

**Open**

# **Audit Committee**

## **Agenda**

**6pm**  
**Monday, 20 May 2024**  
**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 Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732726 or email: [committee.section@wyreforestdc.gov.uk](mailto:committee.section@wyreforestdc.gov.uk)

Wyre Forest District Council

Audit Committee

Monday, 20 May 2024

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 20 March 2024.	6
5.	<b>External Audit Certificates 2021-22 and 2022-23</b>  To receive External Audit Certificates from Grant Thornton.	10
6.	<b>Internal Audit Progress Report</b>  To receive a report from BDO.	14
7.	<b>Internal Audit Follow up of Recommendations Report</b>  To receive a report from BDO.	30
8.	<b>Internal Audit Annual Report and Annual Statement of Assurance – Draft</b>  To receive a report from BDO.	36

9.	<b>Annual Governance Statement 2022-23 – Action Plan Progress Report</b> To receive a report from the Head of Resources and s151 Officer.	53
10.	<b>Annual Governance Statement</b> To receive a report from the Head of Resources and s151 Officer.	64
11.	<b>External Auditors Annual Report (AAR) 2021/22 and 2022/23 – Council Management Response and Action Plan</b> To receive a report from the Head of Resources and s151 Officer.	83
12.	<b>Risk Management – Corporate Risk Register</b> To receive a report from the Head of Resources and s151 Officer.	102
13.	<b>DRAFT Audit Committee Annual report to Council 2023-24</b> To receive a report from the Head of Resources and s151 Officer.	120
14.	<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>	
15.	<b>Exclusion of the Press and Public</b> To consider passing the following resolution:  “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”.	

Part 2

Not open to the Press and Public

16.	<b>Internal Audit Progress Report – Confidential</b> To receive a report from BDO.	
17.	<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>	

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

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

**20 MARCH 2024 (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.41 Apologies for Absence**

There were no apologies for absence.

**AUD.42 Appointment of Substitutes**

Councillor D Ross attended as an observer.

**AUD.43 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.44 Minutes**

**Agreed: The minutes of the meeting held on 22 November 2023 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.45 Auditor's Annual Report on Wyre Forest District Council  
2021-22 and 2022-23**

The Committee received a final report from the external Audit Managers, Grant Thornton, which covered the 2 years to 31 March 2023. They highlighted recommendations for improvement, key and improvement recommendations were made. The Chair thanked Grant Thornton for their help and advice and advised that their findings had been taken seriously but the Management comments were noted. Members were then given the opportunity to ask questions, which the External Audit Managers and the Head of Resources and s151 Officer answered verbally. It was noted that progress had already been made in certain areas and things had moved on due to the elapse of time and the delay in presenting the report.

**Agreed: The report be noted and the Audit Committee:**

**AGREED that, in the interests of transparency and openness, an Action Plan be developed and reviewed as a standing agenda item in the Audit Committee meeting each May.**

**AUD.46 External Audit Plan**

The Key Audit Partner from Bishop Fleming introduced herself and gave a background of the company. She presented the Audit Plan to the Committee and highlighted the key risks. Members were invited to ask questions, to which the Key Audit Partner provided verbal responses.

**Agreed: The report be noted.**

**AUD.47 Sector Update**

The Key Audit Partner, Bishop Fleming provided a verbal sector update, giving attention to key issues, in order to inform members. She confirmed that she had written to Grant Thornton, requesting relevant documents and working papers, to ensure a smooth handover. Members were given the opportunity to raise questions, to which the Head of Resources and s151 Officer provided a response.

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

**AUD.48 Internal Audit Plan 2024 - 25**

The Committee considered a report on the Internal Audit Plan for 2024-25. The Head of Internal Audit from BDO delivered the report and Members were offered the opportunity to ask questions. The Head of Internal Audit and the Head of Resources and s151 Officer provided verbal responses. The Head of Internal Audit confirmed that a Risk Management review is currently being undertaken. Members expressed concern about the recommendations from Grant Thornton regarding Programme Management of the major Capital schemes and discussed the possibility of substituting alternative areas of concern in the Plan, which the Head of Internal Audit from BDO agreed would be possible. The Key Audit Partner, Bishop Flemming confirmed that this and the other Improvement Recommendations made in the Grant Thornton Report would be covered in the 2023-24 Value for Money review.

**Agreed: The report be noted and the Internal Audit Plan for 2024-25 approved, with the provision that members will consider the Annual Audit Report Action plan update at the next committee and if unsatisfactory progress had been made would request an additional review covering Capital Programme Management, if necessary substituting other areas from the plan.**

**AUD.49 Internal Audit Progress Report – March 2024**

The Internal Audit Manager, BDO presented the summary of Internal Audit work, which will be a standing item in future. She informed the Audit Committee of the progress against the 2023/24 internal audit plan, which summarised the work BDO has completed in 4 areas, along with an assessment of the systems reviewed and the recommendations raised.

The Committee was then invited to ask questions and the Head of Internal Audit, the Internal Audit Manager and the Solicitor provided verbal responses.

## Agenda Item No. 4

With regard to the Governance and Ethics review, it was requested that Audit Committee members receive an update on non-attendance on mandatory training courses.

**Agreed: The report be noted.**

The meeting was adjourned for a break at 8.10pm.

The meeting resumed at 8.16pm

### **AUD.50 Accounting Policies and Estimates for 2023-24**

The Principal Accountant presented a report to members, which explained the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2023-24 annual accounts. The Committee was invited to ask questions but there were none.

Councillor Peter Young returned to the meeting at 8.20pm.

**Agreed: The report be noted and the Audit Committee:**

- i) **REVIEWED and APPROVED the Accounting Policies to be used in preparing the Council's 2023-24 Statement of Accounts (Appendix 1);**
- ii) **NOTED the critical accounting judgements made and key sources of estimation uncertainty and other choices made under International Accounting Standards (IFRS)**

### **AUD.51 Risk Management – Corporate Risk Management Action Plan – Quarter 3 progress update**

The Head of Resources and s151 Officer presented the report to the Committee which, provided a review the current update of progress against the Corporate Risk Management Action Plan, updates to the Corporate Risk scores and the Budget Risk Matrix attached as Appendices 1 and 3. The Corporate Risk Management Action Plan is considered annually, and this was the second update for the current year.

The opportunity to ask questions was provided and the Head of Resources and s151 Officer and the Head of Economic Development & Regeneration - North Worcs gave verbal responses.

**Agreed: The Audit Committee:**

**CONSIDERED AND NOTED the progress against the Corporate Risk Management Action Plan as at 31<sup>st</sup> January 2024 and the 2024-27 Budget Risk Matrix.**

### **AUD.52 Risk Management – Corporate Risk Management Policy and Strategy**

The Committee considered a report from the Head of Resources, which



## **Agenda Item No. 4**

presented the updated Risk Management Policy and Strategy, including Risk Impact and Scoring criteria. The report also set the context of where the Council currently stands in terms of risk maturity following external opinion on our approach to risk management. It informed members on risk management improvements proposed and described next steps for continuous improvement.

The Head of Resources and s151 Officer presented the report, which had taken into account the External Auditors' recommendations and the initial Internal Auditors' findings. The Committee were given the opportunity to ask questions and it was commented that the document should transcend the whole authority.

**Recommendation: The Audit Committee considered the information in the report and**

**2.1 CONSIDERED AND NOTED the proposed steps to improve strategic risk management and support the ongoing schedule of continuous improvement for the Council's risk management arrangements.**

**The Audit Committee also**

**2.2 RECOMMENDED to Cabinet that the revised Risk Management Strategy is adopted.**

### **AUD.53 Audit Committee – Annual Review of Effectiveness**

The Head of Resources and s151 Officer presented a report to inform Committee members about undertaking the annual self-assessment of Audit Committee as a result of the findings of the Internal Audit Governance and Ethics report.

Members raised questions on the report and the Head of Resources and s151 Officer gave verbal responses. She agreed to send members the link to the self-assessment questionnaire as set out in the report and confirmed the deadline for completion is 31<sup>st</sup> March 2024.

**Agreed: The Audit Committee:**

**2.1 NOTED the CIPFA position statement and the practical guide for audit committee members.**

**2.2 AGREED to complete the self-assessment of effectiveness questionnaire.**

**2.2 NOTED the 2024-25 training programme as set out in Appendix 4.**

There being no further business, the meeting ended at 8.49pm.

## Independent auditor's report to the members of Wyre Forest District Council

In our auditor's report issued on 30 November 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2022, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- Completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2022. We have now completed this work.

### Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 30 November 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

### Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

#### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter, except on 20 March 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to the Authority's performance management arrangements. We recommended that the Authority invest in its performance management arrangements throughout the organisation as a means to focus resources on priorities and drive improvements.

#### Responsibilities of the Authority

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

#### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of Wyre Forest District Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Laurelin Griffiths***

Laurelin Griffiths, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

23 April 2024

## **Independent auditor's report to the members of Wyre Forest District Council**

In our auditor's report issued on 29 September 2023, we explained that we could not formally conclude the audit and issue an audit certificate for Wyre Forest District Council ('the Authority') for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- completed the work necessary to issue our Whole of Government Accounts Component Assurance statement for the Authority for the year ended 31 March 2023. We have now completed this work.

## **Opinion on the financial statements**

In our auditor's report for the year ended 31 March 2023 issued on 29 September 2023 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

No matters have come to our attention since 29 September 2023 that would have a material impact on the financial statements on which we gave this opinion.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter, except on 20 March 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to the Authority's performance management arrangements. We recommended that the Authority invest in its performance management arrangements throughout the organisation as a means to focus resources on priorities and drive improvements.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Wyre Forest District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

#### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### *Laurelin Griffiths*

Laurelin Griffiths, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

23 April 2024

# INTERNAL AUDIT PROGRESS REPORT

WYRE FORST DISTRICT COUNCIL

May 2024



# CONTENTS

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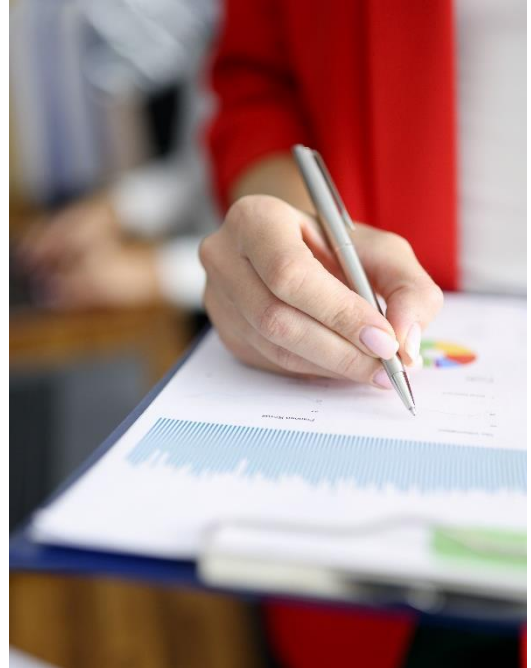
# SUMMARY OF INTERNAL AUDIT WORK

## INTERNAL AUDIT

This report is intended to inform the Audit Committee of the progress against the 2023/24 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.



## 2023/2024 INTERNAL AUDIT PLAN

As part of the 2023/24 internal audit plan, we have completed and are pleased to present the following report to the Audit Committee:

- ▶ Risk Management.
- ▶ Accounts Receivable and Debt Recovery.
- ▶ Cyber Security (issued as a separate, confidential paper).

We are also pleased to present the Internal Audit Annual Report 2023/24 in draft for the Audit Committee to note.

We have commenced our fieldwork of audits for the remaining 2023/24 reviews and expect to present the following reports the next Audit Committee meeting:

- ▶ Council Tax and NNDR.

## 2024/2025 INTERNAL AUDIT PLAN

We have begun scoping for the 2024/25 Internal Audit Plan and expect to present the following reports the next Audit Committee meeting:

- ▶ Recruitment and Retention.



# REVIEW OF 2023/24 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Planning Services	March 2024	✓	✓	✓	S	S
KFS: Budget Management incl High Level Payroll	March 2024	✓	✓	✓	S	M
KFS: General Controls and Access	March 2024	✓	✓	✓	S	M
Governance and Ethics	March 2024	✓	✓	✓	M	M
Risk Management	May 2024	✓	✓	✓	N/A - Advisory	
Cyber Security	May 2024	✓	✓	✓	M	M
Accounts Receivable and Debt Recovery	May 2024	✓	✓	✓	M	M
Council Tax and NDR	July 2024	✓	✓			

# RISK MANAGEMENT AUDIT

## CRR REFERENCE:

- ▶ 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.
- ▶ 5 - UNABLE TO DELIVER SUSTAINABLE BUDGET FOR THE LONG TERM WITH A DETRIMENTAL IMPACT ON ABILITY TO DELIVER CORPORATE PLAN PRIORITIES.

Design Opinion	N/A - Advisory	Design Effectiveness	N/A - Advisory
Recommendations	1	3	2



SCOPE

### BACKGROUND

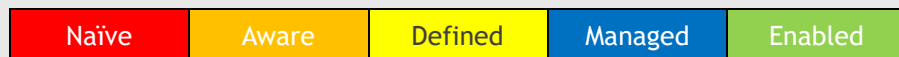
- ▶ The risk management process involves the identification, evaluation, and treatment of risk as part of a continuous process aimed at helping Wyre Forest District Council (the Council) reduce the incidence and impacts of risks that are faced.
- ▶ Risk management is therefore a fundamental part of both the operational and strategic thinking of every part of the service delivery within the organisation. This includes corporate, business and financial risks.
- ▶ Within the Council, the Corporate Risk Register (CRR) is held within Pentana Performance, the Council’s risk management software, and overseen and considered by the Audit Committee on a twice yearly basis and includes significant organisational risks. Local risk registers are also managed by department managers. Overall responsibility of the CRR is assigned to the Head of Resources and Section 151 Officer.

### THE MATURITY ASSESSMENT

- ▶ The purpose of the BDO Risk Maturity Assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved. As primarily an advisory piece of work assessing the Council’s current position against the BDO Risk Maturity Matrix, this assessment will not generate an assurance opinion.
- ▶ We considered the maturity of the Council’s current risk management arrangements by assessment against BDO’s risk maturity model. The following elements were assessed:

Risk Governance	Risk Assessment	Risk Mitigation	Monitoring and Reporting	Continuous Improvement
- Strategy and objectives - Tone at the top - Roles and responsibilities - Resources - Training - Risk appetite - Risk strategy - Risk Policy	- Risk Identification - Risk Analysis - Risk Evaluation - Assigning responsibilities for risks	- Current Mitigation - Action Plans - Reaction Plans	- Monitoring - Reporting - Assurance	- Review Approach - KPIs

- ▶ The current and target levels of maturity for each area were assessed in accordance with five categories, defined in Appendix II:



- ▶ The Risk Maturity Assessment Matrix is at Appendix II and sets out the definitions for each level of maturity. It is the intention that the results of the assessment assist those charged with governance in the further development of an effective and embedded risk management framework. Within our report we have identified areas where further development is required to reach the target maturity levels and have made recommendations for improvement within the Detailed Findings.

### EXTERNAL AUDITORS ANNUAL REPORT 2021/22 AND 2022/23

The Council’s external auditors, Grant Thornton, presented the Auditors Annual Report 2021/22 and 2022/23 to the Audit Committee on 20 March 2024.

The following improvement recommendation was made:

*“The Council needs to make more effective use of its risk register as a tool for both management and senior members. The strategic risk register should be focussed on key risks to the organisation and its delivery of priorities. For each risk, the register should clearly set out the risk score, mitigations, and a target risk score - reflecting the significance of the risk to the organisation. There should be a clear narrative on what will be done to reduce the risk with actions that are timebound.”*

We have reviewed the Council’s CRR and nine service area risk registers, taking into consideration the external auditor’s recommendations. Please refer to the Risk Assessment and Risk Mitigation sections of Appendix I - Assessment of Risk Maturity Against the BDO Risk Maturity Model and Findings Two and Three of the Detailed Findings section of this report.

  
AREAS OF STRENGTH

- We identified the following areas of good practice:
- ▶ The Council has published the Corporate Plan 2023-2027 which outlines the three key priorities for the period. Each of the priorities is supported by key objectives required for the Council to achieve the priorities.
  - ▶ The Council has a Risk Management Strategy in place that highlights the roles and responsibilities of the different staff members as well as the Audit Committee, and the Cabinet in management of risks. Objectives are clearly defined, and all the divisions work towards achieving the Council objectives. The Strategy was approved by the Audit Committee in March 2024, and is pending approval by Cabinet.
  - ▶ The Council has developed a Risk Appetite and Tolerance Statement, which has been included within the Risk Management Strategy, and has been aligned to the Government Orange Book’s Risk Appetite Guidance. This was approved by Cabinet in April 2024 and is due to be reviewed by Council in July 2024.
  - ▶ A Reserve Strategy is in place that allocates Risk Reserves for providing resources and budget for managing risk. Every year, the risk reserves are reviewed and presented to the Cabinet for approval by the Head of Resources and S151 Officer. If funds are required to address and mitigate unexpected risks that have arisen, this is escalated and approved through the Corporate Leadership Team (CLT)
  - ▶ There is a clear process in place for the identification and escalation of risks to the CRR. Through our discussions with five members of CLT, we confirmed that staff felt comfortable with identifying risks and how to raise them.
  - ▶ All the risks within the CRR and service area risk registers reviewed were assigned owners.

  
AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>From our review of the CRR and nine service area risk registers from four service areas, we found that risks were not always recorded clearly and that there is a significant difference in the assessment/scoring of risk across the service areas. We recognise that a consistent scoring approach across Strategic and operation risk registers is required by the new Strategy. We have therefore identified key ways in which the risk registers should be improved to ensure that they sufficiently document and assess the identified risks. <b>(Finding One - High)</b></p>	<ol style="list-style-type: none"> <li>1. The Head of Resources and Section 151 Officer should work with CLT to develop a uniform Risk Register template that includes the following:                             <ol style="list-style-type: none"> <li>i. Risk reference.</li> <li>ii. Risk Category.</li> <li>iii. Link to the Corporate Plan Priorities.</li> <li>iv. Risk statement.</li> <li>v. Risk Owner.</li> <li>vi. Inherent Likelihood Score, Inherent Impact Score and Total Impact Score.</li> <li>vii. Mitigating controls currently in place.</li> <li>viii. Mitigated Likelihood Score, Mitigated Impact Score and Mitigated Impact Score.</li> <li>ix. Target Risk Score.</li> <li>x. Further Actions Required.</li> <li>xi. Action Due Dates.</li> <li>xii. Progress Update.</li> </ol> </li> </ol>

		<p>2. All risks on the CRR and Service Area Risk Registers should be reviewed and revised to incorporate the “if-then” format. This will ensure that the cause and impact of the risk has been fully understood. From this the controls and required actions can be revised to ensure that they are tailored to the specific risk.</p> <p><u>Management Response</u>                  Agreed as already set out in the improvement action plan.                  Target Date: 31 July 2024</p>
	<p>The Council provided risk management training to Members in July 2023 and this training was attended by some officers, but the Council has not provided risk management training targeted to the relevant Members or officers responsible for risk management. This has resulted in an inconsistent approach to risk identification and recording within the service areas (which has been highlighted throughout the Risk Maturity Assessment) and also indicates that scrutiny of risk management may not be effective. <b>(Finding Two - Medium)</b></p>	<p>1) A training course should be developed or procured that takes this report into account.                  2) The Head of Resources and S151 Officer should identify the staff that the training should apply to and outline the frequency with which the training should be taken (ie every two years).                  3) Once the above has been completed, the training should be delivered, and attendance should be monitored. When new staff join the Council, they should be provided with the training if it is relevant to their role.                  4) Compliance with the training should be monitored and reported to CLT. Any non-compliance should be escalated to line managers and if necessary, the Audit Committee.</p> <p><u>Management Response</u>                  Agreed. We will look into training offers from external suppliers and consider a way forward to ensure that this is implemented.                  Target Date: 30 September 2024</p>
	<p>In the CRR, there is not a clear delineation between mitigating controls currently in place and further actions that are required. Within the Service Area risk registers, actions to mitigate the impact of risks should they arise, or to reduce the risk rating, have either not been identified or are not SMART (Specific, Measurable, Achievable, Relevant or Timebound). This may prevent the Council from being able to reduce risk to an acceptable level. <b>(Finding Three - Medium)</b></p>	<p>1. The Council’s risk appetite and tolerance should be established, and target risk scores should be identified for all risks.                  2. Once the risk register template has been designed as per Finding Two and the revised Risk Management Strategy has been implemented, the Head of Resources and S151 Officer (CRR) and CLT members (service area risk registers) should review all risks to ensure that current controls in place have been distinguished and appropriately recorded separately from the action plan. Where the mitigated risk score is not in line with the target risk score, further actions should be identified and documented that will contribute to reducing the risk score further. All actions should be assigned an action owner and a due date.                  3. Risk actions should be reviewed on a monthly basis, with updates recorded in the progress notes, to ensure that they are being completed in line with expectation. Once an action has been completed the controls and risk scores</p>

		<p>should be updated to reflect the impact on reducing the risk level.</p> <p>4. Progress against actions should be reported to the Audit Committee at each meeting to ensure that risk management performance is overseen by members and that CLT is held to account if performance is not sufficient. Please also refer to Finding Four.</p> <p><u>Management Response</u> Agreed, we are in the process of implementing the revised Risk Management Strategy which requires the above to be in place. Target Date: 30 September 2024</p>
	<p>The Council has not identified Key Performance Indicators (KPIs) to measure the progress of risk mitigation action. Therefore, it is difficult for those charged with governance to gain there is no assurance in place that risk performance is improving and that risks are being sufficiently mitigated and managed both at a corporate, strategic level and at service area level. <b>(Finding Four - Medium)</b></p>	<p>1. Following the improvements to the CRR and service area risk registers outlined in Finding Two, in line with the requirements of the revised Risk Management Strategy, KPIs should be developed and approved by Cabinet or the Audit Committee to measure performance against the action plans included in the risk registers. Regular reporting on performance against the KPIs should be provided to the Audit Committee alongside the CRR to demonstrate the progression of risk management within the Council.</p> <p>2. The KPIs should be reviewed on an appropriate basis to ensure that they are providing the Council with useful oversight and assurance on risk performance.</p> <p><u>Management Response</u> Agreed, KPIs have been established as part of the revised Risk Management Strategy and will be reported on going forward. Target Date: 30 September 2024</p>

  
**CONCLUSION**

- ▶ Overall, the Council has taken initial steps to implement and embed an effective risk culture. There is now a robust Risk Management Strategy in place that was approved by the Audit Committee in March 2024, which the Head of Resources and S151 Officer intends to fully implement by year end. The Council has also set aside a reserve fund that can be utilised by service areas for managing risk to help offset any additional and unexpected costs in the instance that risks need mitigation.
- ▶ However, we have identified key areas where work must be undertaken to ensure that the approach to risk across the Council is uniform and that the governance of risk can be effective. There is a fundamental lack of training of officers responsible for overseeing and undertaking the risk management process. This has led to an inconsistent approach to identifying, recording and responding to risks across the various service areas. We have also highlighted in the report key ways in which both the CRR and service area risk registers need to be improved.
- ▶ We have summarised below the current and target maturity levels, based on our work performed and a realistic trajectory of progress for the Council.

