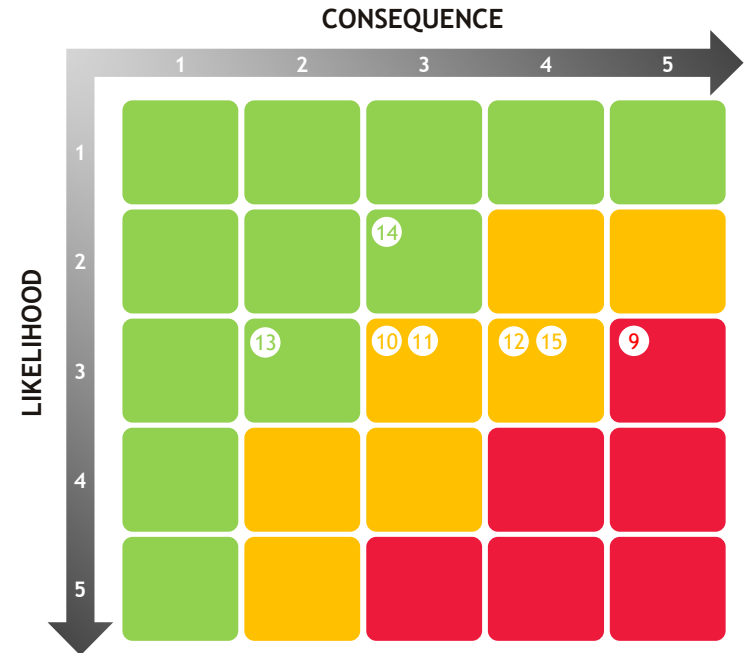
## MAPPING YOUR STRATEGIC RISKS (1/2)

Ref	Strategic Risks from your CRR	Score
1	Adverse impact of Government legislation or policy on council strategies or services - particularly planning, housing, Environment Act, Elections Act Corporate Plan Priority: Internal corporate issues.	20
2	Poor member behaviour undermines Council's reputation and performance	12
3	High and sustained inflation leads to increased service demand from residents and additional cost pressures that can't be met from approved budgets or reserves	20
4	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)	15
5	Unable to deliver sustainable budget for the long term with a detrimental impact on ability to deliver Corporate Plan Priorities	16
6	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	12
7	Members lack skills and knowledge necessary for effective discharge of their Committee responsibilities	6
8	Not having stable and effective managerial leadership	12



## MAPPING YOUR STRATEGIC RISKS (2/2)

Ref	Strategic Risks from your CRR	Score
9	Vulnerability to cyber-attacks results in disruption in service delivery. Threats may originate both inside and outside the organisation	15
10	Unable to sustain mental health & wellbeing of staff having a negative impact on service delivery and achieving Corporate Plan Priorities	9
11	Unable to secure effective delivery of wide range of significant projects	9
12	Inability to enforce relevant legislation effectively e.g., environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	12
13	Unable to achieve balanced housing market to meet need	6
14	Lack of effective governance and oversight of local authority trading company (if operating)	6
15	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	12



## INTERNAL AUDIT OPERATIONAL PLAN 2023/24 (1/5)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Main Financial Systems - Budget management inc. high level payroll review</b>	3	10	Dec-23	To review the design and effectiveness of the controls in place regarding the governance arrangements, core processes and methodology for budget setting and management within the Council. We will also perform a high-level review of key payroll controls and processes.	This is a mandatory element of the internal audit programme and forms a key component of the Head of Internal Audit opinion. We undertake a rotational set of reviews covering the Council's key financial systems.
<b>Main Financial Systems - General Controls and Access</b>	3	10	Dec-23	To review access to the Council's main financial systems to ensure that access is appropriate and limited to key personnel where necessary to prevent fraudulent activity or potential weakness in key software.	This is a mandatory element of the internal audit programme and forms a key component of the Head of Internal Audit opinion. We undertake a rotational set of reviews covering the Council's key financial systems.
<b>Council Tax and NNDR</b>	12	15	Dec-23	To review the Council Tax and control and processes in place for NNDR. This will take into account the two reviews completed by our predecessors.	This is a standard review we undertake on a cyclical basis to provide us with assurance required for support our annual opinion.
<b>Planning Services</b>	1, 13	15	Jan-24	To review the controls and processes within planning services particularly focussing on the end-to-end process of planning applications and to assess the income generation and collection activities within the service.	This is a key area of activity and risk to the Council and has been raised as an area of concern in discussions with members of senior leadership.
<b>Accounts Receivable and Debt Recovery Procedures</b>	1	15	Feb-24	To review the accounts receivable and debt recovery procedures to ensure integrity and accuracy.	This is a standard review we include in our annual plan to provide us with assurance required for support our annual opinion.