	Governance	Risk Assessment	Risk Mitigation	Reporting and Review	Continuous Improvement
Current	Defined	Aware	Naïve	Aware	Aware
Target	Managed	Defined	Defined	Defined	Defined

# ACCOUNTS RECIEVABLE AND DEBT RECOVERY PROCEDURES AUDIT

**CRR REFERENCE:** 12 - INABILITY TO ENFORCE RELEVANT LEGISLATION EFFECTIVELY E.G. ENVIRONMENTAL HEALTH, LICENCING, ENVIRONMENTAL CRIME, PRIVATE SECTOR HOUSING STANDARDS, COUNCIL TAX/BENEFITS

Design Opinion	M	Moderate	Design Effectiveness	M	Moderate
Recommendations	0	3	1		



## SCOPE

### BACKGROUND

- ▶ Wyre Forest District Council (the Council) input, record and manage their accounts receivable through the finance system Agresso. The income is collected by the Council from various income streams such as business rates, council tax, new homes bonus, parking fees and waste collection.
- ▶ Debt recovery performance is also reported to the Cabinet on a quarterly basis. On 30 September 2023 the total debt outstanding regarding housing benefit overpayments, including debt within payment terms, was £1m. Sundry and Property Debt at this date was £2.1m.
- ▶ The Council has 320 staff and has outsourced their payroll function to Redditch Borough Council as a host authority. The Council's total staff costs in 2022/23 were £9.15m and YTD are £6.42m.

### AREAS REVIEWED


- ▶ The purpose of this audit was to provide assurance on the design and effectiveness of controls in relation to accounts receivable and debt recovery activity to ensure integrity and accuracy.
- ▶ We assessed whether adequate guidance and procedure documents were in place at the Council to govern the Accounts Receivable, Debt Recovery and Salary Overpayments processes.
- ▶ We reviewed 15 invoices raised between April and November 2023 to assess whether they were approved appropriately, and that adequate evidence had been retained to support the raising of the invoice. We also looked to see if the invoices had been paid, and if so, how long payment took.
- ▶ We reviewed 15 aged debtors (as of 31 December 2023) to assess whether adequate actions had been undertaken by the Finance Team to recover the monies, in line with the Council's procedure.
- ▶ The Council have processed one debt write off since April 2023. We reviewed the write-off to assess whether appropriate approval had been obtained for this prior to the debt being written off.
- ▶ We assessed the arrangements in place to manage the recovery of overpayments. This included reviewing the seven identified salary overpayments that have occurred since April 2023, to ensure that the reason for the overpayment had been identified, communication had been made with the individual to recover the debt, or to put a payment plan in place that an invoice had been raised and where relevant that the recovery payment had been made.



## AREAS OF STRENGTH

- ▶ 8766 accounts receivable transactions were processed by the Council between April and November 2023, with a total value of £7,003,191.55. We reviewed 15 Accounts Receivable transactions with a total value of £425,502.20 and found:
  - Invoices had been raised for all transactions correctly.
  - The Council outlines payment terms of 14 days on each invoice. Following this they reserve the right to charge interest on the outstanding balance on each invoice, except for those to be paid by direct debit, where payment dates are detailed. We found that in all cases, payment had been received for the invoice.

- ▶ One debt write off had been made by Council since April 2023. This was for a tenancy agreement, amounting to £450. We found that the debt was escalated for write off due to customer pulling out of the tenancy agreement and the Council being unable to contact the individual. The appropriate approval had been obtained from the Head of Resources and Section 151 Officer to complete the write off.
- ▶ Seven salary overpayments occurred between April 2023 and January 2024, totalling £3,672. Five of these overpayments were for individuals who were still currently employed, while the other two were for staff who have since left the Council. For the five salary overpayments which occurred for current employees we found:
  - An appropriately signed form to deduct pay had been completed by the Payroll Team and the staff member, which outlines when and how the monies will be recovered through the individuals’ salary.
- ▶ We confirmed that the overpayments had been recovered or were in the process of being recovered.


 <b>AREAS OF CONCERN</b>	Finding	Recommendation and Management Response				
	<p>The Council did not have policies or procedure documents to outline the processes in place for accounts receivable or salary overpayments. We also found that the Debt Procedure document had not been updated since 2018. <b>(Finding One - Medium)</b>.</p>	<p>A. The Principal Accountant develop a formal procedure document outlining the processes staff should follow for accounts receivable and salary overpayments. These documents should be reviewed and approved by the Head of Resources and S151 Officer in line with the Constitution and communicated to the Finance Team. Areas which should be considered as being included in the procedure documents are listed below:</p>				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Procedure document</th> <th style="text-align: left;">Areas to consider covering within document</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Accounts Receivable</td> <td> <ul style="list-style-type: none"> <li>Process for sending invoices</li> <li>Responsible individuals</li> <li>Approval requirements</li> <li>What evidence should be retained for different types of invoices</li> </ul> </td> </tr> <tr> <td style="vertical-align: top;">Salary Overpayments</td> <td> <ul style="list-style-type: none"> <li>Process for overpayment recovery through salary or invoice.</li> <li>Responsible individuals to contact the employee. Does this vary based on if it is recovered via salary or invoice.</li> <li>Frequency in which employee or former employee</li> </ul> </td> </tr> </tbody> </table>	Procedure document	Areas to consider covering within document	Accounts Receivable	<ul style="list-style-type: none"> <li>Process for sending invoices</li> <li>Responsible individuals</li> <li>Approval requirements</li> <li>What evidence should be retained for different types of invoices</li> </ul>
Procedure document	Areas to consider covering within document					
Accounts Receivable	<ul style="list-style-type: none"> <li>Process for sending invoices</li> <li>Responsible individuals</li> <li>Approval requirements</li> <li>What evidence should be retained for different types of invoices</li> </ul>					
Salary Overpayments	<ul style="list-style-type: none"> <li>Process for overpayment recovery through salary or invoice.</li> <li>Responsible individuals to contact the employee. Does this vary based on if it is recovered via salary or invoice.</li> <li>Frequency in which employee or former employee</li> </ul>					



			should be contacted.
		Debt Recovery and Write Offs	<ul style="list-style-type: none"> <li>• Greater breakdown of the way different debt amounts should be treated.</li> <li>• Write off processes, including responsibilities and the timeframe in which a debt should subsequently considered for write off.</li> </ul>
			<p>B. The Debt Recovery procedure document should be updated, finalised and then communicated to the relevant staff. Going forward all policies and procedures should be updated on an appropriate basis (for example every two years or when significant change occurs in systems) to ensure that they are aligned with the Council’s current practices.</p> <p><u>Management Response</u>                  Agreed - documents outlining the processes staff should follow for accounts receivable and salary overpayments to be developed and agreed with the Head of Resources. The document outlining the processes will be communicated to all service units.                  Target Date: 31 December 2024</p>
	<p>There is not a clear process in place to perform debt write offs, a regular review of aged debts has not been performed, and we found that debts that have been deemed irrecoverable have not been written off. (<b>Finding Two - Medium</b>).</p>		<p>A. The Head of Resources and S151 Officer should review the Written-Off Debts process within the Debt Procedure to ensure that it clearly outlines the actions that should be taken once a debt has been deemed irrecoverable and the financial thresholds for each authorisation level.</p> <p>B. A regular review process of aged debts should also be developed to ensure that irrecoverable debts are written off as required and do not remain on the Council’s accounts. This should be performed on at least an annual basis.</p> <p>C. Once the above has been completed, the Head of Resources and S151 Officer should review each of the debts that have been flagged as irrecoverable and ensure that these are written off appropriately.</p> <p><u>Management Response</u>                  Item A will be dealt with when the procedural document has been agreed by Head of Resources as per recommendation 1.</p>



	<p>Item B will form part of the procedural document as per recommendation 1.</p> <p>Item C Agreed. The review of aged debt will require further review of resource availability.</p> <p>Target Date: 31 December 2024</p>
<p>The debt recovery and write off process was not being followed effectively. Six debts had been highlighted as being ready for write-off, however they had not been submitted for authorisation. It was also noted that for three of these debts there was no record, after the second letter was sent, that any further debt recovery action was taken. <b>(Finding Three - Medium).</b></p>	<p>A. The Head of Resources and S151 Officer should review all aged debt that has been deemed irrecoverable and where appropriate provide authorisation for the debts to be written off. Where insufficient action has been taken to pursue an aged debt, this should be followed up by the Finance Team.</p> <p>B. All aged debts should be actioned in line with the updated debt recovery procedure (see Finding One).</p> <p><u>Management Response</u>                  Agreed. The identification of insufficient action being taken to pursue an aged debt and follow up will require further review of resource availability. Item A will be dealt with as per Item C in recommendation 2 and Item B will be dealt with recommendation 1.</p> <p>Target Date: 31 December 2024</p>



CONCLUSION

We have concluded that the Council have a Moderate control design and effectiveness for its Accounts Receivable and Debt Recovery Procedures.

Control Design

The control design is Moderate because the Council generally had a sound system of internal controls designed to manage accounts receivable transactions and salary overpayments but there were some exceptions. These specifically relate to the following Medium finding:

- ▶ There is not a sufficient procedure documents in place outlining the expected processes which could lead to incorrect actions being taken by staff. We also found that the Council’s Debt Procedure document was out of date, and that it was not consistently being followed by staff.

Control Effectiveness

Similarly, the control effectiveness was Moderate as there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. This opinion was principally driven by the following two Medium findings:

- ▶ A regular review of aged debts has not been performed, and we found that debts that have been deemed irrecoverable have not been written off
- ▶ We found that debt write-offs were not being sufficiently performed, resulting in irrecoverable debt remaining on the Council’s accounts.
- ▶ A low finding was also raised as we identified several invoices for which supporting evidence was not in place to justify the invoice being raised or the value of the invoice.

## SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior management and Members.

### IFG CALLS FOR FIVE-YEAR SPENDING REVIEWS

#### **LONGER-TERM CERTAINTY OVER DEPARTMENTAL FUNDING WILL IMPROVE VALUE FOR MONEY AND GIVE GOVERNMENT SPENDING PLANS MORE CREDIBILITY, THE INSTITUTE FOR GOVERNMENT HAS SAID.**

Setting five-year spending reviews (instead of the regular three) that are assessed every three years will give departments more predictable funding and enable more efficient use of public money, an IfG report said.

Researchers said this would allow the government to set budget allocations for the same duration as its main fiscal rule, to show debt falling in the final year of a five-year rolling forecast, improving credibility by preventing ministers from pencilling in “unrealistic” low spending increases in the later years of the forecast.

They said any spending review should also be set at least a year before allocations end to avoid funding cliff edges.

“We need to re-establish the norm of setting long-term spending plans that stand the test of time and move fiscal policymaking from short-term tinkering to be more long-term and strategic,” an IfG spokesperson said.

“Cliff-edges should be eliminated by reviewing and extending spending plans before they expire.

“To achieve this, the chancellor should commit to a new regular cycle of spending reviews covering five years, to be reviewed and extended every three, as part of a wider package of reforms to the fiscal framework.”

The think-tank has joined a growing number of organisations to raise concerns about potential pre-election tax cuts, offset (in terms of the fiscal rule) by real-terms cuts to departmental spending from 2025-26 that will be “impossible” without reducing the quality and quantity of public services.

<https://www.publicfinance.co.uk/news/2024/03/ifg-calls-five-year-spending-reviews>

#### FOR INFORMATION

For the Audit Committee Members and Executive Directors

### LGA: GOVERNMENT MUST KEEP HOUSEHOLD SUPPORT FUND

#### **THE GOVERNMENT ENDING AN “ESSENTIAL LIFELINE” FOR LOW-INCOME HOUSEHOLDS WOULD CREATE A “CLIFF-EDGE” IN SUPPORT BECAUSE COUNCILS DO NOT HAVE THE RESOURCES TO KEEP IT GOING THEMSELVES, THE LOCAL GOVERNMENT ASSOCIATION HAS WARNED.**

The £820m Household Support Fund, which is due to end this month, has provided a “vital safety net” and should be retained to avoid vulnerable residents “falling through the gaps into financial crisis”, the LGA has said.

The fund was launched in September 2021 and gave councils £500m to shield vulnerable households from the cost-of-living crisis; it has been extended three times, with the value increased to £820m for 2023-24.

Writing to the government, councils said removing the fund at the same time as a separate £900 cost-of-living grant would mean low-income households are “doubly hit” by a reduction in support.

They said uncertainty over whether the fund will be extended has left councils, delivery partners and residents “in limbo”.

Pete Marland, chair of the LGA’s economy and resources board, said: “The Household Support Fund has provided an essential lifeline for our most vulnerable residents.

“Ultimately, councils want to shift from providing crisis support to investing in preventative services which improve people’s financial resilience and life chances, alongside a sufficiently resourced national safety net.

“However, without an urgent extension of the Household Support Fund for at least a year, there is a risk of more households falling into financial crisis, homelessness and poverty.”





The LGA said the money has allowed the sector to significantly expand its help for vulnerable people and accounts for almost two-thirds (62%) of local welfare spending.

<https://www.publicfinance.co.uk/news/2024/03/lga-government-must-keep-household-support-fund>

#### FOR INFORMATION





For Audit Committee Members and Executive Directors

## KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Assistant Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have finalised seven reports and the Local Authority Delivery Phase 3 (LAD3) Independent Reasonable Assurance Report. Discussions with the responsible Executive Directors have highlighted that the process has been positive. We have yet to receive responses to the survey sent to officers with the final reports and have sent reminders of this to all relevant officers. We will continue to do so and will report on this at the July 2024 Audit Committee.	
Completion of audit plan	We have taken every action to ensure that we are in line with our schedule for the 23/24. Seven of the eight reviews for 23/24 are finalised. The remaining review has been underway since February 2024 but has been delayed due to the team having insufficient resources to provide us with the required evidence which has been outside of our control. The review is due for completion and will be presented at the July 2024 Audit Committee.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High 	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.
Medium 	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.
Low 	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:**

**GURPREET DULAY**

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# INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

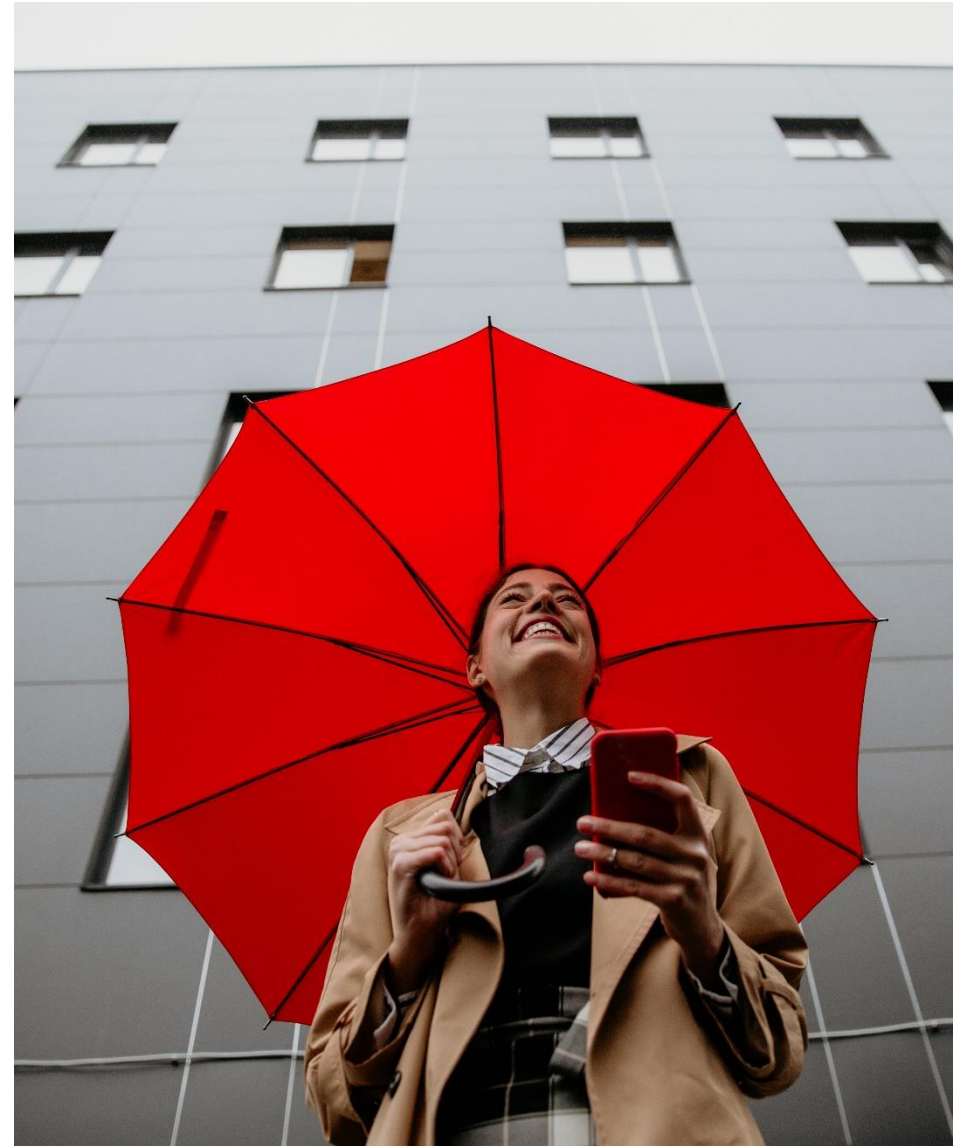
WYRE FOREST DISTRICT COUNCIL

May 2024



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# SUMMARY

2023/2024	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		Not Due	
						H	M	H	M	H	M	H	M
Governance and Ethics	5	0	4	1	4	0	0	0	0	0	0	0	4
General Controls and Access	6	0	2	4	2	0	1	0	0	0	0	0	1
<b>Total</b>	<b>11</b>	<b>0</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>



# SUMMARY

## 2023/2024

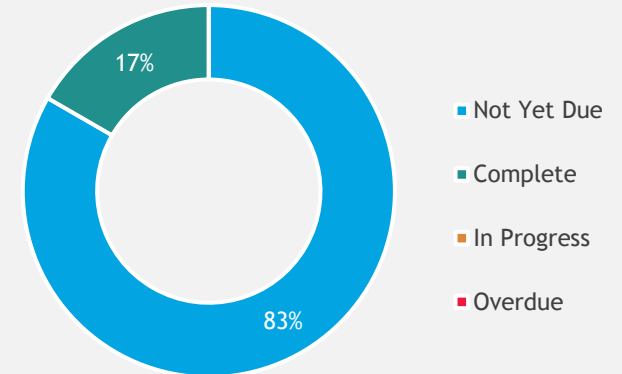
Please find below a summary of the status of implementation of recommendations arising from reports issued in May 2024.