## INTERNAL AUDIT OPERATIONAL PLAN 2023/24 (2/5)

Area	BAF	Days	Timing	Description of the Review	Reason for Inclusion
<b>Soft Controls</b>					
<b>Governance (and Ethics)</b>	14	15	Jan-24	To review the governance of the council to ensure the control and governance process are effective in line with expected practices.	Major risk to all authorities given the importance of good governance and greater challenges and scrutiny placed on governance decisions within the Council and by the public nationally.



## INTERNAL AUDIT OPERATIONAL PLAN 2023/24 (3/5)

Area	BAF	Days	Timing	Description of the Review	Reason for Inclusion
<b>Future Focussed</b>					
<b>Cyber</b>	9	20	Jan-24	To review on the ICT audits on effectiveness and efficiency to ensure and maintain integrity.	This review will help to minimise the risk of any data breaches. Enhancing operational efficiency.
<b>Risk Management</b>	12	15	Feb-24	To review the controls on risk management using a risk maturity toolkit assessing governance, identification of risk, actions taken and continuous improvement.	The purpose of the risk management review is to ensure effective risk management processes are embedded across the Council and will provide support our annual opinion.

## INTERNAL AUDIT OPERATIONAL PLAN 2023/24 (4/5)

Area	BAF	Days	Timing	Description of the Review	Reason for Inclusion
Flexible Live Assurance - To be allocated during the year as required but could include the example shown below					
Ad-Hoc Support/Contingency to cover: Review of Financial Regulations/Contract Procedure Rules/Corporate Fraud Policies NFI - Cabinet Office Counter fraud arrangements Grant certifications	14	15	N/A	To review the Ad-Hoc Support/Contingency and covering the Review of Financial Regulations/Contract Procedure Rules/Corporate Fraud Policies NFI - Cabinet Office Counter fraud arrangements Grant certifications.	Gives Senior Leadership the flexibility to respond to emerging risks or issues that may require urgent attention.

## INTERNAL AUDIT OPERATIONAL PLAN 2023/24 (5/5)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Contract Management</b>					
<b>Planning / liaison / management</b>	N/A	5	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
<b>Recommendation follow up</b>	N/A	3	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Executive Team and Audit Committee
<b>Audit Committee</b>	N/A	2	Q1 - Q4	Attendance at Audit Committee meetings, pre-meets and Audit Committee Chair liaison	Effective contract management
<b>Summary</b>					
<b>Core assurance</b>	Various	65			
<b>Soft controls</b>	Various	15			
<b>Future focused</b>	Various	35			
<b>Flexible audit resource</b>	Various	15			
<b>Contract Management</b>		10			
<b>Total days</b>		140			

## APPENDIX I (1/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### PURPOSE OF THIS CHARTER

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Wyre Forest District Council (Council) and defines the scope of internal audit activities.

Final approval resides with the Full Council, in practice the charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of the Board of the Council.

#### INTERNAL AUDIT'S MISSION

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

#### STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

#### INTERNAL AUDIT DEFINITION AND ROLE

Internal auditing 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 to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

#### INTERNAL AUDIT'S SCOPE

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

#### EFFECTIVE INTERNAL AUDIT

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

## APPENDIX I (2/5)

### Internal Audit Charter - Role and Scope of Internal Audit

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

#### INDEPENDENCE AND INTERNAL AUDIT'S POSITION WITHIN WYRE FOREST DISTRICT COUNCIL

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee. The Head of Internal Audit reports administratively to the Head of Service who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Audit Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit Committee to discuss the implications.

#### INTERNAL AUDIT'S ROLE IN COUNTERING FRAUD, BRIBERY AND CORRUPTION

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspects a fraud, this will be referred to appropriate management in the first instance and then the Audit Committee.

#### ACCESS TO RECORDS AND CONFIDENTIALITY

There are no limitations to internal audit's right of access to the council officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 2018.

## APPENDIX I (3/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### COORDINATION AND RELIANCE WITH OTHER ASSURANCE PROVIDERS

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

#### INTERNAL AUDIT'S COMMITMENTS TO WYRE FOREST DISTRICT COUNCIL

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS

- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with Council staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council.
- Reporting honestly on performance against targets to the Audit Committee.

#### INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables on the following pages contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

#### QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

As required by PSIAS, an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit Committee as part of the internal audit annual report, along with corrective action plans.

## APPENDIX I (4/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT

##### Measure / Indicator

##### Audit Coverage

Annual Audit Plan delivered in line with timetable.

Actual days are in accordance with Annual Audit Plan.

##### Relationships and customer satisfaction

Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.

Annual survey to Audit Committee to achieve score of at least 70%.

External audit can rely on the work undertaken by internal audit (where planned).

##### Staffing and Training

At least 60% input from qualified staff.

##### Audit Reporting

Issuance of draft report within 3 weeks of fieldwork `closing` meeting.

Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management.

Information is presented in the format requested by the customer.

##### Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review.

#### MANAGEMENT AND STAFF COMMITMENTS TO INTERNAL AUDIT

The management and staff of Wyre Forest District Council commit to the following:

- Providing unrestricted access to all of Council records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit.

#### MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The three indicators on the following page are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit Committee Progress Report.

## APPENDIX I (5/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF

##### Measure / Indicator

##### Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

##### Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

##### Co-operation with internal audit

Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.

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# INTERNAL AUDIT PROGRESS REPORT

Wyre Forest District Council

November 2023

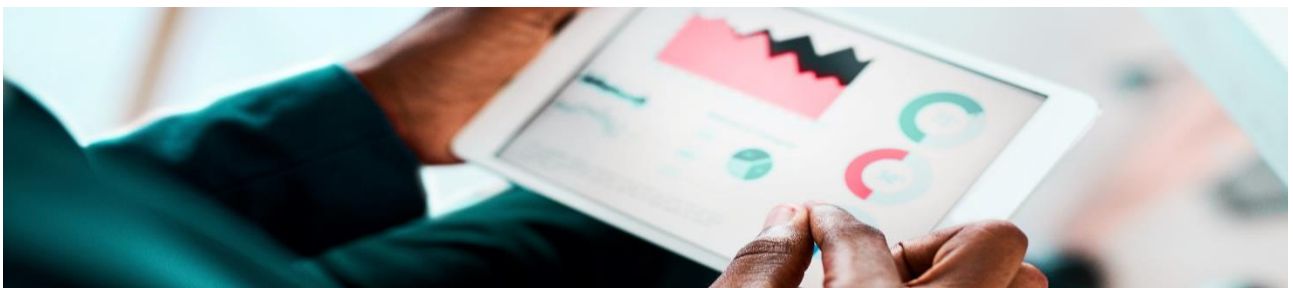
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# SUMMARY OF NOVEMBER 2023 WORK

## INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2023/2024 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## NOVEMBER 2023 INTERNAL AUDIT PLAN

Our appointment commenced this month and therefore no reviews are completed to date. We have issued for your review and approval:

- ▶ A revised 2023-24 Internal Audit Plan and Charter. This adapts the previous Plan in place and if approved, will be delivered against over the remainder of the audit year.

Please note:

- ▶ Follow-up Report - there are no outstanding actions from the previous internal audit service and therefore when we raise findings in our reports, these will be followed-up and reported to you accordingly
- ▶ We can support training to this Committee across a variety of areas such as: differences between internal audit and external audit, behaviours of an effective Audit Committee, risk management, IT/cyber related presentations among many other areas. This note is to bring this to Committee's attention as it would be good practice to agree training for the forthcoming year so that this is built into the Committee cycle
- ▶ In future papers this document will be supported with a table to display progress against reviews, summary reports for Moderate and above Opinions and note where reports have been issued separately if they received a Limited and below Opinion.

## CHANGES TO THE INTERNAL AUDIT PLAN

- ▶ As noted above.

## LOCAL GOVERNMENT SECTOR UPDATE

Our quarterly public sector briefing summarises recent publication and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Council management and Members. This Sector Update is the same day as the Autumn Statement 2023 and therefore any relevant local government changes will be verbally provided to the Committee.