- ▶ One medium recommendation (General Controls and Access) has been completed since the last Audit Committee and removed from the follow up tracker.
- ▶ Five medium recommendations (General Controls and Access and Governance and Ethics) remain not yet due. Of these, two fall due at the end of May 2024. An update will be provided on these recommendations at the next meeting.

### REQUIRED AUDIT COMMITTEE ACTION:

We ask the Audit Committee to note the progress against the recommendations.

#### May 2024 Cumulative implementation



## RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
General Controls and Access	<p>A. The Principal Accountant should review the seven exceptions identified, ensure that sufficient checks were performed, or reperform the checks, and document that this has been completed.</p> <p>B. When a request for a change to supplier bank account details is received, an independent check should be performed and documented. Records should be retained to show who performed the check, when they performed it, what contact information they used to verify the request, how this contact information was sourced, and who they spoke to at the supplier to confirm the change. This could be added as a note to the supplier details on Agresso.</p> <p>C. All changes to supplier bank account details should be reviewed by a separate, senior member of staff once the independent check has been performed and the request has been verified. The name of the approver and date of approval should be documented.</p> <p>D. On a quarterly or annual basis, a report should be run on Agresso to show all changes made to supplier bank details in the period which should be reviewed and approved by the Principal Accountant or Head of Resources. This should be used to detect any suspicious amendments, ie several amendments to the same bank details, supplier's amending bank details more than once in a short period of time, etc.</p>	Medium	Kathryn Pearsall - Principal Accountant	30 Apr 24	<p>Management Response:</p> <p>A. All exceptions have been checked with staff responsible and relevant checks were performed. Details on invoices paid in Agresso have also been checked.</p> <p>B. An updated New Supplier Request Form has been created which includes who performed the check, when they performed it, what contact information they used to verify the request, how this contact information was sourced, and who they spoke to at the supplier to confirm the change.</p> <p>C. The updated New Supplier Request Form now includes a required section for the second reviewer details. This second review must be by a senior member of staff. A spreadsheet is being kept checking that amendments have been correctly input into Agresso which includes the name of staff verifying the amendment and the date of verification.</p> <p>D. The Principal Accountant, Accountant and Corporate Fraud staff now receive notifications whenever supplier bank details are amended.</p> <p><i>Internal Audit Comment: We feel that sufficient work has been undertaken (using a risk-based approach) to implement the recommendations made. We have therefore marked this recommendation as completed.</i></p>

FOR MORE INFORMATION:

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# INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE - DRAFT

Wyre Forest District Council

2023/24

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# SUMMARY OF 2023/24 WORK

## Internal Audit 2023-24

This report details the work undertaken by internal audit for Wyre Forest District Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Governance and Ethics.
- Planning Services.
- Key Financial Systems - Budget Management and High Level Payroll.
- Key Financial Systems (KFS) - General. Access and Control.
- Cyber Security.
- Accounts Receivable and Debt Recovery.
- Risk Management.
- Council Tax and National Non-Domestic Rates (NNDR)\*.

\*This report has not yet been finalised.

We have detailed the opinions of each report and key findings on pages five to nine. Our internal audit work for the period from 1 November 2023 to 31 March 2024 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. We were appointed part-way through the year, however have completed a full programme of work and therefore can offer an Annual Opinion. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

Overall, we are able to provide Moderate Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services. In forming our view we have taken into account that:

- We started this year's services in November 2023 and have completed a full programme of audits since our appointment. We appreciate the strong engagement from all staff within the Council on this work which has enabled us to achieve this.
- Our reports this year which led to an opinion, included one with substantial assurance over both design and effectiveness of controls (Planning Services), two with substantial assurance over design and moderate assurance over the effectiveness of controls (KFS - Budget Management and KFS - General Controls and Access), and three with moderate assurance over both the design and effectiveness of controls (Governance and Ethics, Cyber Security and KFS - Accounts Receivable and Debt Recovery). One advisory review was performed where an opinion was not provided (Risk Management).
- The Council continue to struggle with inflationary pressures on spend, and each year of the 2024-

27 Medium Term Financial Strategy has been balanced by a contribution from reserves. As a result, reserve levels are forecast to fall from £3.84m on 31 March 2024 to £1m by 31 March 2027.

- Despite this, as reported to Cabinet in April 2024, the Council had an estimated outturn of £13.161m, which was a £152k underspend against the revised budget for 2023-24. This spend is funded largely by business rates and council tax income.
- We finally note that this Opinion is draft as we have not completed our Council Tax and NNDR audit. The outcome of this review is not expected to change our Opinion however, as it is an important area of review this Opinion will be draft until the completion of this work.
- A lot has been achieved by the Council this year, as it has sought to improve its internal controls and financial position, including the outsourcing of the internal audit provision. Our reviews have resulted in positive opinions and staff have been engaged and proactive in this work. We are looking forward to continuing to work closely with the Council and will continue to work with management to ensure continued focus on the control environment in the year ahead.



# REVIEW OF 2023/24 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Governance and Ethics	-	4	1	Moderate	Moderate	<p>The purpose of the audit was to review specific elements of governance in the Council to ensure the control and governance processes are effective and in line with expected practices. The Council has a clear governance structure in place which is supported by a comprehensive Constitution published on the public website and controls in place surrounding Councillor training and declaration of interests.</p> <p>However, the effectiveness of these controls could be enhanced to ensure attendance of essential Councillor training by excluding members who do not attend training from committees. Councillor declaration forms were not consistently filled out completely or in a timely manner despite guidance being provided.</p> <p>We also found the design of controls could be improved in relation to the declaration and reporting of gifts and hospitality and self-assessment of Council and Committee performance to identify opportunities for improvement.</p> <p><b>Key findings</b></p> <ul style="list-style-type: none"> <li>• <b>Councillor Training Attendance</b> - We reviewed the training schedule, content and attendance records for essential Councillor training and identified that: <ul style="list-style-type: none"> <li>○ Sessions for the Treasury Management training course, essential for Councillors take before being able to sit on the Audit Committee were not held until November 2023 and January 2024. The Audit Committee first met in May 2023.</li> <li>○ Seven essential training courses were not attended by all required Councillors, and whilst the Council have followed up on absences, they have not prevented Councillors from attending Committees they have not completed training for.</li> <li>○ The induction training does not include content on Member’s responsibilities and does not signpost towards the applicable responsibilities section included in the Constitution.</li> </ul> </li> <li>• <b>Gifts and Hospitality</b> - The Council’s gifts and hospitality guidance does not provide detail on the declaration process or signpost staff to the gifts and hospitality declaration form. Upon review of the form, we found this does not require the member to include detail of the date the gift was received, only the date it was accepted, which meant we were</li> </ul>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>unable to confirm that the gift was declared by the Member in line with the LGA Councillor Code of Conduct Guidance. We also found the date stated on the Council’s webpage for the latest update of the gifts and hospitality register was significantly outdated, indicating that the webpage was not kept up to date.</p> <ul style="list-style-type: none"> <li>• <b>Council and Committee Performance Self-Assessment</b> - The Council has not completed a performance evaluation on the effectiveness of the Council itself, or its Committees, using internal assessment or external feedback.</li> </ul>
Planning Services	-	-	-	Substantial	Substantial	<p>Overall, the Council has robust controls and processes within Planning Services to ensure that the end-to-end planning application process meets statutory requirements. We found that all the obligations are met before a decision is made on an application and that applications are approved appropriately in line with requirements. There is sufficient oversight from the Planning Manager and Planning Committee and performance is reported to the Overview and Scrutiny Committee quarterly ensuring that issues can be identified and rectified in a timely manner.</p> <p>No findings were raised from this review.</p>
Key Financial Systems - Budget Management and High Level Payroll	-	-	3	Substantial	Moderate	<p>The purpose of this review was to provide assurance over the design and effectiveness of the controls in place regarding the governance arrangements, core processes and methodology for budget management within the Council, and to provide a high-level assessment of key payroll controls.</p> <p>Budget Management processes within the Council were clear and robust, and budget managers were confident in delivering their role, with support from the Finance Team where required. Budget managers and the Finance Team had access to detailed, live reporting on actual income/expenditure on cost centres and budgets are formally monitored by Cabinet at each meeting.</p> <p>However, we found that in December 2023 the Council presented a revised budget with a forecast adverse variance to spend of £1.085m, as a result of unexpected cost increases and a shortfall in forecasted income. We have raised a low finding regarding this, and two further low findings regarding budget software training and a lack of detail in meeting minutes where controls could be enhanced. However, broadly, budget management processes were strong. We found that there were robust procedures in place to ensure that any changes to payroll for new starters, leavers, and salary amendments to pay were appropriately approved and changed in the payroll system in a timely manner. We have assessed the robustness of user access controls to the payroll system, Chris21, as part of a separate review.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Key Financial Systems - General Access and Control	-	2	4	Substantial	Moderate	<p>This audit was designed to provide assurance over the Council’s financial controls: key systems access, general ledger, and accounts payable.</p> <p>The Council have robust general controls in place to process and approve journals and non-pay expenditure within Agresso, as well as for the performance of bank and payroll reconciliations. However, these were not consistently documented to provide a clear audit trail and demonstrate a separation of duties.</p> <p>Overall, the Finance Team had clear and effective procedures in place but there were some exceptions identified where these were not complied with.</p> <p><u>Key findings</u></p> <ul style="list-style-type: none"> <li>Independent checks of the validity of supplier bank detail change requests are not recorded before they are administered on Agresso. Additionally, there were some instances in our sample where there was no evidence of a separate check of the change by a senior member of staff.</li> <li>Regular reviews of user access to Agresso are not performed and the Assistant Accountant was unable to provide confirmation that the actual access provided to five new users was in line with the access requested.</li> </ul>
Cyber Security	-	3	-	Moderate	Moderate	<p>This audit focused on the controls in place for cyber security at the Council and whether these are sufficient to allow for the recovery of data in the event of an incident.</p> <p>There is generally a sound system of internal control designed to achieve system objectives with some exceptions. These relate to the exceptions identified during antivirus testing in addition to the lack of up to date policies and procedures and a small number of exceptions were identified during the review related to the lack of testing for the current incident response plans in addition to the incomplete action plan for the most recent penetration test.</p> <p><u>Key findings</u></p> <ul style="list-style-type: none"> <li>Approximately 6% of the Council’s IT estate was not shown as being visible within CrowdStrike, the Council’s antivirus platform.</li> <li>Although the Council has completed a penetration test, we found that there are still 18 high risk vulnerabilities that have not been closed.</li> <li>While incident response plans, including communication plans, are in place, these have not been subject to testing to confirm if they would work in the event of an actual incident.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Accounts Receivable and Debt Recovery	-	3	1	Moderate	Moderate	<p>The purpose of the audit is to provide assurance on design and effectiveness of controls in relation to accounts receivable and debt recovery activity to ensure integrity and accuracy.</p> <p>The control design is Moderate because the Council generally had a sound system of internal controls designed to manage accounts receivable transactions and salary overpayments but there were some exceptions.</p> <p>Similarly, the control effectiveness was Moderate as there was evidence of non-compliance with some controls, that may put some of the system objectives at risk.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>• There is not a sufficient procedure documents in place outlining the expected processes which could lead to incorrect actions being taken by staff. We also found that the Council's Debt Procedure document was out of date, and that it was not consistently being followed by staff.</li> <li>• A regular review of aged debts has not been performed, and we found that debts that have been deemed irrecoverable have not been written off</li> <li>• We found that debt write-offs were not being sufficiently performed, resulting in irrecoverable debt remaining on the Council's accounts.</li> </ul>
Risk Management	1	3	2	N/A - Advisory	N/A - Advisory	<p>The purpose of the BDO Risk Maturity Assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved.</p> <p>Overall, the Council has taken initial steps to implement and embed an effective risk culture. There is now a robust Risk Management Strategy in place that was approved by the Audit Committee in March 2024, which the Head of Resources and S151 Officer intends to fully implement by year end. The Council has also set aside a reserve fund that can be utilised by service areas for managing risk to help offset any additional and unexpected costs in the instance that risks need mitigation.</p> <p>However, we have identified key areas where work must be undertaken to ensure that the approach to risk across the Council is uniform and that the governance of risk can be effective. There is a fundamental lack of training of officers responsible for overseeing and undertaking the risk management process. This has led to an inconsistent approach to identifying, recording, and responding to risks across the various service areas. We have also highlighted in the report key ways in which both the CRR and service area risk registers need to be improved.</p>

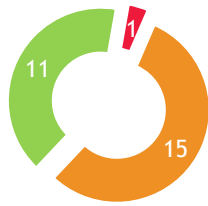
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>From our review of the CRR and nine service area risk registers from four service areas, we found that risks were not always recorded clearly and that there is a significant difference in the assessment/scoring of risk across the service areas. We recognise that a consistent scoring approach across Strategic and operation risk registers is required by the new Strategy. We have identified key ways in which the risk registers should be improved to ensure that they sufficiently document and assess the identified risks.</li> <li>The Council provided risk management training to Members in July 2023 and this training was attended by some officers, but the Council has not provided risk management training targeted to the relevant officers responsible for risk management. This has resulted in an inconsistent approach to risk identification and recording within the service areas (which has been highlighted throughout the Risk Maturity Assessment).</li> <li>In the CRR, there is not a clear delineation between mitigating controls currently in place and further actions that are required. Within the Service Area risk registers, actions to mitigate the impact of risks should they arise, or to reduce the risk rating, have either not been identified or are not SMART (Specific, Measurable, Achievable, Relevant or Timebound). This may prevent the Council from being able to reduce risk to an acceptable level.</li> <li>The Council has not identified Key Performance Indicators (KPIs) to measure the progress of risk mitigation action. Therefore, it is difficult for those charged with governance to gain assurance that risk performance is improving and that risks are being sufficiently mitigated and managed both at a corporate, strategic level and at service area level.</li> </ul>
Council Tax and NNDR	TBC	TBC	TBC	TBC	TBC	TBC

# SUMMARY OF FINDINGS

## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

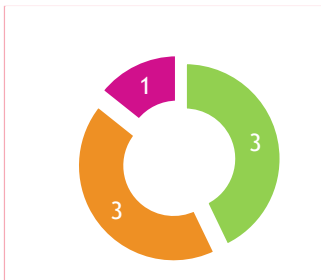
2023-24



■ High ■ Medium ■ Low

In 2023/24 there were a total of 28 recommendations, of which only 4% were High. The remaining were either medium or low.

### Control Design



■ Substantial ■ Moderate ■ Limited ■ No ■ N/A

In 2023/24 three reviews received a substantial opinion on the design of controls. One review was advisory and therefore no opinion was provided.

### Operational Effectiveness



In 2023/24 five reviews received a moderate opinion on the effectiveness of controls. These controls will be tightened following the implementation of our high and medium recommendations, which will provide updates on at each Audit Committee meeting. One review was advisory and therefore no opinion was provided.

# KEY THEMES



## PEOPLE

The Council welcomed our internal audits and provided us with strong levels of time and support during our reviews. This demonstrates the organisation's positive and active approach towards internal audit and enhancing internal controls.



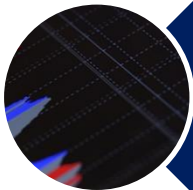
## GOVERNANCE & STRUCTURES

Governance channels and processes were largely robust, supporting effective monitoring of internal controls. Improvements were required regarding member attendance at training sessions and to the documentation of member interests.



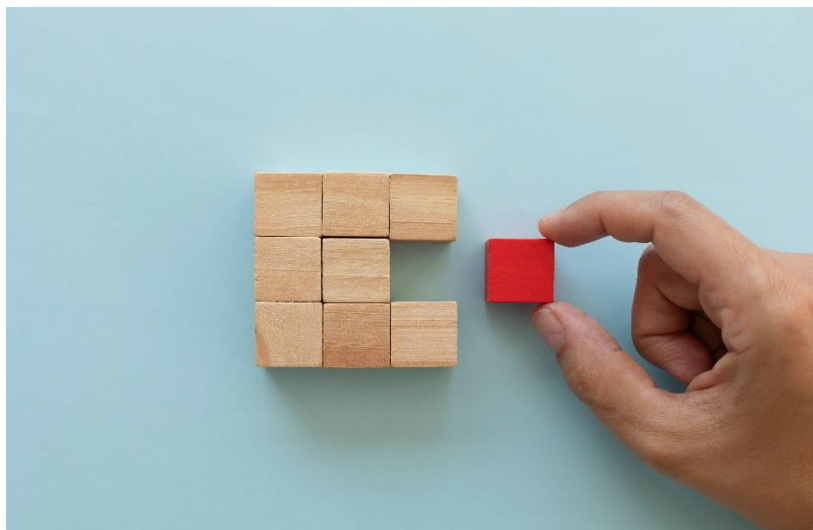
## STRATEGIES & POLICIES

While strategies and policies were broadly in place, we found that these need to be updated and there was generally a lack of documented procedures within the Council and consequently there was no record the Council's actual arrangements, notably the General Controls and Access and Accounts Receivable.



## CYBER

There is generally sound controls in place for cyber security at the Council, which allow for recovery of data in the event of an incident.



# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Wyre Forest District Council is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the six-month period from 1 November 2023 to 31 March 2024 was carried out in accordance with the internal audit plan approved by the Corporate Leadership Team and the Audit Committee, adjusted during the year for any emerging risk issues. Our Opinion covers 1 April 2023 to 31 March 2024 as we have completed a sufficient number of reviews across sufficient coverage of areas to provide a view over the whole year. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2023-24 Internal Audit Annual Plan which has been approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### Reporting Mechanisms and Practices

Our initial draft reports are sent to the key contact responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

### Management actions on our recommendations

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports.

### Recommendations Follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment. One recommendation has fallen due in the year, which was completed sufficiently and effectively by management within the required timeframe. There has been a proactive approach so far to follow up of recommendations raised however, given our appointment part-way through the year, our ability to provide a fuller assessment is not possible. We will work closely with the Council over the coming year to ensure arrangements continue to be sound.

### Relationship with External Audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.



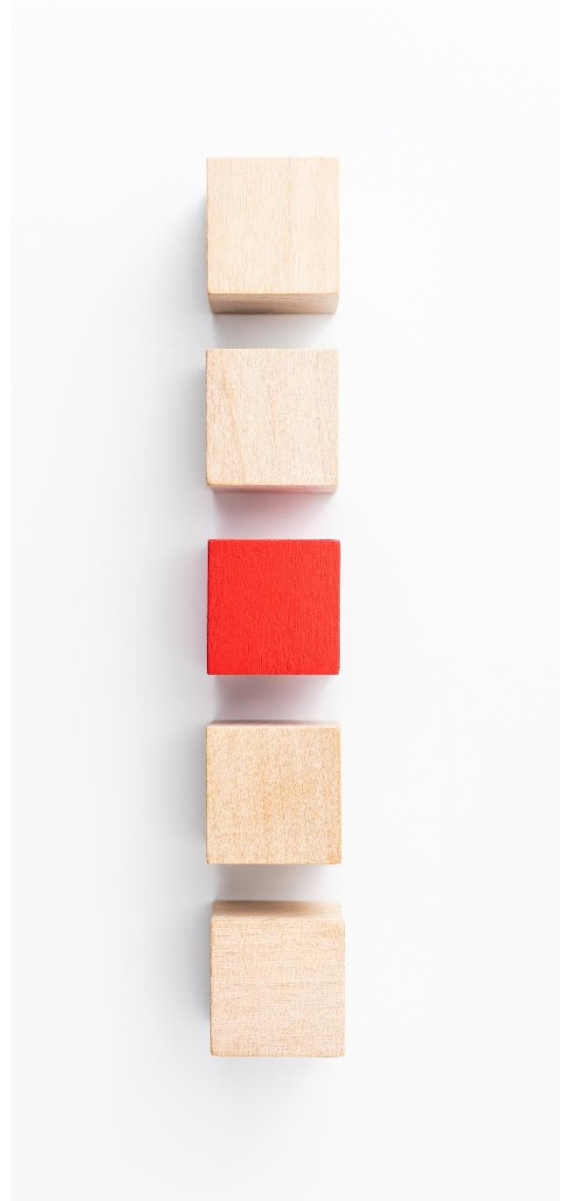
**Report by BDO LLP to Wyre Forest District Council**

As the internal auditors of the Council we are required to provide the Audit Committee, and the Corporate Leadership Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.





In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides the Council with Moderate **assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2023-24. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2023-24.
- Any follow-up action taken in respect of audits from previous periods for these audit areas.
- Whether any significant recommendations have not been accepted by management and the consequent risks.
- The effects of any significant changes in the organisation's objectives or systems.
- Matters arising from previous internal audit reports to the Council.
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.







# KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
<b>The auditor attends the necessary, meetings as agreed between the parties at the start of the contract</b>	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Assistant Manager.	
<b>Positive result from any external review</b>	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards. We also passed our internal 'cold review' for public sector work with the highest score BDO offer and that outcome directly covers the work led by your Head of Internal Audit.	
<b>Quality of Work</b>	We have finalised seven reports and the Local Authority Delivery Phase 3 (LAD3) Independent Reasonable Assurance Report. Discussions with the responsible Executive Directors have highlighted that the process has been positive. We have yet to receive responses to the survey sent to officers with the final reports but will continue to do so and have sent reminders. We will continue to report on this at the July 2024 Audit Committee.	
<b>Completion of audit plan</b>	We have taken every action to ensure that we are in line with our schedule for the 23/24. Seven of the eight reviews for 23/24 are finalised. The remaining review has been underway since February 2024 but has been delayed due to the team having insufficient resources to provide us with the required evidence which has been outside of our control. The review is due for completion and will be presented at the July 2024 Audit Committee.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
 <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 noncompliance 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	
<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.

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**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

**20<sup>TH</sup> MAY 2024**

**Annual Governance Statement 2022-23 – Action Plan Progress report**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER:</b>	Helen Ogram, Head of Resources
<b>CONTACT OFFICERS:</b>	Head of Resource <a href="mailto:Helen.ogram@wyreforestdc.gov.uk">Helen.ogram@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 – Review of 2023-24 Annual Governance Statement Action Plan

**1 PURPOSE OF REPORT**

- 1.1 The report presents the current position in relation to the action plan which was developed to address the issues identified within 2022-23, it reports on progress against the action plan during 2023-24.

**2 RECOMMENDATION**

- 2.1 **The Audit Committee is asked to note the progress against the Annual Governance Statement Action Plan attached at Appendix 1.**

**3 BACKGROUND**

- 3.1 The Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of internal control and publish the findings alongside the authority’s financial statements. The regulations require that a relevant committee considers the findings of the review.

- 3.2 In determining the Annual Governance Statement (AGS) the Council is required to take into account all relevant information including the following sources of evidence:

- Internal Audit reports
- External Audit reports
- Assurance provided by senior management
- Corporate Risk Register
- External Inspection findings including peer reviews
- Other relevant information.

- 3.3 The 2022-23 Annual Governance Statement identified various issues to be addressed. Following consideration by the Corporate Leadership Team the draft Annual Governance Statement was approved by the Audit Committee at the meeting

in May 2023 and it was published alongside the Annual Statement of Accounts in September 2023.

#### **4 KEY ISSUES**

- 4.1 The Annual Governance Statement 2022-23 identified areas of Corporate Governance which needed to be addressed during 2023-24. An action plan was developed to address the areas identified and is attached at Appendix 1, annotated with the progress that has been made during the year. This has been reviewed and agreed by the Corporate Leadership Team.
- 4.2 Members are requested to review and approve the action plan and to note the current progress in relation to the delivery of the necessary improvements.

#### **5 FINANCIAL IMPLICATIONS**

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

#### **6 LEGAL AND POLICY IMPLICATIONS**

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

#### **7 IMPACT ASSESSMENTS**

- 7.1 The Council must keep its governance processes under review and must ensure that it take steps to ensure that its processes are kept up-date and relevant. Good governance ensures that resources are properly used for the community it serves. Implementing the action plan on other governance issues helps ensure the Council's good governance.

#### **8 RISK MANAGEMENT**

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

#### **9 CONCLUSION**

- 9.1 The Council is required to complete an Annual Governance Statement which is required to:
- Consider the arrangements required for gathering assurances for the preparation of the annual governance statement;
  - Consider the robustness of the Authority's governance arrangements;
  - Monitor any actions arising from the review of arrangements.

- 9.2 This report identifies the progress that has been made to date in relation to the Annual Governance Statement approved on 25<sup>th</sup> May 2023 and re-certified on the 29<sup>th</sup> September 2023.

**10 CONSULTEES**

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

**11 BACKGROUND PAPERS**

- 11.1 Delivering Good Governance in Local Government CIPFA/SOLACE.
- 11.2 UK Public Sector Internal Audit Standards April 2016 (Refreshed 2017)

**Significant Governance Issues for 2022-23: Review of 2023-24 Action Plan**

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2022-23 Annual Governance Statement. The planned actions to address the issues were set out in the 2022-23 AGS, progress against these actions is detailed in the table below.

Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
1	<p><b>General – Significant Financial Challenges</b></p> <p>The Council continues to face significant funding pressures and changes to the national funding regime. In response we will continue to maintain financial resilience by:</p> <p>i) Moving towards a fully balanced budget without reliance on reserves.</p> <p>ii) Progression of the programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy.</p> <p>The challenges faced in achieving this include proposed funding reform, cost and supply chain issues caused by</p>	<p>AGS 2021-22 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register 2022-23</p>	<p>The Medium Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. The council set a budget in February 2023 outlining the strategic direction towards achieving on-going savings:</p>				
			<p>a) Progressing implementation of agreed initiatives and projects, such as major service collaborations reviews as set out in the medium-term financial strategy for 2021-2024.</p>	<p>a) All remaining service delivery reviews to be completed and target savings achieved.</p>	<p>The transformation plan has now been closed and the 2024-27 Plan is currently being drafted for consideration. The unachieved target for the North Worcestershire Waste collaboration will be carried forward to the 2024-27 Plan.</p>	<p>Head of Resources, Chief Executive, and whole of CLT</p>	<p>by March 2024</p>
			<p>b) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p>	<p>b) Balanced Budget for 2024-25 included in the MTFS 2024-27 with progression of proposals for significant savings/cost reductions to close the funding gap from 2025-26.</p>	<p>Achieved</p> <p>The 2024-25 Finance Settlement was a one year only settlement. Finance Reform has again been delayed; modelling will be undertaken when the shape of reform is known. The funding gap at the end of the</p>	<p>Cabinet/CLT</p>	<p>January 2024</p>



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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
	<p>geopolitical issues, global economic volatility and continuing labour market shortages following leaving the EU and a rise in economic inactivity following the pandemic.</p> <p>The consequence is a potential shortfall on the delivery of savings to meet the circa £1.8m Funding Gap by 2025-26.</p>				2024-27 MTFS is £2.1m. Significant growth in investment income achieved has helped to off-set pay and general inflation growth.		
			c) To re-focus the work around income generation and commercialisation on net income, recognising the impact of price and wage inflation and interest rates on service viability.	c) Cabinet/CLT to manage process of rebuilding income streams	Commercial programme board re-established to drive (net) income growth. Realignment of senior capacity to drive the commercial agenda included in 2024-27 MTFS.	Cabinet/CLT	December 2023
			d) To continue with the Localism agenda to meet target savings in MTFS	d) Agreement to either transfer Bewdley Museum, Guildhall and QE2 gardens to BTC or to the joint museum service for Worcestershire; continue negotiations with parish councils during 2023. Commence second round negotiations with town councils.	Work on transferring Bewdley museum to a Trust and some other aspects of localism savings paused to reflect amended policy. 2024-27 MTFS amended the localism savings target to reflect refreshed policy.	Chief Executive	As set out in localism timetable
			e) Work with DCN members and Government on Extended producer responsibility funding and the Waste reform agenda.	e) Fair distribution of funding to District Councils and streamlined allocation and draw down	Work progressed during the year with representations made to government. Worcestershire Task and Finish group established across Worcestershire. This work continues.	Chief executive and Head of Community and Environment	April 2024

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<b>Ref</b>	<b>Governance Issue</b>	<b>Source</b>	<b>Action to address the issue</b>	<b>Measures of success</b>	<b>Progress</b>	<b>Lead(s)</b>	<b>Timescale</b>
2	<b>Governance of Property Portfolio</b> to safeguard access to PWLB loans for all Council services by ensuring that the impact of the policy is to deliver corporate service objectives under the Corporate Plan priority to deliver a successful local economy whilst also supporting the Financial Strategy - recognising that the 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial purposes and acquisition decisions cannot primarily be based on generating a financial return.	Corporate risk register 2022-23	a) Continue to implement the agreed governance framework when considering proposals to be funded via the approved Capital Portfolio Fund Strategy	a) All proposals further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.	No further acquisitions in 2023-24. The Castle Road housing scheme is progressing well.	CLT -Head of NWEDR, Head of Strategic Growth, Head of: Resources, Solicitor to the Council	On-going
			b) Undertake thorough due diligence and complete the due diligence check list at each stage of the approval process	b) Completed, certified checklist for all acquisitions	As above, no new business cases prepared and no further acquisitions in 2023-24.		On-going
			c) The business case model and each business case reflects the evidence requirement for the economic argument and fully covers whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.	c) Business case reports on all approved acquisitions contains a strong, evidence based, economic case	As above, no new business cases prepared and no further acquisitions in 2023-24.		On-going
3	<b>Partnership and Engagement Governance issues</b> Maintaining resilience in the governance process with particular regard to the increasingly complex	Annual Governance Statement 2021-22 and corporate risk register	a) Ensure all partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust.	a)/b) Robust due diligence for all proposals presented in business cases to be	No new arrangements implemented in the year  The PSP Wyre Forest LLP – active proposal for voluntary write-off made in April 2024.	CLT – Head of NWEDR and Head of Strategic Growth designated officers for	a)/b) Ongoing due diligence work presented to

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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
	array of partnership agreements and alternative funding solutions the Council may enter into as part of alternative service delivery solutions to reduce cost or unlock funding opportunities. This includes Public Sector Partnership Wyre Forest LLP, the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations (e.g. joint waste service for northern districts and County wide food waste collaboration), future structure of NWEDR, other new shared service arrangements and new and existing Trusts.		b) Ensure arrangements for traded services and arms-length organisations are fit for purpose	considered by Overview and Scrutiny Committee and Cabinet	No new arrangements implemented in the year	PSP, Head of Community and Environmental Services Solicitor to the Council	Overview and Scrutiny Cabinet throughout 2023-24
			c) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC.	c) Reports prepared for proposals for alternative service delivery models	No new arrangements implemented in the year		c) On-going
			d) Continue to shape direction of work on joint operation of waste collection services to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet.	d) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet	Comprehensive business case prepared and presented to Chief Executives and Leaders. Decision taken by the Leaders not to progress with the collaboration on existing services. Collaboration on future weekly food waste collection service is still being actively considered.		d&e) December 2023
			e) Continue to work with North Worcestershire partners on review of NWEDR to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by	e) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny	Decision taken by the respective Cabinets to unwind the collaboration with effect from 30 June 2024.		

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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale	
			Overview and Scrutiny Committee and Cabinet	Committee and Cabinet				
4	ICT Resilience Governance Issues Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. Progression of ICT Strategy GDPR – compliance to include additional assurance for hybrid working	Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}  MTFS 2023-2026  GDPR Legislation - effective date 25 <sup>th</sup> May 2018	a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings	a) PSN compliance, secure network.	Achieved for 2023-24	ICT Manager/ Head of Resources	Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders	
			b) ICT Strategy Board approvals	b) Work proceeds to timetable	Achieved	ICT Manager/ Head of Resources		
			c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy.	c) Review evidenced compliance	Achieved	Data Controller		
			d) Risk assessments and review of security of hybrid working arrangements built into assurance programme	d) Compliant risk assessments	Complete	ICT Manager		Ongoing risk assessments
			e) Monthly phishing and regular cyber training	e, f g and h) Cyber essentials accreditation	New eLearning provider. Regular phishing and cyber training delivered	ICT Manager		Summer 2023
			f) on-going improvement to infrastructure and system updates including patching, firmware updates.		Complete			
			g) annual penetration tests		Complete			
h) additional 2 factor authentication and cloud back-up	Complete							

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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
			for O365				
5	<p><b>Major grant funded regeneration schemes</b> – Maintain governance arrangements to oversee Future High Street Fund (FHSF) and Levelling up Fund (LUF) programmes. This includes separate project boards chaired by the Head of NWEDR and be attended by the S151 Officer and Monitoring Officer. The boards to receive regular updates on all projects managed through the project delivery boards and to have responsibility for approving project variations. The boards will provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met.</p> <p>Strong first line of defence</p>	<p>Annual Governance Statement 2021-22</p> <p>Corporate Risk Register</p>	<p>a) Project Boards meets regularly and in line with agreed timeline</p> <p>b) Grant funding agreements in place with LUF partners</p> <p>c) Financial, performance and assurance returns completed.</p>	<p>Progress to timetable, Government Office satisfied with progress</p> <p>Monthly progress reports presented to the Boards and grant draw down meets assurance requirements</p>	<p>Programme process including slippage/reprofiling reported to DLUHC in line with requirements. Extension of time granted for FHSF programme.</p> <p>All grant funding agreements in place.</p> <p>All returns completed.</p>	<p>CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council</p>	<p>On-going</p>

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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
6	<p><b>Major Capital Projects</b> - The Council has a number of major capital projects including delivering a Housing provision scheme in Kidderminster and installation of Electric Vehicle Charging points.</p> <p>There are significant risks associated with these major schemes, including implications for revenue as well as capital budgets.</p>	Annual Audit Report 2020-21	<p>On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise will be put in place for all major projects and programme and cost risks will be closely managed.</p> <p>Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making. Protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	<p>Quarterly progress/monitoring reports presented to Cab/CLT and Overview and Scrutiny Committee</p> <p>Projects delivered on time within cost plan</p>	<p>Quarterly Capital reporting has been reviewed and refreshed. Reports are presented to Cab/CLT ahead of scrutiny by Overview and Scrutiny Committee before being considered by Cabinet for approval.</p> <p>Value engineering exercises have enabled most projects to progress within cost plan. Project delivery timelines have been reprofiled and reported to decision makers.</p>	CLT, Head of NWEDR, Head of Strategic Growth, Head of Resources	On-going
7	<p><b>Workforce planning Resilience, recruitment and retention.</b></p> <p>Appropriate resilience and succession planning arrangements need to be established across all teams as in some areas there continues to be a reliance on a limited number of key individuals.</p>	Annual Audit Report 2020-21 Corporate Risk register	<p>Implementation of the new Organisation Development (OD) Strategy action plan which underpins our Wyre Forest Forward vision to become an employer of choice. Actions are based on the following priorities:</p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Retention</li> <li>• Growing our future workforce</li> <li>• Culture and leadership development</li> <li>• Health and Well-being</li> </ul>	<p>Implementation of OD Strategy.</p> <p>Succession planning embedded with plans developed</p>	<p>The year one action plan is complete.</p> <p>Some work has progressed outside the action plan to provide additional resilience. The actions to address succession planning have been moved forward to be addressed in year 2 of the strategy (2024-25)</p>	Chief Executive, Solicitor to the Council, HR&OD Manager	March 2024

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Ref	Governance Issue	Source	Action to address the issue	Measures of success	Progress	Lead(s)	Timescale
	Attracting suitable candidates to professionally graded posts continues to be challenging with key posts remaining vacant or being filled by agency resource.		Explore collaborative service solutions where resilience can't be secured internally.	We are seen as the local employer of choice, demonstrated by the number and quality of applicants for roles and increased staff retention/lower staff turnover.	<p>Significant improvement in both the number and calibre of applicants observed.</p> <p>There remain a number of specialist areas where the council struggles to offer competitive salaries and some reliance on agency resource remains</p>	HR&OD Manager	On-going
	There is a regulatory requirement for the Council to have an effective Internal Audit function. Where we are unable to attract people with the skills to meet the demands of niche roles alternative service provision will need to be secured.		To seek approval of the detailed business case for joining the Worcestershire shared audit service.	Internal Audit resource secured	<p>Complete</p> <p>Internal audit resource successfully commissioned via the CCS framework.</p>	Head of Resources and s151 officer	July 2023

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**MONDAY 20<sup>th</sup> MAY 2024**

**ANNUAL GOVERNANCE STATEMENT**

<b>CABINET MEMBER</b>	Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER</b>	Head of Resources helen.ogram@wyreforestdc.gov.uk
<b>APPENDIX</b>	Appendix 1 Draft Annual Governance Statement 2023-24

**1. PURPOSE OF REPORT**

- 1.1 This report presents the Draft 2023-24 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control providing a review of performance against the Governance Framework. The processes followed to produce the AGS are outlined in the report.

**2. RECOMMENDATION**

- 2.1 The Audit Committee are recommended to note and comment on the contents of the draft 2023-24 Annual Governance Statement (AGS).**

The Annual Governance Statement is attached at Appendix 1.

**3. BACKGROUND**

- 3.1 The Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of internal control and publish the findings alongside the authority's financial statements. The regulations require that a relevant committee considers the findings of the review.
- 3.2 The Annual Governance Statement for 2023-24 is attached at Appendix 1 and has been developed based on the requirements of the regulations and the framework defined in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: The Framework".
- 3.3 The Audit Committee approved the adoption of the CIPFA/SOLACE code at the meeting on the 17 March 2008 with a full review of compliance 26<sup>th</sup> May 2021 and a subsequent annual review on the implementation, the latest one being 24<sup>th</sup> May 2023.
- 3.4 For the 2023-24 Annual Governance Statement it is proposed to use existing processes in relation to the review of the control system, collation of information and compilation and monitoring of the Annual Governance Statement.



#### **4. KEY ISSUES**

- 4.1 In establishing the draft documents the following pieces of evidence were considered within the current Assurance Framework:
- Internal Audit reports, and the annual assurance report from the Audit Manager (20<sup>th</sup> May 2024), endorsed by the s151 Officer,
  - External Audit reports;
  - Assurance provided by senior management;
  - Corporate Risk Register;
  - Other relevant information including External Peer Inspection findings.
- 4.3 CIPFA issued a Financial Management Code (FM Code) in 2019 which provides guidance for good and sustainable financial management in local authorities. Compliance with the code provides additional assurance that authorities are managing resources effectively.
- 4.4 The draft Annual Governance Statement is presented to the Audit Committee for review and comment, prior to certification by the Chief Executive and the Leader of the Council.
- 4.5 The draft Annual Governance Statement for 2023-24 is shown at Appendix 1; this document has been prepared in line with the CIPFA/SOLACE guidance.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications relating to this report. The governance framework includes several financial elements, including the Council's Financial Regulations, the budget strategy and the Treasury Management Strategy. These provide the financial parameters, systems, processes and guidelines within which the Council must operate and, as such, assist in the delivery of good governance. Strong financial management also supports the delivery of value for money in ensuring economy, efficiency and effectiveness in the Council's decision making and processes.

#### **6. LEGAL & POLICY IMPLICATIONS**

- 6.1 It is a requirement under the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement. Regulation 6 of these Regulations sets out that the authority must undertake a review of the effectiveness of its internal control systems on an annual basis and prepare an annual governance statement. The annual governance statement must be approved in advance of the annual statement of account.

#### **7. RISK MANAGEMENT**

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

**8. CONCLUSION**

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

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

8.2 The draft statement is submitted to the Audit Committee for review and noting on 20<sup>th</sup> May 2024. This will be reviewed by Bishop Fleming as part of the external audit process and any revisions reported to September Audit Committee.

**9. CONSULTEES**

9.1 Corporate Leadership Team

9.2 Leader of the Council and the Cabinet Member for Finance and Capital Portfolio

9.3 Internal audit

**10. BACKGROUND PAPERS**

10.1 Accounts and Audit Regulations 2015 (SI No.234)

10.2 Delivering Good Governance in Local Government CIPFA/SOLACE.

10.3 UK Public Sector Internal Audit Standards April 2013 (Updated 2017)

10.4 Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

10.5 CIPFA Financial Management Code

10.6 Guidance - CIPFA Bulletin 06 and 10

10.7 National Audit Office Code of Practice April 2020

10.8 SI 263 The Accounts and Audit (Amendment) Regulations 2021

**DRAFT ANNUAL GOVERNANCE STATEMENT 2023-24**

**Why have we prepared this Annual Governance Statement (AGS)?**

- To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2023-24.
- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.
- To demonstrate our achievements and help us to be more effective and take action to improve.

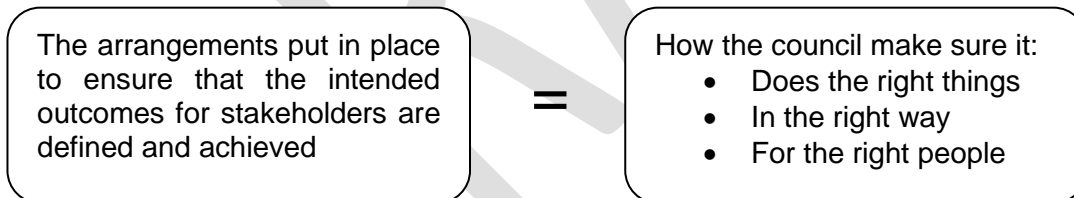
**What is the Annual Governance Statement?**

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publicly on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Wyre Forest District Council's governance framework for 2023-24 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

**What do we mean by governance?**

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely, inclusive, open, honest and accountable manner.