### S114 NOTICES INCREASING

*Birmingham City Council in the country's second-largest city has issued a section 114 notice as it faces down an £87m budget gap this year and an equal pay liability of three-quarters of a billion pounds.*

Birmingham City Council has announced it cannot meet its liabilities, issuing the statutory notice stopping all non-essential spending.

The authority has faced costs and setbacks including a faltering implementation of its Oracle IT system (£100m), a share of the 2022 Commonwealth Games (£184m) and an outstanding equal pay liability (£650m-760m, on top of the £1.1bn it has already paid).

Interim director of finance Fiona Greenway has confirmed the council does not have the resources to meet the equal pay costs, and does not have any other way of paying.

Birmingham implemented spending controls in July, about a week after uncovering the latest equal pay liability, which relates to a 2012 Supreme Court ruling that found female staff had been denied bonuses given to their male colleagues. The liability is rising by between £5m and £14m each month.

“The council will tighten the spend controls already in place and put them in the hands of the Section 151 officer to ensure there is complete grip,” a spokesperson said.

“The notice means all new spending, with the exception of protecting vulnerable people and statutory services, must stop immediately.”

A committee later this week will be told £33m of £65m of savings needed in 2023-24 were seen as “high risk”, while £29m are “medium risk” and only £3m are at “low risk” of not being achieved.

<https://www.publicfinance.co.uk/news/2023/09/birmingham-issues-s114-notice>

### LEVELLING UP AND REGENERATION ACT 2023

*New laws came into force today (26 October 2023) to speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes.*





Measures in the Levelling-up and Regeneration Act will:

- Put local people at the heart of development - making it easier to put local plans in place and requiring design codes that set out where homes will be built and how they will look. These plans will deliver more homes in a way that works for communities.
- Boost local services - requiring developers to deliver vital infrastructure. This will put an end to lifeless edge-of-town developments with no community assets and ensure developers deliver the schools, doctors surgeries and public services communities need and expect. Further details on these measures will be set out shortly.
- Rebalance the housing and land markets - giving local councils the power to increase council tax on empty homes and reforming compensation for compulsory purchase orders by removing ‘hope value’ where justified.
- Encourage developers to get building - giving communities updates on the progress of development and giving councils the chance to consider slow build-out rates when approving planning.
- Bring high streets back to life - giving councils the powers to work directly with landlords to bring empty buildings back in to use by local businesses and community groups through high street rental auctions. It will also make it faster for local authorities to give hospitality businesses permission to use outdoor seating.




<https://www.gov.uk/government/news/new-laws-to-speed-up-planning-build-homes-and-level-up>

# APPENDIX I

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS REVIEW	FROM	EFFECTIVENESS OPINION	FINDINGS REVIEW	FROM
 <b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.		No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.	
 <b>Moderate</b>	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.		A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	
 <b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.		A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.	
 <b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.		Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.	

## RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
 <b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
 <b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
 <b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## FOR MORE INFORMATION:

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**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**22<sup>ND</sup> NOVEMBER 2023**

**Audit Committee Training Programme 2023-24**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor D Ross
<b>RESPONSIBLE OFFICER:</b>	Head of Resources and s151 Officer
<b>CONTACT OFFICER:</b>	Helen.ogram@wyreforestdc.gov.uk
Appendix 1	Proposed Audit Committee Training Programme 2023-24
Appendix 2	Member Training Evaluation form

**1. PURPOSE OF REPORT**

1.1 To approve the Audit Committee training programme for 2023-24.

**2. RECOMMENDATIONS**

2.1 **The Audit Committee is asked to consider and agree the training programme as set out in Appendix 1.**

**3. BACKGROUND**

3.1 Attached to this report is a draft of the proposed Audit Committee Member Training Programme 2023-24 (Appendix 1) for members to consider, provide feedback and approve.

3.2 Members should be able to access learning that will enable them to carry out their role effectively. The LGA provides a range of e-learning modules that are available free of charge. The following modules are particularly informative and are recommended for Audit Committee members:

- Audit committees (an introduction)
- Commissioning council services
- Equality, diversity and inclusion
- Local government finance
- Scrutiny for councillors

3.3 In addition, to supplement the on-line resource, it is proposed that a training programme is offered for Wyre Forest Audit Committee members, consisting of bite-sized sessions lasting no more than 30 minutes each. The proposed training focuses on those areas required for Committee member to dispatch their core responsibilities as set out in the Constitution, and the challenges



currently facing Members. A number of options are proposed for discussion to tailor the training provided to Audit Committee Member requirements.

- 3.4 It is recognised that any training provided should be supported by an active and informative evaluation process, as such all training undertaken will be accompanied by an evaluation form to be completed by members. The form is attached at Appendix 2.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no financial implications arising from the proposals within this report. Any external training costs will be met from existing resources.

**5. LEGAL AND POLICY IMPLICATIONS**

- 5.1 None

**6. EQUALITY IMPACT NEEDS ASSESSMENT (EIA)**

- 6.1 There are no proposals in this report that require an assessment.

**7. RISK MANAGEMENT**

<b>Risk Description</b>	<b>Risk Score</b>	<b>Mitigation</b>
Members do not have the knowledge and experience required to adequately discharge their responsibilities as members of Audit Committee and appropriate oversight is not provided resulting in weak governance arrangements.	A	A robust training programme that Members are committed to seeing through with sufficient records kept of attendance.

**8. CONSULTEES**

Corporate Leadership Team  
 Chair of Audit Committee  
 Internal Audit Manager

**Proposed Audit Committee Training Programme 2023-24**

<b>Meeting Date</b>	<b>Subject</b>	<b>Presenter</b>
20 <sup>th</sup> July 2023 – Pre Committee meeting in Council Chamber at 5pm	Introduction to Risk Management	Gallagher Steven...
<i>27<sup>th</sup> September 2023 Postponed</i>	<i>How to be an Effective Audit Committee - External Auditors perspective on role of Audit Committee Members</i>	<i>External Audit Grant Thornton Laurelin Griffiths</i>
13 <sup>th</sup> November 2023 Remote on Zoom at 4pm	Introduction to Treasury Management part 1 and latest market update	Link Group Dragan Karajic
22 <sup>nd</sup> November 2023	Introduction to BDO, Audit planning and BDO approach – to be delivered as part of the substantive agenda item	Internal Audit BDO Gurpreet Dulay
<i>17<sup>th</sup> January 2024 - Pre Committee meeting in Council Chamber at 5pm</i>	<i>Behaviours of an Effective Audit Committee TBC</i>	<i>Internal Audit BDO Gurpreet Dulay</i>
29 <sup>th</sup> January 2024 Remote on Zoom at 4pm	Introduction to Treasury Management part 2 and latest market update	Link Group Dragan Karajic
<i>27<sup>th</sup> March 2024 Pre Committee meeting in Council Chamber at 5pm</i>	<i>Fraud awareness or Governance Framework TBC</i>	<i>TBC</i>

**Potential Future Topics for discussion:**

The Importance of Risk Management  
 The Regulatory Framework (Statutory background and the Constitution including terms of reference)  
 Procurement and Contract Procedure Rules  
 Finance and Budgetary Control  
 Fraud Awareness  
 ICT/Cyber Risks  
 Governance Framework



## Evaluation of Development Activity – Feedback Sheet

Thank you for attending this event. To inform future development events and to ensure continuous improvement it would be helpful if you could complete this feedback sheet following your participation in this event.	
<b>Title of event</b>	
<b>Facilitators</b>	
<b>Venue and date</b>	
<b>Name and Job title (Optional)</b>	

<p><b>Learning Objectives</b> Did this session meet your objectives?</p>	
<p><b>GOOD POINTS</b> What did you feel were the good points of the session?</p>	
<p><b>IMPROVEMENTS</b> What improvements would you like to suggest for the future?</p>	

<b>IMPACT</b> What impact will attending the session have on you or how you work in the future?	
<b>PRE-COURSE ORGANISATION/ CONFIRMATION</b>	Please rate 1=POOR and 10=EXCELLENT with reasoning.
<b>FACILITATOR</b>	Please rate 1=POOR and 10=EXCELLENT with reasoning.
<b>CONTENT</b>	Please rate 1=POOR and 10=EXCELLENT with reasoning.
<b>OVERALL RATING</b>	Please rate this event 1=POOR and 10=EXCELLENT with reasoning.
<b>FUTURE DEVELOPMENT ACTIVITY?</b>	Please suggest other events/activities you would like to see offered by the council in the future.