This is summarised as:



**What is the Scope of our responsibility?**

Wyre Forest District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wyre Forest District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.wyreforestdc.gov.uk](http://www.wyreforestdc.gov.uk) or can be

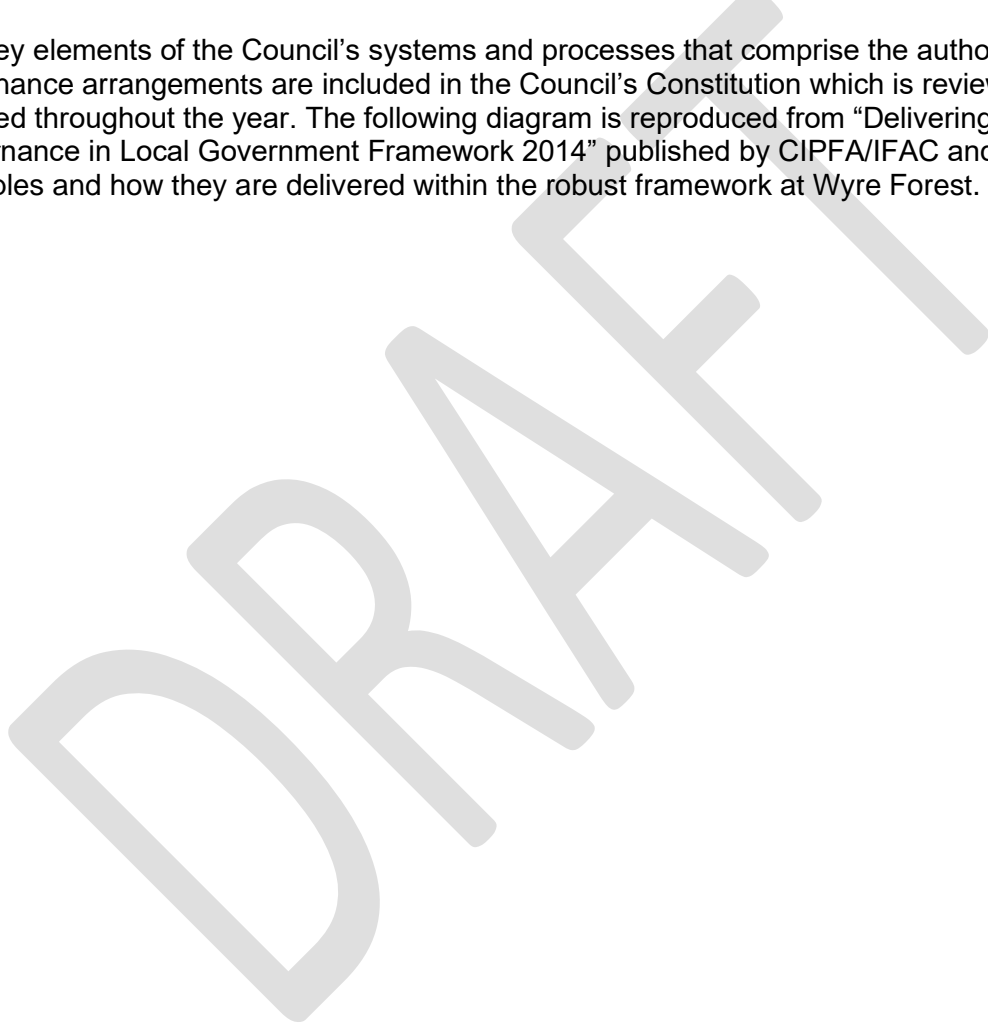
**DRAFT ANNUAL GOVERNANCE STATEMENT 2023-24**

obtained by contacting The Hub, Green Street, Kidderminster DY10 1HA. This statement explains how Wyre Forest District Council has complied with the code and the requirements of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.


**What is the definition of the governance framework?**

This is defined as ‘the systems by which local authorities direct and control their functions and relate to their communities’. The governance framework encompasses the Council’s financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (Head of Resources and s151 Officer for this Council) in Local Government; the governance arrangements also conform to the requirements of the CIPFA Statement on the role of the Head of Internal Audit in public service organisations.

The key elements of the Council’s systems and processes that comprise the authority’s governance arrangements are included in the Council’s Constitution which is reviewed and updated throughout the year. The following diagram is reproduced from “Delivering Good Governance in Local Government Framework 2014” published by CIPFA/IFAC and shows core principles and how they are delivered within the robust framework at Wyre Forest.



**ANNUAL GOVERNANCE STATEMENT 2023-24**

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> <li>➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</li> <li>➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles</li> <li>➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</li> <li>➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</li> <li>➤ Developing the capacity and capability of members and officers to be effective</li> <li>➤ Engage with local people and other stakeholders to ensure robust public accountability</li> </ul>	<div style="text-align: center;">  <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31<sup>st</sup> March 2024 and up to the date of approval of the statement of accounts.</p> </div>	<p><b>INTERNAL CONTROLS</b></p> <p><b>Leadership, Culture and Planning</b> Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p> <p><b>Statutory Officers &amp; Decision Making</b> The Constitution The Monitoring Officer Section 151 Officer</p> <p><b>Policies &amp; Procedures</b> Codes of conduct Ways of working Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures Corporate Communications and Engagement Programme</p> <p><b>People, Knowledge, Finance, Assets</b> Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical &amp; legal practices</p> <p><b>Scrutiny and Transparency</b> Freedom of Information requests Complaints procedure Reports considered by legal and finance Overview and Scrutiny Committee Equality impact assessments Corporate risk register Transparency duty publication</p> <p><b>Partnership Working/Stakeholder Engagement</b> ‘Love to get involved’ ‘Let us know’ Consultations Community Localism fund</p>

**ANNUAL GOVERNANCE STATEMENT 2023-24**

**How does the Council deliver these outcomes?**

The Council delivers these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Regularly reviewing progress against the elements of the Governance Framework
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where adherence has not been achieved.

**How is effectiveness reviewed?**

Wyre Forest District Council has responsibility for regularly reviewing the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Corporate Leadership Team within the Authority, which has responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report endorsed by the Head of Resources, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement action plan.
- Ethics and Standards Committee promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate governance and Conduct for Members.

Regular reviews are carried out by the Corporate Leadership Team, including during March and April 2024. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager, in consultation with the Head of Resources and s151 Officer
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Reviews
- the Audit Findings report of the External Auditor which was reported to the Audit Committee on 27<sup>th</sup> September 2023, the latest Annual Audit Report reported to Audit Committee 20<sup>th</sup> March 2024 and progress on implementing improvement recommendations.

**ANNUAL GOVERNANCE STATEMENT 2023-24**

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The requirements and obligations are reinforced through compulsory training. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Solicitor to the Council)
- Section 151 Officer (Head of Resources)

The constitution is under constant review, to ensure that it remains fit for purpose. A review of the governance arrangements was undertaken and reported to Council on the 26<sup>th</sup> February 2020. No change was approved, so the Cabinet and Scrutiny Systems remain.

[http://www.wyreforest.gov.uk/council/docs/doc55603\\_20200226\\_council\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55603_20200226_council_agenda.pdf)

The Strategic Review Panel has operated since 2019-20. The Panel has performed an advisory role on a range of issues including policy development on the latest Corporate Plan. It also considered the Cabinet's proposals for the Medium-Term Financial Strategy for 2024-2027 to inform the Cabinet's proposed strategy and budget; and for consideration of any alternative budget proposals.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. A review of progress against the Corporate Risk Register was considered by the Committee on the 20<sup>th</sup> March 2024. Progress against the 2022-23 Annual Governance Action plan is reported for consideration by Committee at the May meeting. Progress against the External Auditor's improvement recommendations included in the Annual Audit Report received April 2022 is included in the AGS progress report. A separate action plan has been prepared following receipt of the combined 2021-22 and 2022-23 Annual Audit Report received March 2024 for consideration by Audit Committee.

### **Summary**

The Council's Head of Resources as Chief Financial Officer has overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all Council systems and produce reports containing recommendations for improvement wherever necessary, in line with the approved Annual Audit Plan.

The Council struggled to retain and recruit internal audit capacity during 2021-22, 2022-23 and into 2023-24. The Council ensured that it had adequate internal audit capacity during both 2021-22 and 2022-23 through interim arrangements. In both years the Chief Internal Auditor was able to issue an annual internal audit opinion. During 2023-24 the Council commissioned Internal Audit Services from BDO via the CCS framework to ensure that it had adequate internal audit capacity to effectively deliver a risk based annual audit plan.

Internal Audit is delivered in accordance with the UK Public Sector Internal Audit Standards. An annual update on compliance with Standards is provided to the Audit Committee as part of the Internal Audit Manager's annual report. The Internal Audit charter is formally approved by Audit Committee each year alongside the Annual Audit Plan. A number of other internal and external reports considered the challenges around governance. Consideration of these reports helps ensure all appropriate controls and updates are in place across the Council.

In order to comply with professional standards for internal auditing, internal audit activities are required to have an external quality assessment provided by independent professionally qualified internal auditors every 5 years. The last assessment of BDOs Public Sector Audit clients was carried out in July 2021.

**ANNUAL GOVERNANCE STATEMENT 2023-24**

The Institute of Internal Auditors concluded that:

“the Public Sector outsourced internal audit services [provided by BDO] Generally Conform at an overall level with the PSIAS; Generally Conforms is the highest opinion we offer.”

BDO’s internal audit services are delivered by qualified, professional individuals with a strong level of client engagement.

An update on counter fraud arrangements was received at the September 2023 meeting providing members with detail on those areas managed by both the Compliance Officers and Internal Audit, evidenced by supporting national programmes for tackling fraud.

External audit reports are reviewed and considered by the Audit Committee and the Council’s Corporate Leadership Team. The Council’s External Auditors for 2023-24, Grant Thornton, took a proactive approach to Member involvement and actively engaged Members at Audit Committee with their Update Reports being of particular interest.

The Council was the subject of an LGA Peer Review in March 2024. Feedback was positive overall. The relevant action learning points are reflected in the 2023-24 Annual Governance Statements.

The conclusion of the latest review of effectiveness the Council’s governance framework is that arrangements continue to be regarded as fit for purpose. Some key areas for particular focus or improvement have been identified and the actions plan to specifically address these points is outlined below.



**Significant Governance Issues for 2023-24: 2024-25 Action Plan**

Wyre Forest District Council have completed a number of actions over the last year, that have alleviated significant governance issues identified in the 2022-23 Annual Governance Statement. The following new or continuing governance issues have been identified and further actions have been put in place against each for progression in 2024-25, to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1.	<p><b>Performance Management Governance issues</b></p> <p>The council needs to focus activity and resource on Council priorities to drive improvements. The council does not have a robust service planning and performance management framework in place to help manage performance, to provide assurance of the effectiveness of strategies and actions in delivering desired outcomes and to enable residents to hold members to account.</p>	<p>Auditors Annual Report 2021-22 and 2022-23 and Peer review March 2024</p>	<p>a) Recruit a Policy and Performance Officer to expand capacity and drive delivery of the framework</p> <p>b) Redesign performance reporting following adoption of the 2023-2027 Council Plan to clearly align with Council priorities.</p> <p>c) A revised presentation will be introduced for the performance summary in the 2023-24 Narrative report to help the public hold Members to account. The performance summary will be published as a news/information item.</p> <p>d) The process for recording, monitoring and reporting complaints has been refreshed for 2024-25 and rolled out to all managers. Information relating to complaints will form part of the quarterly budget and performance monitoring report in 2024-25. A summary of the complaints received in 2023-24 will be incorporated into the Q4 budget and performance report.</p> <p>e) All Council service plans to have a uniform introduction/structure and to be aligned with the vision, priorities, and values outlined in the Council's Corporate Plan so that there is a single 'golden thread' pervading all aspects of the Council's operations. The service plans will identify actions and assurance measures and KPIs.</p>	<p>a) Officer in post</p> <p>b) Refreshed quarterly performance reporting</p> <p>c) Publication of the performance summary</p> <p>d) Data will be analysed for use as a source of performance information to improve service quality</p> <p>e) There will be a golden thread that links and aligns the Council's actions with Council priorities</p>	<p>CLT – Chief Executive, Head of Resources, Head of Revenues, Benefits and Customer Services</p>	<p>a) April 2024</p> <p>b) On going</p> <p>c) June 2024</p> <p>d) June 2024</p> <p>e) September 2024</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2.	<p><b>General – Significant Financial Challenges</b></p> <p>The Council continues to face significant funding pressures.</p> <p>In response we will continue to maintain financial resilience by:</p> <p>i) Moving towards a fully balanced budget without reliance on reserves.</p> <p>ii) Deliver the income growth targets approved in the 2024-27 MTFS</p> <p>ii) Progression a new programme of work to close the funding gap in the 2024-27 MTFS.</p> <p>iii) Promote commercialisation within the Council to ensure that everyone understands the part they play</p>	<p>AGS 2022-23 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register. The need to promote commercialisation was identified by the Peer Review Team</p>	<p>The Medium Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. The council set a budget in February 2024 outlining the strategic direction towards achieving on-going savings:</p> <p>a) Progressing implementation of the Council's plan for financial resilience 2024-27 and the agreed initiatives and projects contained within, such as major service collaborations reviews, redesigning services and digital transformation.</p> <p>b) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare, Waste and Planning Reform including extended producer responsibility for packaging.</p> <p>c) To re-focus the work around income generation and commercialisation on net income, recognising the impact of price and wage inflation and interest rates on service viability.</p> <p>d) To continue to work with partners on Localism to meet target savings in MTFS</p>	<p>a) Target savings achieved and a balanced budget for all years in the three year MTFS 2025-28 with progression of proposals for significant savings/cost reductions to close the funding gap and reduce the contribution from reserves.</p> <p>b) Fair(er) distribution of funding to District Councils</p> <p>c) Income growth targets achieved</p> <p>d) Pursue discussions with town councils to seek further transfers of assets and services, in particular parks and play areas, in order significantly to reduce net cost to WFDC. If internal options to grow income/reduce costs of Bewdley Museum, Guildhall and QE2 gardens are not judged sufficient, explore a significant reduction in net cost through transfer to the joint museum service for Worcestershire or other partner organisation..</p>	<p>Cabinet/CLT Chief Executive, and Head of Resources</p> <p>Chief Executive, Head of Resources</p> <p>Deputy Chief Executive</p> <p>Head of Community and Environment</p>	<p>April to March 2025</p> <p>January 2025</p> <p>March 2025</p> <p>March 2025</p>

<b>Ref</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
<b>3</b>	<p><b>Governance of Property Portfolio</b> to safeguard access to PWLB loans for all Council services by ensuring that the impact of the policy is to deliver corporate service objectives under the Corporate Plan priority to deliver a successful local economy whilst also supporting the Financial Strategy - recognising that the 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial purposes and acquisition decisions cannot primarily be based on generating a financial return.</p>	AGS 2022-23 and AAR 2021-22 and 2022-23	<p>a) Continue to implement the agreed governance framework when considering proposals to be funded via the approved Capital Portfolio Fund Strategy</p> <p>b) Undertake thorough due diligence and complete the due diligence check list at each stage of the approval process</p> <p>c) The business case model and each business case reflects the evidence requirement for the economic argument and fully covers whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.</p>	<p>a) All proposals further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.</p> <p>b) Completed, certified checklist for all acquisitions</p> <p>c) Business case reports on all approved acquisitions contains a strong, evidence based, economic case</p>	CLT -Deputy Chief Executive Head of: Resources, Solicitor to the Council	<p>a) On-going</p> <p>b) On-going</p> <p>c) On-going</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4.	<p><b>Partnership and Engagement Governance issues</b>                      Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may enter into as part of alternative service delivery solutions to reduce cost or unlock funding opportunities. This includes the Local Authority Trading Company (LATC), localism, joint operations (e.g. joint County wide food waste collaboration), and other new shared service arrangements, outsourcing or collaborations).</p>	<p>Annual Governance Statement 2022-23 and risk register</p>	<p>a) Ensure all partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust.</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Further investigation of various structures for different arrangements, including utilisation of the approved LATC.</p>	<p>Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p>	<p>CLT – Solicitor to the Council</p>	<p>Ongoing due diligence work presented to Overview and Scrutiny Cabinet throughout the year</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<p><b>Cyber Resilience Governance Issues</b></p> <p>There has been an increase in the number of cyber security related incidents affecting the public sector and they are becoming increasingly sophisticated.</p> <p>It is vital that the council maintains ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats.</p> <p>The council needs an effective security strategy to ensure that cyber security is embedded as part of normal business activities.</p>	<p>Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}</p> <p>MTFS 2023-2026</p> <p>GDPR Legislation - effective date 25<sup>th</sup> May 2018</p>	<ul style="list-style-type: none"> <li>a) Develop the overall Cyber security and business continuity Strategies</li> <li>b) Develop the business case for implementing a Cloud First policy</li> <li>c) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings</li> <li>d) ICT Strategy and Strategy Board</li> <li>e) Review of compliance by Cyber Security and Information Governance Sub-Group</li> <li>f) Risk assessments and review of security of hybrid working arrangements built into assurance programme.</li> <li>g) Regular cyber and phishing training</li> <li>h) on-going improvement to infrastructure and system updates including patching, firmware updates.</li> <li>i) annual penetration tests</li> <li>j) additional 2 factor authentication and cloud back-up for o365</li> <li>k) Signed up to DLUHC Cyber Assessment Framework (CAF) pilot. CAF provides a systematic and comprehensive approach to assessing management of cyber risks to essential functions.</li> <li>l) Continued assessment and replace / upgrade systems where appropriate to enhance security</li> <li>m) Cyber security exercises to test service / users readiness</li> <li>n) Regular security policy updates</li> </ul>	<ul style="list-style-type: none"> <li>a) PSN compliance, secure network.</li> <li>b) Work proceeds to timetable</li> <li>c) Review evidenced compliance</li> <li>d) Compliant risk assessments</li> <li>e) CAF Achievement</li> <li>f) cyber accreditations, cyber essential</li> <li>g) essential functions continue</li> </ul>	<p>Chief Executive/H ead of Resources/ ICT Manager</p> <p>Data Controller</p> <p>ICT Manager</p> <p>ICT Manager</p> <p>CLT</p>	<p>Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders</p> <p>Ongoing risk assessments</p> <p>Summer 2025</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	<p><b>Major Capital Projects</b> - The Council has a number of major capital projects including Major grant funded regeneration schemes and delivering a Housing provision scheme in Kidderminster.</p> <p>There are significant risks associated with these major schemes, including implications for revenue as well as capital budgets.</p> <ul style="list-style-type: none"> <li>- The governance arrangements to oversee all major schemes, including the Future High Street Fund (FHSF) and Levelling up Fund (LUF) programmes, must ensure a strong first line of defence.</li> <li>- Current arrangements include separate project boards chaired by the Head of NWEDR and attended by the S151 Officer, the Monitoring Officer and lead Cabinet member. The boards receive regular updates on all projects managed through the project delivery boards and to have responsibility for approving project variations.</li> <li>- The boards provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met.</li> <li>- There is no direct reporting from the Boards to Cabinet or Overview and Scrutiny although regular monthly update briefings are received by Cabinet/CLT. This could result in a perceived lack of transparency by decision makers and the public.</li> <li>- Risk management is reported to the Boards by exception which risks board members losing sight of all risks affecting the project.</li> </ul>	<p>Combined Annual Audit Report 2021-22 and 2022-23, Peer Review and Risk Register</p>	<p>On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise is in place for all major projects and programme and cost risks will be closely managed.</p> <p>All reporting will be assessed to ensure that governance arrangements both pre and post project approval maximises the benefit that can be gained from limited capital resources and exposure to financial risk is managed.</p> <p>Project Boards meets regularly and in line with agreed timeline</p> <p>Financial, performance and assurance returns completed.</p> <p>Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making. Protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	<p>Quarterly progress/monitoring reports presented to Overview and Scrutiny Committee and Cabinet</p> <p>Monthly update provided to Cabinet/CLT</p> <p>Projects delivered on time within cost plan</p> <p>Government Office satisfied with progress</p> <p>Progress reports presented to the Boards and grant draw down meets assurance requirements</p>	<p>CLT, Head of NWEDR, Head of Strategic Growth, Head of Community and the Environment, Head of Resources and Solicitor to the Council.</p>	<p>June 2024</p> <p>March 2025</p> <p>On-going</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	<p><b>Workforce planning</b>  <i>Resilience, recruitment and retention.</i>                      Appropriate resilience and succession planning arrangements need to be established across all teams as in some areas there continues to be a reliance on a limited number of key individuals.</p> <p>Attracting suitable candidates to professionally graded posts continues to be challenging with key posts remaining vacant or being filled by agency resource.</p>	<p>Combined Annual Audit Report 2021-22 and 2022-23, Peer Review and Risk Register</p>	<p>Implementation of the new Organisation Development (OD) Strategy action plan which underpins our Wyre Forest Forward vision to become an employer of choice. Actions are based on the following priorities:</p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Retention</li> <li>• Growing our future workforce</li> <li>• Culture and leadership development</li> <li>• Health and Well-being</li> </ul> <p>Explore collaborative service solutions where resilience can't be secured internally.</p>	<p>Implementation of OD Strategy.</p> <p>Succession planning embedded with plans developed</p> <p>We are seen as the local employer of choice, demonstrated by the number and quality of applicants for roles and increased staff retention/lower staff turnover.</p>	<p>Chief Executive, Solicitor to the Council, Head of HR&amp;OD</p>	<p>March 2025</p>



Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
8.	<p><b>Risk Management</b>                      The 2023-24 Internal Audit plan reviewed the Council's risk management arrangements to assess how effective and how well embedded risk management arrangements are. The report identified areas that could be further developed to help the Council make better use of its risk register for both management and senior members to support good governance.</p> <p>The latest Risk Management Strategy, approved by Cabinet in April 2024, will, when implemented, embed an effective risk culture.</p>	Internal Audit assessment of risk maturity, Combined Annual Audit Report 2021-22 and 2022-23, Peer Review	Embedding the new Risk Management strategy <ul style="list-style-type: none"> <li>• Work with Cabinet, Committee Chairs and vice chairs, group leaders and senior officers to prepare a risk appetite statement</li> <li>• establishing risk tolerance/appetite for each category of risk</li> <li>• Identify target risk scores for each risk</li> <li>• Identify further mitigations to bring risk in-line with target scores.</li> <li>• Identify assurance measures and KPIs</li> </ul> <p>Identify and deliver appropriate risk management training to members and responsible officers</p> <p>Operational risks identified in Service plans and scored in-line with the strategy</p>	<p>Council approve risk appetite statement</p> <p>Risk registers includes Risk category, target risk score, further mitigating actions to bring risk score in-line with target, KPIs and assurance statements</p> <p>Training delivered and training objectives met.</p>	Head of Resources, other members of CLT and risk action owners	September 2024

We propose over the coming year to take steps to address the matters detailed in the above table to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Ian R Miller  
Chief Executive

..... 2024

Councillor Marcus Hart  
Leader of the Council

..... 2024

**AUDIT COMMITTEE**  
**20<sup>TH</sup> MAY 2024**

**External Auditors Annual Report (AAR) 2021/22 and 2022/23 – Council  
Management Response and Action Plan**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER:</b>	Helen Ogram, Head of Resources
<b>CONTACT OFFICERS:</b>	Head of Resource <a href="mailto:Helen.ogram@wyreforestdc.gov.uk">Helen.ogram@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 – Auditors Annual Report Management Response and Action Plan

**1. PURPOSE OF REPORT**

- 1.1 The report presents the Auditors Annual Report action plan which has been developed to address the issues identified within the 2021-22 and 2022-23 Combined Auditors Annual Report as requested by the Committee in March 2024. Implementation of the action plan will be monitored by the Committee and progress will be reported in the 2023-24 Auditors Annual Report.

**2. RECOMMENDATION**

- 2.1 The Audit Committee is asked to note the Auditors Annual Report Action Plan attached at Appendix 1.

**3. BACKGROUND**

- 3.1 Our external auditors prepare two annual reports to those charged with governance each year. The first is the Annual Audit letter which was considered by this Committee alongside the Annual Statement of Accounts in September last year. The second is the Auditors Annual Report which was consider at the March 2024 meeting.
- 3.2 Under the National Audit Office (NAO) Code of Audit practice, the Council's External Auditors must consider whether the Council has put in place arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report their commentary on the Council's arrangements under specified criteria. The report should be issued annually in the Auditors Annual Report, but due to the resource constraints experienced in the local audit sector the NAO have allowed the report to cover more than one year.

3.3 The auditors can make three types of recommendations:

Type of recommendation	Detail	Raised within this report
Statutory	Written recommendation to Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014	No
Key	The NAO code of Audit Practice requires that where auditors identify significant weaknesses, they should make recommendations setting out the actions that should be taken by the Council	Yes (1)
Improvement	These recommendations are advisory and, if implemented, should improve arrangements but do not indicate significant weakness.	Yes (8)

3.4 Due to resource constraints the external auditors (Grant Thornton), were not able to reflect all of the corrections of fact and did not consider further evidence provided by officers to refute some of the findings in the final report. These errors were noted in the management comments printed in the published report and are reflected in the management response and action plan attached at Appendix 1.

#### 4. **KEY ISSUES**

4.1 The auditors identified one significant weakness concerning the performance management framework and have made one key recommendation. Eight improvement recommendations were made.

<b>Key recommendation – action should be taken by the Council</b>		
<b><i>Improving economy, efficiency and effectiveness</i></b>		
KR01	Auditor judgement	The Council's arrangements for performance and programme management are not adequate
	Auditor recommendation	The council needs to invest in its performance management arrangements as a means to focus on priorities and to drive improvements. Clearer Key Performance indicators that relate to priorities and service standards, integrating performance, risk and finance reporting and using performance information to contract its key contracts such as leisure and waste services are all key elements of an effective performance management system and should be improved at the council
<b>Improvement recommendations – advisory to improve arrangements</b>		
<b><i>Financial sustainability</i></b>		
IR01	Auditor judgement	Developing a costed workforce strategy will enable the Council to plan its future workforce requirements and build in medium to long-term assumptions for budget planning.
	Auditor recommendation	Improve the workforce Strategy to enable the implications to be fully costed and understood over the medium to long-term.

<b>Key recommendation – action should be taken by the Council</b>		
IR02	Auditor judgement	The Council needs to ensure it has adequate CFR to meet the prudential indicator relating to debt and that its planned borrowing is sustainable.
	Auditor recommendation	The Council should ensure it keeps its CFR under review to ensure it is able to meet the prudential indicator relating to debt and satisfy itself that its current planned level of borrowing is sustainable.
IR03	Auditor judgement	Capital reporting needs improving to include expected and actual programme benefits, track outcomes of capital spend and understand reasons for delays to programme delivery
	Auditor recommendation	Improve the governance arrangements for the Council’s capital programme, ensure its benefits are captured and reported to enable members to make informed decisions and ensuring the Council learns lessons from its arrangements. The reporting also needs to include outcome performance and reasons for programme slippages.
<b>Governance</b>		
IR04	Auditor judgement	Capital Programme governance requires improvement
	Auditor recommendation	The Council should improve capital programme governance especially in relation to the two most significant programmes (LUF and FHSF). Without this the Council is at risk of losing grant funding or alternatively exposing the Council to financial risks where the project costs exceeded budget. Programme management should be strengthened, and the Council must ensure that risk management arrangements are in place with risks, mitigations and assurances reported regularly to programme boards. Regular monthly updates on these significant capital projects should be provided to Cabinet.
IR05	Auditor judgement	The Council’s fraud arrangements are not sufficient and the lack of effective controls relating to member and officers risk corruption occurring in decision making
	Auditor recommendation	The Council needs to improve its identification and risk of fraud by <ul style="list-style-type: none"> <li>• Extending its work to cover procurement and financial processes</li> <li>• Adopting the CIPFA 2014 code of practice on managing the risk of fraud and corruption</li> <li>• Introduce monitoring for officer and member declarations of interest and gifts and hospitality</li> </ul>
IR06	Auditor judgement	Risk Management requires improvement
	Auditor recommendation	The Council needs to make more effective use of its risk register
IR07	Auditor judgement	The council did not have a fully resourced Internal Audit team for 2021-22 or 2022-23
	Auditor recommendation	The Council must ensure that it has adequate internal audit capacity to effectively deliver a risk based annual audit plan.
<b>Improving economy, efficiency and effectiveness</b>		

<b>Key recommendation – action should be taken by the Council</b>		
IR08	Auditor judgement	The Councils arrangements for procurement and contract management are not adequate
	Auditor recommendation	The council needs to improve its procurement and contract management arrangements by: <ul style="list-style-type: none"> <li>• Updating its procurement strategy (<i>note last updated July 2023</i>)</li> <li>• Ensuring that the contract register is monitored, kept up to date and is used by all services.</li> <li>• Ensures that it fully meets LGvt Transparency regulations.</li> </ul> Has a suitably trained client lead for procurement and contract management ( <i>note procurement officer holds a level 5 qualification</i> )

4.2 All observations and recommendations from independent reviews on the way that the council operates are taken into account and the improvement action plan, including management comments, is attached at Appendix 1.

**5. FINANCIAL IMPLICATIONS**

5.1 There are no direct financial implications arising from this report. Should any additional costs be identified they will be assessed and considered at the appropriate time. Recommendations proposed are aimed to improve financial resilience and improve economy efficiency and effectiveness.

**6. LEGAL AND POLICY IMPLICATIONS**

6.1 Following external review the action plan has been prepared. There are no legal or policy implications arising from this report.

**7. IMPACT ASSESSMENTS**

7.1 The Council ensure that its processes are kept up-date and relevant. Good governance ensures that resources are properly used for the community it serves. There are no equality, climate change or environmental impacts arising directly from this report.

**8. RISK MANAGEMENT**

8.1 The actions identified in the action plan provide treatment actions to reduce the risks identified in the auditors annual report around financial sustainability, governance and improving economy efficiency and effectiveness. Failure to respond to the recommendations would result in the opportunity presented to reduce such risks being forfeited.

**9. CONCLUSION**

9.1 The improvement action plan, attached at Appendix 1 to the report outlines the management response to the recommendations made by the external

auditors. The action plan is presented for review by Audit Committee and performance against actions will be presented at subsequent committee meetings to give assurance that measures proposed are being implemented.

**10. CONSULTEES**

10.1 Corporate Leadership Team.

10.2 Cabinet.

**11. BACKGROUND PAPERS**

Auditors Annual Report 2021-22 and 2022-23

## Auditors Annual Report – Combined reporting for 2021-22 and 2022-23 – Action plan for implementation 2024-25

### Key Recommendations – significant weakness

	Auditor judgement	Key Recommendation	Issues/Findings
<b>Improving economy, efficiency and effectiveness</b>			
KR01	The Council's arrangements for performance and programme management are not adequate	The council needs to invest in its performance management arrangements as a means to focus on priorities and to drive improvements. Clearer Key Performance indicators that relate to priorities and service standards, integrating performance, risk and finance reporting and using performance information to contract its key contracts such as leisure and waste services are all key elements of an effective performance management system and should be improved at the council	<ul style="list-style-type: none"> <li>• The Council's performance data is not clearly aligned with Council priorities.</li> <li>• The Council has a 1-page corporate plan which makes it difficult to manage performance or embed a golden thread.</li> <li>• The Council has no performance outcomes and a lack of effective strategy and leadership for performance.</li> <li>• The council does not produce an annual performance report for the public which makes it hard for residents to hold members to account.</li> <li>• We found no monitoring of key service providers for Leisure and Waste. <i>(Note this is a factual inaccuracy, we do not have an external waste contract – note this was drawn to the auditors attention but was not corrected. The auditor was unable to substantiate the finding)</i></li> <li>• The Council do not analyse data around service complaints for use as a source of performance information to improve service quality</li> </ul>
<b>Management Comments</b>			
Management welcomes the constructive appraisal of our arrangements that were scaled back as we responded to austerity some years ago. Significant progress has been made in 2023-24 in developing a performance and programme management culture within the Council with recruitment under way for a new Policy and Performance Management role in 2024-25. Following adoption of the 2023-2027 Council Plan, the performance management reporting framework has been redesigned with the introduction of clearer financial and service performance information and LG Inform data for WFDC compared against similar councils now being			



presented in quarterly performance management reporting. Further work is underway to clearly establish a golden thread to help officers understand how they contribute to corporate delivery of council priorities.				
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress and Assurance</b>
IA01	Recruit Policy and Performance Officer to increase capacity	LW/IM	April 2024	Achieved – new officer in post
IA02	Redesign performance reporting following adoption of the 2023-2027 Council Plan to clearly align with Council priorities.	LW	March 2024	Achieved - The performance management reporting framework has been redesigned with the introduction of clearer financial and service performance information and LG Inform data for WFDC compared against similar councils. The reporting will continue to evolve to reflect the performance measures in the 2024-25 Service Plans. Reporting reviewed and commended during the March 2023 Corporate Peer Review.
IA03	Corporate Approach to Service planning refreshed to provide a consistent presentation that aligns council priorities with service actions and clearly presents performance outcomes	IM	Autumn 2024	Achieved - Service planning reviewed April 2024 Outstanding – inclusion of resources and alignment of all actions with priorities in the corporate plan.
IA04	For a number of years, the Narrative report that accompanies the Annual Statement of Accounts has been used to present details of the Council's annual performance to the public. In 2022-23 following feedback from the external auditors the report was made less verbose, and the information was presented as a pictogram. The presentation of the summary will be reviewed and refreshed again for the 2023-24-year end. The media/comms team will publish the performance summary as a news/information item.	HO/LW	May 2024	A revised presentation will be introduced for the performance summary in the 2023-24 Narrative report.
IA05	Performance management metrics and indices are routinely included in Council contracts. The requirement is embedded in the council's tender	HO/CN	May 2024	Actioned – Standard terms and tender documentation has been reviewed and refreshed.

	documentation. The standard phrasing will be reviewed and refreshed as required to ensure it is consistent with best practice.			
IA06	Complaints Handling, recording and reporting process reviewed and updated	LW	April 2024	The process for recording, monitoring and reporting complaints has been refreshed for 2024-25 and rolled out to all managers. Information relating to complaints will form part of the quarterly budget and performance monitoring report in 2024-25. A summary of the complaints received in 2023-24 will be incorporated into the Q4 budget and performance report.

**Improvement Recommendations 1.**

	<b>Auditor judgement</b>	<b>Key Recommendation</b>	<b>Issues/Findings</b>	
<b>Financial sustainability</b>				
IR01	Developing a costed workforce strategy will enable the Council to plan its future workforce requirements and build in medium to long-term assumptions for budget planning.	Improve the workforce Strategy to enable the implications to be fully costed and understood over the medium to long-term	<ul style="list-style-type: none"> <li>The Council's Organisational Development strategy does not include SMART actions or details of cost to enable the budget to align to the future workforce requirements</li> </ul>	
<b>Management Comments</b>				
<p>Workforce requirements are fully costed in the medium-term financial strategy, including where there are known changes arising as a result of changes to regulations that impacts on council strategies or services. The full financial implications of implementing the workforce strategy are not known until the actions linked to the plan have been completed. The work undertaken by the s151 in preparing the annual statement on the robustness of the estimates and the adequacy of reserves takes a risk-based approach and encompasses Corporate Risk 06: Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce to ensure that the budget is aligned to future workforce requirements. Unfortunately, the Auditors were not able to expand on this recommendation or provide examples of best practice. We agree to examine the approach taken to organisational development elsewhere in the sector to see where we can develop our approach further.</p>				
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
IA07	The HR&OD manager will review the approach taken to workforce planning by our nearest neighbours to identify whether there are any good practice points that can be recommended for adoption.	CN/ER	September 2024	

**Improvement Recommendations 2.**

	<b>Auditor judgement</b>	<b>Improvement Recommendation</b>	<b>Issues/Findings</b>	
<b>Financial sustainability</b>				
IR02	The Council needs to ensure it has adequate CFR to meet the prudential indicator relating to debt and that its planned borrowing is sustainable. <i>(Note that this recommendation doesn't make sense, the CFR is a calculated figure - this was raised with the auditor but was not corrected)</i>	The Council should ensure it keeps its CFR under review to ensure it is able to meet the prudential indicator relating to debt and satisfy itself that its current planned level of borrowing is sustainable	<ul style="list-style-type: none"> <li>The council holds fixed term maturity loans. There is a hypothetical risk that the CFR could be breached in the future if patterns of spend significantly change in future years, this could lead to one of the prudential indicators relating to debt being breached</li> </ul>	
<b>Management Comments</b>				
The Council's officers regularly review the CFR, it is updated bi-monthly and shared with the Cabinet Member for Finance and Capital Portfolio and formally refreshed and approved by the Treasury Management Review panel bi-annually, as required by regulations. The treasury management team follow best practice and adopt a laddered approach to borrowing that aligns annual maturities of debt to annual minimum revenue provision. This ensures that debt does not, except in the short term exceed CFR and ensures that the Council can pay back its borrowing. We consider that the improvement recommendation reflects both historic and current arrangements in managing this key indicator.				
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
	None proposed. The council will continue to follow best practice by adopting a laddered approach to borrowing and regularly update and review the CFR.			This has always been the approach adopted by the Council

**Improvement Recommendations 3.**

	<b>Auditor judgement</b>	<b>Improvement Recommendation</b>	<b>Issues/Findings</b>		
<b>Financial sustainability</b>					
IR03	Capital reporting needs improving to include expected and actual programme benefits, track outcomes of capital spend and understand reasons for delays to programme delivery	Improve the governance arrangements for the Council's capital programme, ensure its benefits are captured and reported to enable members to make informed decisions and ensuring the Council learns lessons from its arrangements. The reporting also needs to include outcome performance and reasons for programme slippages.	<ul style="list-style-type: none"> <li>• Capital reporting needs to be more detailed and integrated with performance to enable members to see the total impact of the programme.</li> <li>• It is unclear how the capital portfolio is delivering against wider economic regeneration objectives</li> </ul>		
<b>Management Comments</b>					
Current Capital programme reporting has been enhanced to include expected programme benefits and key risks, in addition to tracking programme spend and providing a narrative update on programme delivery. Detail on progress for the major capital schemes has been included in the main body of the quarterly budget and performance monitoring report in addition to being presented in an Appendix. Reasons for slippage has been made more visible.					
<b>Improvement actions</b>			<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
IA08	Improve integration of capital reporting into the quarterly performance reports	HO	January 2024	Actioned in quarter 3 2023-24 Budget and Performance monitoring report considered by O&S in March 2024 and Cabinet in April 2024	
IA09	Prepare a post completion review of properties acquired under the Capital Portfolio Fund strategy	OP/HO	July 2024		
Business cases will continue to present the benefits of capital spending proposals and expected outcomes to enable members to make informed decisions.					

**Improvement Recommendations 4.**

	<b>Auditor judgement</b>	<b>Improvement Recommendation</b>	<b>Issues/Findings</b>
<b>Governance</b>			
IR04	Capital Programme governance requires improvement	<p>The Council should improve capital programme governance especially in relation to the two most significant programmes (LUF and FHSF). Without this the Council is at risk of losing grant funding or alternatively exposing the Council to financial risks where the project costs exceeded budget.</p> <p>Programme management should be strengthened, and the Council must ensure that risk management arrangements are in place with risks, mitigations and assurances reported regularly to programme boards.</p> <p>Regular monthly updates on these significant capital projects should be provided to Cabinet.</p>	<ul style="list-style-type: none"> <li>• Current reporting and member involvement is insufficient to meet governance responsibilities as there is no formal reporting from either the LUF or FHSF Board to Cabinet or O&amp;S</li> <li>• There is a lack of effective programme reporting to either the LUF or FHSF Boards. All reporting is project based (<i>note that this is in-line with DLUHC reporting requirements</i>)</li> <li>• Risk reporting is not sufficiently developed in relation to these schemes.</li> <li>• Programme reporting does not include the objectives and planned benefits, success metrics, programme level risk management, budget, milestones, stakeholder mapping, programme deliverables and the communication plan.</li> <li>• Projects should include budget, milestones and timeline, status update, project deliverables.</li> <li>• Capital programme reporting reflects approvals for each year rather than realistically profiling capital spend</li> </ul>
<b>Management Comments</b>			
<p>Management welcomes the review and appraisal of arrangements and appreciate that the additional evidence of member involvement and political oversight and the changes that have taken effect in 2023-24 have been acknowledged in the report. Further steps to improve capital programme governance and risk management of our significant schemes are being examined.</p>			

<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
IA10	Review the reporting templates for the FHSF and LUF Boards to capture the standing data (outputs and outcomes) from the funding applications	OP/CN	July 2024	
IA11	The standing item on the LUF and FHSF board agendas covering the Communication Plan will be changed from a verbal update to a highlight report	OP	May 2024	
IA12	The risk reporting to the LUF and FHSF board is currently on an exception basis. This will be reviewed to ensure that board members have full sight of all the risks affecting the projects and the overall programme.	OP/HO	June 2024	
IA13	Reporting will be assessed against the criteria set out in the auditor's report and improvements made where omissions are identified.	OP/CN	June 2024	
IA14	Reporting from the Programme Boards to O&S and Cabinet via the quarterly budget and Performance reporting	HO	May 2024	Presentation of Budget and Performance monitoring refreshed to include update from Programme Boards.
IA15	Capital programme reporting will be reviewed to ensure that it presents both the approvals and the latest spend profile	HO	June 2024	Quarter 4 budget and performance report
Officers will continue to provide regular monthly updates on significant capital projects to Cabinet members at regular CabCLT meetings.				

**Improvement Recommendations 5.**

	<b>Auditor judgement</b>	<b>Improvement Recommendation</b>	<b>Issues/Findings</b>	
<b>Governance</b>				
IR05	The Council's fraud arrangements are not sufficient and the lack of effective controls relating to member and officers risk corruption occurring in decision making	<p>The Council needs to improve its identification and risk of fraud by</p> <ul style="list-style-type: none"> <li>• Extending its work to cover procurement and financial processes.</li> <li>• Adopting the CIPFA 2014 code of practice on managing the risk of fraud and corruption</li> <li>• Introduce monitoring for officer and member declarations of interest and gifts and hospitality</li> </ul>	<ul style="list-style-type: none"> <li>• The anti-fraud plan needs to be extended to include finance and procurement fraud and be extended to include SMART targets, dates and risks.</li> <li>• The CIPFA 2014 code of practice has not been formally adopted.</li> <li>• Officer and member declarations of interests and gifts and hospitality are not actively monitored</li> </ul>	
<b>Management Comments</b>				
<p>Fraud risk and anticorruption risk is covered in all reviews of financial systems undertaken. Procurement risk is recognised, and controls are in place to address the risk when evaluating tenders for contracts prior to selection/award. Both officers and members have clear codes of conduct that explicitly cover the risk of fraud. Officer and member declarations are monitored, and Members are asked to declare interests as standard at the start of each decision making meeting. Unfortunately, the Auditors were not able to expand on this recommendation or explain where additional controls could improve arrangements.</p> <p>The Internal Audit plan 2023-24 on Governance and ethics has made some improvement recommendations and these will be implemented in full.</p> <p>The CIPFA 2014 Code of Practice on managing the risk of fraud will be recommended to Audit Committee for adoption.</p>				
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
IA16	The improvement recommendations made in the Governance and Ethics review conducted by internal audit in relation to officer and member declarations will be implemented	CN		
IA17	The CIPFA 2014 Code of Practice on managing the risk of fraud will be recommended to Audit Committee for adoption	HO	November 2024	



IA18	Anti-fraud plan will be reviewed and updated to capture the controls in place that cover procurement and financial processes	HO	November 2024	
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**Improvement Recommendations 6.**

	Auditor judgement	Improvement Recommendation	Issues/Findings
<b>Governance</b>			
IR06	Risk Management requires improvement	The Council needs to make more effective use of its risk register	<p>The risk management strategy needs improving to include:</p> <ul style="list-style-type: none"> <li>• an escalation processes.</li> <li>• the requirement for service risk registers, risk types and tolerances</li> <li>• the council needs a dedicated lead for risk management.</li> <li>• Risks should be mapped to corporate objectives (<i>note that evidence presented to demonstrate that they were already mapped was not reflected in report</i>)</li> <li>• Programme risk registers need to contain sufficient detail.</li> </ul>
<b>Management Comments</b>			
<p>Following the previous improvement recommendation, we updated the Risk Management Strategy in March 2023 before the Corporate Risk Register was reviewed for 2023-24, put in place member training and ensured that risks were mapped to corporate objectives.</p> <p>We accept that our arrangements could be improved by including a target risk score, by improving the narrative on what additional steps are being implemented to bring the risk in-line with the target risk score, outlining our assurance measures and introducing KPIs.</p> <p>We have a clear escalation process but accept that the Strategy could be improved by better describing the process and more clearly identifying the responsibility for service risk registers and for all risks to be scored in line with the same criteria.</p> <p>The 2024 update to the strategy also introduces the requirement for a Corporate Risk Appetite Statement. The updated Risk Management Strategy is being considered by Audit Committee in March 2024.</p>			
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>
IA19	Reflect the findings from the VFM review into the drafting of the 2024-25 Risk Management Strategy	HO	April 2024
			2024-25 refresh of the Risk Management Strategy approved by Cabinet

IA12	Risk reporting to the LUF and FHSF board is currently on an exception basis. This will be reviewed to ensure that board members have full sight of all the risks affecting the projects and the overall programme.	OP/HO		
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**Improvement Recommendations 7.**

	<b>Auditor judgement</b>	<b>Improvement Recommendation</b>	<b>Issues/Findings</b>	
<b>Governance</b>				
IR07	The council did not have a fully resourced Internal Audit team for 2021-22 or 2022-23	The Council must ensure that it has adequate internal audit capacity to effectively deliver a risk based annual audit plan	<ul style="list-style-type: none"> <li>• The Council struggled to retain and recruit internal audit capacity during both 2021-22 and 2022-23</li> <li>• Interim arrangements put in place meant that the Chief Internal Auditor was able to issue her opinion for both financial years.</li> <li>• Less than half of the planned audit days were delivered</li> </ul>	
<b>Management Comments</b>				
The Council ensured that it had adequate internal audit capacity during both 2021-22 and 2022-23 through interim arrangements. This was achieved by engaging a retired ex-employee and by seconding the CIPFA trainees to the Internal Audit team. In both years the Chief Internal Auditor was able to issue her opinion. The Council had commissioned Internal Audit Services from BDO via the CCS framework to ensure that it had adequate internal audit capacity to effectively deliver a risk based annual audit plan prior to conclusion of the VFM review.				
<b>Improvement actions</b>		<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
	None proposed, as noted the council put interim arrangements in place and now has commissioned the service with an external provider to ensure adequate Internal Audit capacity			The council has commissioned Internal Audit Services from BDO via the CCS framework.

**Improvement Recommendations 8.**

	<b>Auditor judgement</b>	<b>Key Recommendation</b>	<b>Issues/Findings</b>		
<b>Improving economy, efficiency and effectiveness</b>					
IR08	The Councils arrangements for procurement and contract management are not adequate. <i>(Note that evidence was provided to refute the findings, but the auditors were not able to allocate resources to revisiting their conclusion in respect of this recommendation)</i>	The council needs to improve its procurement and contract management arrangements by: <ul style="list-style-type: none"> <li>Updating its procurement strategy</li> <li>Ensuring that the contract register is monitored, kept up to date and is used by all services.</li> <li>Ensures that it fully meets L.Gvt Transparency regulations</li> <li>Has a suitably trained client lead for procurement and contract management</li> </ul>	<ul style="list-style-type: none"> <li>The Council's procurement strategy is dated 2017 <i>(this is inaccurate, the procurement strategy was last updated in July 2023)</i></li> <li>The contract register is not used by all services <i>(this is inaccurate, the contract register covers all services, evidence was presented to refute this finding)</i></li> <li>The councils over £500 monthly expenditure reporting shows multiple items of spend to the same supplier that is not part of a contract.</li> <li>The council does not have a suitably qualified lead for procurement and contract management <i>(this is inaccurate since our procurement officer holds a level 5 qualification)</i>.</li> </ul>		
<b>Management Comments</b>					
<p>The procurement strategy was last updated in July 2023, the contracts register is monitored, kept up to date and includes all services. Our in-house procurement officer holds a level 5 procurement qualification and we have commissioned additional support provided by West Mercia Police for a practitioner holding a level 7 qualification since 2021 when our previous longstanding (experienced) procurement officer left the council.</p> <p>We accept that further training for both members and officers would develop a greater understanding of individual responsibilities and that some further work is required to make sure the multiple orders for goods or services from the same supplier are brought under a single contract to ensure best value is being achieved.</p>					
<b>Improvement actions</b>			<b>Owner</b>	<b>Due date</b>	<b>Progress</b>
IA20	Training for both officers and members on procurement and contract management will be added to the training programmes for staff and members		HO	July 2024	
IA21	We will continue to monitor instances of multiple orders for goods or services from the same supplier to identify any areas where best value could be achieved by bringing all under a single contract.		HO	On-going	



**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

**20<sup>th</sup> May 2024**

**Risk Management – Corporate Risk Register**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor David Ross, Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER:</b>	Head of Resources and s151 Officer
<b>CONTACT OFFICER:</b>	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
<b>APPENDICES:</b>	<b>Appendix 1</b> - Corporate Risk Register 2024-25

**1. PURPOSE OF REPORT**

- 1.1 To present Members of the Audit Committee with the latest Corporate Risk Register following review by CLT and to present the progress made in implementing the updated Risk Management Strategy considered at the March meeting of the committee and approved for adoption by Cabinet on 9<sup>th</sup> April 2024.

**2. RECOMMENDATIONS**

**2.1 The Audit Committee are asked to **CONSIDER AND NOTE:****

- 2.1.1 the Corporate Risk Register 2024-25 the associated risk categories, mitigating controls and risk scores;**

- 2.2.2 the progress made in implementing the updated Risk Management Strategy.**

**3. BACKGROUND**

- 3.1 Council’s approved Risk Management policy statement and strategy requires that the Corporate risk register is considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for significant organisational risks. The risk registers are generally held within the Pentana Performance system. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 Zurich Municipal are appointed as the Council’s insurers and to 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 external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Head of Resources in liaison with the Cabinet Member for Finance and Capital Portfolio.
- 3.5 Following adoption of the new corporate plan in September 2023 a fundamental review of the Council's strategic risks was undertaken. The design of the risk register is also being refreshed in line with the updated Risk Management framework following adoption of the Risk Management Strategy approval by Cabinet on 9th April 2024.
- 3.6 The Corporate Risk Register for 2024-25 is attached at Appendix 1; it has been developed and approved by the Corporate Leadership Team in consultation with Cabinet members and with input from Service Managers as appropriate.
- 3.7 A monitoring report as at 31<sup>st</sup> January 2024 was considered and noted by Audit Committee on the 20<sup>th</sup> March 2024. The report reviewed the Corporate Risk Register and progress against mitigating actions. The next monitoring report will be presented to Audit Committee in September 2024.

#### **4. KEY ISSUES**

- 4.1 Risk Management is embedded within the Council through the Risk Management framework and the Corporate Risk Register. Decision reports considered by Members include a Risk Management Section and specific registers are maintained and monitored separately for significant individual projects such as the Future High Streets Fund and the Levelling Up Fund programmes and operational risk registers, managed by Heads of Service and Service Managers.
- 4.2 The refresh of the risk management strategy considered by Audit Committee in March and approved by Cabinet in April represents a fundamental redesign of the Council's risk management framework. Full implementation is expected to be achieved within 12 months of adoption. The following steps are being progressed or have been completed:
- Assign risks to a type/category **complete**.
  - Review and identify current mitigating controls **complete**.
  - Score risks pre and post current mitigations **initial scoring complete**
  - Identify further mitigations to be progressed during the year **complete**
  - Identify assurance measures and KPIs **progressing**
- 4.3 The following 3 steps will be progressed and will be brought back for consideration by Committee members in September, before being presented to Council for formal decision making:
- Complete work to identify assurance measures and KPIs
  - Commence work on risk tolerance/risk appetite statement with Cabinet, Committee Chairs and vice chairs, group leaders and senior officers.
  - Identify target risk score.
  - Identify further mitigations to bring risk in-line with target score.

4.4 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 and Performance Monitoring Reports to Overview and Scrutiny Committee and Cabinet.

4.5 The Risk Register for 2024-25 has been reviewed by CLT and discussed with Cabinet. The table below details the 19 Risks that are reviewed quarterly by management. Progress on mitigating actions for Red and Amber risks are reported to Audit Committee. Full detail of risks and mitigating actions are provided in Appendix 1.

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigated Scores		
				L	I	Total	L	I	Total
Economic growth and regeneration									
SR01	Strategy	Decline in our key towns impacts upon economic prosperity of the district resulting in economically inactive towns which do not serve their wider communities and loss of local jobs and investment	Head of North Worcestershire Economic Development and Regeneration and Head of Strategic Growth	4	4	16	3	3	9
SR02	Strategy	Lack of workspace in the district resulting in economic decline (current businesses may not be able to remain in our district) and lost opportunity to prosper (we may not attract new businesses)	Head of North Worcestershire Economic Development and Regeneration	4	4	16	3	4	12
SR03	Strategy	Lower than average skill levels results in our residents becoming economically inactive and unable to participate in work leading to a poorer health and wellbeing or quality of life for residents.	Head of North Worcestershire Economic Development and Regeneration	4	3	12	3	3	9
SR04	Strategy	Start-up and small businesses within the District are unable to grow and flourish	Head of North Worcestershire Economic Development and Regeneration	4	4	16	3	4	12
SR05	Project/ Programme	Income and economic outcomes may not be delivered from major regeneration schemes due to cost or time over runs.	Head of North Worcestershire Economic Development and Regeneration	4	4	16	2	4	8



## Agenda Item No. 12

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigated Scores		
				L	I	Total	L	I	Total
Securing financial sustainability for services communities value									
SR06	Financial	The Council is not financially sustainable, is unable to set a balanced budget and is unable to deliver key services that our communities value. Ultimately resulting in intervention from government.	Head of Resources	5	5	25	3	5	15
SR07	Project/ Programme	We are unable to redesign services or identify efficiency measures resulting in inability to deliver the Council Plan and ultimately to set a balanced budget	Head of Resources	4	5	20	4	5	20
SR08	Project/ Programme	Income projections from the council's property estate, commercial income and fees and charges are not met resulting in a widening of the financial gap and greater drain on reserves	Head of NWEDR; Head of Community & Environmental Services; Head of Resources	4	5	20	3	5	15
SR09	People	Lack of available skills and resources results in the Corporate Strategic priorities and ambition, and stake holders' and community expectation, not being met.	Chief Executive	4	5	20	4	3	12

## Agenda Item No. 12

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigated Scores		
				L	I	Total	L	I	Total
A clean, safe and green place to live, work and visit									
SR10	Strategy	Insufficient or inappropriate supply of land resulting in inability to meet housing need	Head of Strategic Growth	5	4	20	3	3	9
SR11	People	We fail to protect those to whom we owe a duty of care resulting in the health, safety or wellbeing of individuals being compromised, May result in fines from the HSE and reputational damage resulting in inability to attract and retain staff	Chief Executive; HR and OD Manager; Head of Community and Environmental Services	5	5	25	3	3	9
SR12	Project/ Programme	Unable to deliver the outputs and outcomes from our significant capital projects	Head of NWEDR; Head of Community and Environmental Services; Head of Strategic Growth	4	4	16	3	3	9
SR13	Strategy	The Council fails to deliver on its stated intent to make the district a clean place to live, work and visit leading to a lack of confidence in the Council and an escalation in negative publicity	Head of Community and Environmental Services	3	2	6	2	2	4
SR14	Strategy	Increased demand on public services that cannot be met within existing resources, this may lead to poorer health and wellbeing or quality of life for residents.	Head of Strategic Growth; Head of Revenues and Customer Services	3	4	12	2	4	8
SR15	Strategy	Net zero - the Council fails to reduce the Council's footprint in line with stated intent and national guidelines resulting in damage to reputation and breaches to legal or regulatory duties	Head of Strategic Growth; Head of Community and Environmental Services	4	3	12	4	3	12

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigated Scores		
				L	I	Total	L	I	Total
Organisational Health									
SR16	People	Officers and members fail to maintain high standards of conduct, act professionally or take rational decisions resulting in damage to reputation which may result in fraud or prevent us from entering into positive partnerships or working effectively with stakeholders in achieving strategic priorities.	Solicitor to the Council	5	4	20	4	3	12
SR17	Security	Threats originating both from inside and outside the organisation from cyber attacks results in disruption to service delivery	Chief Executive; Head of Resources	5	5	25	3	5	15
SR18	Project/ Programme	Changing Government policy impacts on Council Strategies or services and the Council's organisational capacity to deliver - particularly planning, housing, Environment Act, Elections Act	Chief Executive; Solicitor to the Council	5	4	20	5	4	20
SR19	People	Members and officers lack skills and knowledge necessary for effective discharge of their responsibilities and effectively perform their duties.	Solicitor to the Council; HR and OD Manager	3	4	12	2	3	6

4.4 The Corporate Risk Register will be reported on a six-monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team. The next report of progress against actions will be the Quarter 1 2024-25 monitoring report and will be included on the Audit Committee agenda in September.

4.5 The latest Annual Audit Report, received March 2024, made an Improvement Recommendations in relation to the risk management process:

- The Council needs to make more effective use of its risk register.

The findings from the VFM review are reflected in the updated (refreshed) Risk Management Strategy. As outlined in the report, the strategy will be fully implemented by the end of the financial year.

## 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 17<sup>th</sup> 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 one of the top three most significant risks facing this Council. 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 21<sup>st</sup> February 2024.

## **8. IMPACT ASSESSMENTS**

- 8.1 There are no equality, climate change or environmental impacts arising directly from this report.

## **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 attached at Appendices 1 provides a realistic overview of the major risks affecting the Council and will be monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee. The refreshed risk management strategy adopted in April 2024 represents a significant redesign of the risk management framework. Significant progress has been made towards implementing the new strategy. Full implementation will be achieved before the end of the year.

## **10. CONSULTEES**

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

**11. BACKGROUND PAPERS**

- 11.1 Auditors Annual Report – considered by Audit Committee 20<sup>th</sup> March 2024
- 11.2 Audit Committee Report 20<sup>th</sup> March 2024 - Risk Management Corporate Risk Register

Strategic/Corporate Risk Register 2024-25

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
Economic growth and regeneration												
SR01	Strategy	Decline in our key towns impacts upon economic prosperity of the district resulting in economically inactive towns which do not serve their wider communities and loss of local jobs and investment	Head of North Worcestershire Economic Development and Regeneration and Head of Strategic Growth	4	4	16	Work with High Streets Task Force to develop and implement a vision for the regeneration of central Stourport	OP	Stourport Town Council working group set up to lead the preparation and implementation of the Vision.  Survey to be circulated in summer 2024 and workshops with key stakeholders organised in the summer/autumn 2024.  Vision to be completed by December 2024.	3	3	9
							Redevelop former Crown House site, Lionfields and other brownfield sites we own – mainly for housing	OP	Feasibility study commissioned to explore redevelopment options for the Lion Fields, former Crown House, Worcester St and Market St sites. The feasibility study, which will recommend preferred redevelopment options, delivery models and timescales to be completed by November 2024.			
							Supporting town centre living and flexible use of former retail space through local plan policies	KB	The local plan sets out where new housing and employment development will be brought forward together with the development management policies that all planning decisions are measured against.			
							Progress the redevelopment of Bridge Street site, Stourport	KB	Feasibility study commissioned to explore redevelopment options for the Bridge Street, which will recommend preferred redevelopment options, delivery models and timescales up to pre application stage.			
SR02	Strategy	Lack of workspace in the district resulting in economic decline (current businesses may not be able to remain in our district) and lost opportunity to prosper (we may not attract new businesses)	Head of North Worcestershire Economic Development and Regeneration	4	4	16	Progress the regeneration of our towns through the Capital programme (CPF, LUF and FHSF)	OP	New flexible workspaces (c. 16,730 sq. ft. / 1,185 sqm of new floorspace) to be delivered at the Creative Hub (former Magistrates Court) and Piano Building in 2025.  Work with Homes England to accelerate the delivery of 18 acres of new employment land as part of the Lea Castle development.	3	4	12
SR03	Strategy	Lower than average skill levels results in our residents becoming economically inactive and unable to participate in work leading to a poorer health and wellbeing or quality of life for residents.	Head of North Worcestershire Economic Development and Regeneration	4	3	12	Work with partners to improve skill levels and make sure they are the skills employers need	OP	Community Prospects - programme of support targeting economically inactive people (2023-2025) Careers advice – programme of support delivered by Careers Worcestershire (2024-2025) aiming predominantly at school leavers. Building Brighter Futures – skills support targeting young people 'not in education, employment or training' (NEETs) and other 'at risk' young people (2024-2025). Upskills Worcestershire – skills support for the employed, addressing shortfalls in existing workforce (2024-2025). Professional skills for the workplace – support programme addressing digital skills needs in the existing workforce (2024-2025). Digital Skills Pathway – skills support programme targeting economically inactive residents to address issues with digital adoption and life skills.	3	3	9
SR04	Strategy	Start-up and small businesses within the District are unable to grow and flourish	Head of North Worcestershire Economic Development and Regeneration	4	4	16	Make sure business support services are available to help businesses grow	OP	Wide range of business support services delivered through the Worcestershire Growth Hub and Worcestershire County Council.	3	4	12
							Support businesses to start, develop and grow through direct provision of workspace at Space at Hoo Farm, and grow on space at Hoo Brook industrial estate and unity park	OP	Provision of 31 units at Space at Hoo Farm. Options to split two large units into smaller units being considered			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR05	Project/ Programme	Income and economic outcomes may not be delivered from major regeneration schemes due to cost or time over runs.	Head of North Worcestershire Economic Development and Regeneration	4	4	16	Governance arrangements: programme board and programme management	OP/CN	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 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	2	4	8
							Programme management and reporting to decision makers refreshed in-line with the recommendation in the Auditors Annual Report		Implement actions identified in the AAR action plan 2024-25			
							Project management including delivery managers in place and project specific issues and risk registers maintained	OP	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 a Programme Delivery Manager who manages a multi-disciplinary team (architects; quantity surveyors; structural and highways engineers; planning consultants; contractors).			
							External advice including procurement support	OP	Use of procurement frameworks to access external project support/ advice and agents commissioned to progress claims with VOA for properties planned for demolition to be removed from rating list			
							Value engineering	OP	QS employed to develop cost plan during design and development (pre and tender)			
							Financial contingencies in place	HO	Revenue contingencies are held in earmarked reserve. The additional investment interest earned on the capital grant paid in advance has been ringfenced to bolster the revenue contingencies.			
							Formal reporting to decision makers and those charged with governance	OP/HO	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.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
Securing financial sustainability for services communities value												
SR06	Financial	The Council is not financially sustainable, is unable to set a balanced budget and is unable to deliver key services that our communities value. Ultimately resulting in intervention from government.	Head of Resources	5	5	25	Hold adequate level of reserves and balances	HO	The Council has adopted the general principles of CIPFA guidance on Local Authority Reserves and balances. The Council holds a working balance of £1.65m (increased from £1.5m during final accounts closedown 2022-23) 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. A risk based approach is taken to assessing the adequacy of reserves.	3	5	15
							Integrated service and financial planning to align budgets to strategic priorities	HO	The budget setting cycle includes meeting with the Strategic Review panel and consideration of budget proposals.			
							Timely budget monitoring and regular dialogue with decision makers including updates to MTFS and reserves position	HO	Monthly budget monitoring by the budget manager and the relevant accountancy officer and reporting of variances and scorecard data monthlt to Cabinet/CLT meetings. Quarterly budget and performance monitoring reported to Overview and Scrutiny Committee and Cabinet.			
							Financial resilience framework reported as an integral part of the MTFS	HO	Annual report to CLT and Cabinet members on CIPFA's Financial Resilience Index and formal reporting by the s151 officer in the s25-28 report (LGA 2003).			
							Make adequate contingencies in project costing	OP/HO	Standard inflation factors and PWLB rates kept under review and assessed for appropriateness when each business case is prepared. External advice will sought as appropriate to ensure that any contingencies are adequate given the prevailing environment. The adequacy of project contingencies is kept under review.			
							Transformation plans including service redesign and income growth	CLT	2024-27 Transformation plan being prepared for formal agreement July 2024. Progression of the programme of planned change with progress monitored and managed by CLT with regular Cabinet/CLT meetings focussed on change. Commercial income growth is reviewed monthly by the Commercial Programme board. Progress is reported quarterly to Overview and Scrutiny Committee and Cabinet. Milestones and timelines are clearly defined.			
							Implementing a robust local plan to achieve sustainable housing development	KB	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 is supported by supplementary planning documents.			



New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR07	Project/ Programme	We are unable to redesign services or identify efficiency measures resulting in inability to deliver the Council Plan and ultimately to set a balanced budget	Head of Resources	4	5	20	New transformation plan	CLT	Developing options for consideration/approval. Expected to be formally approved in July 2024. (To be rescored when the Transformation Plan is developed and approved)	4	5	20
							Innovation/transformation fund and invest to save projects	CLT	Risk reserve to support transformation and invest to save projects			
							Regular briefings/reporting on progress of Transformation Plan	HO	Develop reporting framework - include within the quarterly budget and performance report to O&S and Caninet			
							Keep abreast of actions and initiatives that have been successfully implemented elsewhere within the sector. Proactive engagement with peers.	IM	Engage with peers through the LGA Peer review programme to help identify transformation opportunities and provide credible challenge to bring about positive change.			
SR08	Project/ Programme	Income projections from the council's property estate, commercial income and fees and charges are not met resulting in a widening of the financial gap and greater drain on reserves	Head of NWEDR; Head of Community & Environmental Services; Head of Resources	4	5	20	Commercial programme board re-established to drive (net) income growth. To include preparation and adoption of new commercial strategy and review of new business cases (including biodiversity proposal)	OP/SB/ HO	Refresh of the terms of reference for the Board to reflect feedback from the Peer Review. Commercial Strategy 2024-2027 to be agreed by the Commercial Board in July 2024. Performance per source of income (actual vs forecast) is monitored at the monthly Commercial Board meetings. New business cases for generating additional commercial are considered by the Commercial Board.	3	5	15
							Create additional capacity to drive the Commercial agenda	IM	Corporate senior management restructure in place to create amended responsibilities around internal revenue generation and transformation. Deputy CEO and Corporate Policy / Performance Officer. Suitable commercial training to be identified for both officers and members. Training to be delivered by Autumn 2024.			
							Performance management framework refreshed and business/service planning reinvigorated including clearer more targeted performance indicators and other assurance measures to review progress against targets	IM	Golden thread between Corporate priorities and individual performance management to help drive the culture change. All Council service plans to have a uniform introduction/structure and to be aligned with the vision, priorities, and values outlined in the Council's Corporate Plan so that there is a single 'golden thread' pervading all aspects of the Council's operations. Staff communications (e.g. Wyred Weekly) to be utilised to promote the commercial agenda and a business mindset.			
							Timely financial and performance reports prepared for management and decision makers	HO	All periodic finance reports such as monthly internal income data / quarter budget reports provide full analysis of revenue performance and position. These drive respective actions / counter actions.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR09	People	Lack of available skills and resources results in the Corporate Strategic priorities and ambition, and stake holders' and community expectation, not being met.	Chief Executive	4	5	20	Deliver the OD strategy action plan to further develop skills and commitments to achieve a flexible and dedicated workforce	IM/CN/ER	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision. It explains expectations of staff and the support the council will provide to further develop skills and commitment. The actions arising from the strategy will provide the framework for developing and maintaining a skilled, balanced and motivated workforce including succession planning. It underpins 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	4	3	12
							The pay policy and pay strategy delivers a pay system that is effective, fair and transparent is regularly reviewed and refreshed	IM	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 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. The pay policy statement is reviewed regularly for Council's approval.			
							Flexible employment policies including use of market supplements for recruitment and retention	IM	The Council offers flexible employment policies including hybrid/homeworking to successfully deliver day to day services and projects. In order to retain a flexible and committed workforce service managers can offer market supplements at the discretion of the Head of Paid Service			
							Apprenticeship programme	IM/CN/ER	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			
							To maintain and promote leadership & development programmes	IM/CN/ER	To maintain, promote and further develop training and development opportunities to capture, nurture and retain emerging talent.			
							Employee assistance programme	IM/CN/ER	Staff are given access to mental health support through the employee assistance programme. Supporting mental wellbeing encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support			
							Listening to staff feedback and responding positively	IM/CN	To develop and enhance existing two way communication channels. Gauging 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. Annual employee survey.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
A clean, safe and green place to live, work and visit												
SR10	Strategy	Insufficient or inappropriate supply of land resulting in inability to meet housing need	Head of Strategic Growth	5	4	20	Secure housing growth through the local plan	KB	The local plan sets out where new housing and employment development will be brought forward together with the development management policies that all planning decisions are measured against.	3	3	9
							Joint working with registered providers in respect of affordable housing to secure units to meet demand	KB	Work continues with registered providers to bring forward new units or sites including land transfers to increase supply.			
							Increase the amount of temporary accommodation available by providing a new housing scheme	KB	The construction phase of the temporary accommodation units at Castle Road commenced February 2024 with an estimated completion in spring 2025.			
SR11	People	We fail to protect those to whom we owe a duty of care resulting in the health, safety or wellbeing of individuals being compromised, May result in fines from the HSE and reputational damage resulting in inability to attract and retain staff	Chief Executive; HR and OD Manager; Head of Community and Environmental Services	5	5	25	Employee assistance programme	IM/CN/ER	Staff are given access to mental health support through the employee assistance programme. Supporting mental wellbeing encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	3	3	9
							Mental health first aiders	IM/CN/ER	To maintain commitment to mental first aiders who provide a first point of contact for colleagues, providing guidance and support.			
							Health and safety plan. Full corporate structure in place to address Health & Safety Management – led by CLT lead – Dedicated Health & Safety Advisor based at C&E.	SB	Specific IT System in place to manage full H&S network built around Plan, Do, Check, Act, (Peninsular). 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. Strategic Team in place to drive core corporate actions – Comprises CLT Lead / H&S Advisor / HR Manager – Action plan in place. Operational Team in place to drive all corporate operational issues – Comprises all key corporate leads – Action plan in place. Annual H&S report drafted with linked action back into HR Planning.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR12	Project/ Programme	Unable to deliver the outputs and outcomes from our significant capital projects	Head of NWEDR; Head of Community and Environmental Services; Head of Strategic Growth	4	4	16	Effective governance mechanisms (reorder)	CN/HO	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. The Auditor's Annual report received in March 2024 made an improvement recommendation to strengthen programme management and governance arrangements and various actions are proposed relating to this in the AAR Action plan. These actions have a target implementation date of July 2024.	3	3	9
							Deliver the OD strategy action plan to further develop skills and commitments to achieve a flexible and dedicated workforce	IM/CN/ER	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision. It explains expectations of staff and the support the council will provide to further develop skills and commitment. The actions arising from the strategy will provide the framework for developing and maintaining a skilled, balanced and motivated workforce including succession planning. It underpins 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			
							Agile & capable managers	IM/CN/ER	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective 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.			
							Use of external support/advice	KB/SB	Use of procurement frameworks to access external resources, project support or advice to supplement capacity as appropriate. Experienced/qualified Internal procurement officer supported under SLA with West Mercia police.			
							Adopt governance arrangements in-line with the recommendations in the Auditors annual report (HLF project)	SB	Project team established and led by senior council officer. Engagement of secondary external consultancy to assist with technical expertise and provide project support.Strong internal support from council. Close contact with HLF lead advisor to ensure smooth communications are in place sections. Political support and briefings with Cabinet Portfolio Holder. Key project outputs are built into section business plans. Outputs are monitored via reviews and performance indicators.			
							Adequate contingencies	HO	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. Contingencies are reviewed and assessed for adequacy at each stage of the project and formally reported to respective board meetings or Cab/CLT or CLT as appropriate.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR13	Strategy	The Council fails to deliver on its stated intent to make the district a clean place to live, work and visit leading to a lack of confidence in the Council and an escalation in negative publicity	Head of Community and Environmental Services	3	2	6	Aligned Council plan and MTFS - Cabinet support Investing more in tackling environmental crime and illegal parking	SB	Cabinet proposal included in the 2024-27 MTFS to support a Litter Blitz Team (2x operatives) - recruitment underway. Funding bid to PCC for a additional Environmental Protection Officer being drafted. Business Planning linked to PI's reviews & outputs.	2	2	4
							Invest more on clearing litter, particularly in summer months	SB	New Litter Blitz Team created. Expansion of Litter Community Groups in place – Adopt a Street. Public Realm made a section priority – Post retitled to emphasise role. Red Routes created – Entrances / Traffic Islands. C&E Business Planning linked to PI's reviews & outputs.			
							Work with town councils and community groups to improve parks and open spaces	SB	Full programme of meeting established with all Town Councils / Parish Councils to review partnering and localism opportunities. All Parks have site plans and planting programmes. Green Flag status planned for 2025. HLF Project will deliver significant enhancements to Brinton Park. Project Wyre Forest Wild carries key development opportunities for open space enhancement and revenue generation. C&E Business Planning linked to PI's reviews & outputs.			
SR14	Strategy	Increased demand on public services that cannot be met within existing resources, this may lead to poorer health and wellbeing or quality of life for residents.	Head of Strategic Growth; Head of Revenues and Customer Services	3	4	12	Engagement with communities to understand their current needs and empowering them to meet these needs directly where possible.	KB	To continue the work of the externally funded community builders in areas of deprivation. To work with individuals and groups with an interest in helping local communities to link-up, attract funding or find the right advice to get their ideas and ambitions off the ground.	2	4	8
							Town and parish engagement	IM/CN	Two meetings of parish forum per year to keep parishes briefed on WFDC strategic financial position and the localism strategy, and to discuss issues raised by the parishes.			
							Welfare Support	LW	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. The New Cost of Living action plan was approved in December 2023.			
							Help people make their homes more energy efficient	KB	HUGS 2 programme			
							Work on homelessness prevention	KB	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.			
SR15	Strategy	Net zero - the Council fails to reduce the Council's footprint in line with stated intent and national guidelines resulting in damage to reputation and breaches to legal or regulatory duties	Head of Strategic Growth; Head of Community and Environmental Services	4	3	12	Produce and implement a carbon reduction plan for the district and for the council	KB/SB	Corporate Green Team created incorporating officer from Strategic Growth / C&E. Key CLT leads and Cabinet Member / Portfolio lead for Corporate Green Agenda. Full support from Media / Comms Team. WFDC Climate Action & Carbon Reduction Plan produced and published. Regular team meeting in place to review and drive Green Action Plan and support from Corporate Graduate Post.	4	3	12
							Air quality action plan (WRS)	IM/KB	Draft action plan for Horsefair/Coventry Street by November 2024. Final Action Plan to be completed by February 2025.			
							Install electric charging points in car parks in all three towns	IM	Contract awarded to Flowbird, programme of installation expected to be complete by the end of 2024.			

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
Organisational Health												
SR16	People	Officers and members fail to maintain high standards of conduct, act professionally or take rational decisions resulting in damage to reputation which may result in fraud or prevent us from entering into positive partnerships or working effectively with stakeholders in achieving strategic priorities.	Solicitor to the Council	5	4	20	Ethics and Standards regime	CN	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 delivered. Terms of reference of the Committee kept under review.	4	3	12
							Performance management, Disciplinary and grievance policies and Officer and Member Codes of conduct.	IM/CN	The Council has clear policies and processes in place concerning these matters and keeps them under regular review. The council operates robust anti fraud measures.			
							Member and Officer Registers of interests and gifts and hospitality	CN	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. Potential failures to register interests are drawn to the attention of members concerned and their group leaders. Responsibility remains with the individual Councillor.			
							Robust officer support to members	IM/CN	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and to discipline the behaviour of group members where necessary. New protocols to be introduced May 2024, to remove members from committees until they have completed mandatory training.			
							Continue to lobby Government to change legislation to provide stronger sanctions for standards committees	IM	Continue to lobby Government to change legislation to provide stronger sanctions in respect of serious incidents of bullying and harassment or disruptive behaviour.			
							The Members' Planning Code of Good practice was adopted in May 2023 as part of the constitution and its significance is actively promoted in member training.	CN	Poor or potentially reckless planning decisions taken contrary to officer recommendation risk costly appeals or judicial review which could ultimately result in planning decisions being removed from local authority control. The Members' Planning Code of Good practice sets clear expectations for appropriate behaviour by members in respect of planning matters.			
SR17	Security	Threats originating both from inside and outside the organisation from cyber attacks results in disruption to service delivery	Chief Executive; Head of Resources	5	5	25	Maintain and enhance ICT Security and Governance	DJ	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 particularly important with the increase in home/remote working, rise in sophisticated cyber-attacks and use of 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 Council's ICT Security policies. The ICT policy in place is regularly reviewed, the ICT security perimeter is regularly reviewed and tested with an annual penetration test and a cycle is in place to ensure all system versions are patched and up to date. A Cyber Incident plan is to be drafted by November 2024 and a business case is being prepared to establish the benefits and to examine cost of introducing a Cloud First policy. The business case will be completed ahead of preparation of the 2025-28 MTFS (October 2024).	3	5	15

New Risk Ref.	Risk Category	2024-25 Risk Statement	Risk Owner	Original Scores (before any mitigations)			Mitigating Controls and Actions	Action owner	Description of treatment action and assurance	Mitigated Scores		
				L	I	Total				L	I	Total
SR18	Project/ Programme	Changing Government policy impacts on Council Strategies or services and the Council's organisational capacity to deliver - particularly planning, housing, Environment Act, Elections Act	Chief Executive; Solicitor to the Council	5	4	20	Keep abreast of legislative programme	IM/CN	Regular assessment of implications of government policy announcements/legislation. On going horizon scanning and review of policy announcements/legislation.	5	4	20
							Networking/training	CLT	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			
							Influencing – through DCN/LGA. Submitting responses to consultation	IM	To be a visible and regular contributor to the DCN special interest group and the LGA in order to influence lobbying of Government.			
SR19	People	Members and officers lack skills and knowledge necessary for effective discharge of their responsibilities and effectively perform their duties.	Solicitor to the Council; HR and OD Manager	3	4	12	Member induction & training programmes	CN/ER	Comprehensive suite of training modules through in person and I-learn sessions provided and updated on a rolling basis. Bespoke additional training provided according to circumstances. Annual regulatory training. Individual Member training records reviewed at annual Council	2	3	6
							LGA training programme & support from LGA political groups, including events and eLearning	CN/LB	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. Specific training tailored to Planning Committee members. Members also encouraged to attend webinars about personal safety.			
							Corporate governance framework	HO/CN	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.			
							Cabinet system	CN	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 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 and budget information including the capital programme. The Cabinet system enables the targeting of developmental opportunities to raise skills and knowledge swiftly if the need arises.			
							Progressing the OD Strategy, supporting CPD, specialist training and networking.	IM/ER	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			

**WYRE FOREST DISTRICT COUNCIL****AUDIT COMMITTEE****20<sup>th</sup> May 2024****DRAFT Audit Committee Annual report to Council 2023-24**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor David Ross, Cabinet Member for Finance and Capital Portfolio
<b>RESPONSIBLE OFFICER:</b>	Head of Resources and s151 Officer
<b>CONTACT OFFICER:</b>	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
<b>APPENDICES:</b>	<b>Appendix 1</b> – Draft Audit Committee Annual Report to Council 2024-25

**1. PURPOSE OF REPORT**

- 1.1 To present Members of the Audit Committee with the draft annual assurance report to Council to review. The report will be presented by the Chair of Audit Committee to Council on the 17<sup>th</sup> July 2024. This is the annual report of the Audit Committee and covers the municipal year 2023-24. The format of the report has been developed to enable the reader to form a view about the effectiveness of the Committee's activities during the year and its oversight of the Assurance and Risk Management Frameworks within which the Council operates.

**2. RECOMMENDATIONS**

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the annual assurance report attached at Appendix 1**

**3. BACKGROUND**

- 3.1 A draft report of the activities of the committee for the financial year 2023-24 has been prepared and is included within Appendix 1. It has previously been circulated for review and comment to the Chair of Audit Committee. It is proposed that any suggested amendments/additional comments are discussed and agreed at the committee. The final report will then be produced for the Chair of the committee, to Council on 17<sup>th</sup> July 2024. CIPFA's recommended practice is for an annual public report to be produced and reported to Council demonstrating how the committee has discharged its responsibilities. Producing the annual report demonstrates the committee's commitment to high standards and the role the committee exercises in being a key component of good governance for Wyre Forest District Council.

**5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications arising directly from this report. In assessing the internal control environment, risk management, procurement and governance arrangements the Committee contribute to securing financial resilience and improving economy, efficiency and effectiveness.



**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 17<sup>th</sup> 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 Audit Committee’s Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Audit Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that inform the Annual Governance Statement.

**8. IMPACT ASSESSMENTS**

- 8.1 There are no equality, climate change or environmental impacts arising directly from this report.

**9. CONCLUSION**

- 9.1 Producing the annual report demonstrates the committee’s commitment to high standards and the role the committee exercises in being a key component of good governance for Wyre Forest District Council.

**10. CONSULTEES**

- 10.1 Corporate Leadership Team.  
10.2 Chair of Audit Committee

**11. BACKGROUND PAPERS**

The CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

**AUDIT COMMITTEE ANNUAL REPORT – Report of the work of the Audit Committee during 2023-24**

**Report from the Chairman of the Audit Committee**

As the Chairman of the Audit Committee, I am very pleased to present this annual report which sets out the role of the Audit Committee and summarises the work and achievements we have undertaken as a committee during the financial year 2023/24. I hope that this Annual Report helps to demonstrate to all stakeholders the vital role that is carried out by the Audit Committee and the contribution that it makes to the Council's overall governance arrangements. I would also like to express my thanks to those officers and members who have supported the work of this Committee by presenting, discussing, challenging and debating solutions to the ongoing risk, control and governance environment of the Council. Risk Management and Treasury Management Training have been delivered in the year by external providers and I confirm the desire to have continuing training sessions in the future. The committee has been well attended this year and there has been constructive questioning by members throughout. There have been no major areas of concern for the committee to note or report back on which is reassuring for the Council.

**Role of the Audit Committee**

The Audit Committee aims to operate in accordance with The CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 this publication replaced the "Audit Committees, Practical Guidance for Local Authorities" produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2018. The Guidance defines the purpose of an Audit Committee as follows:

1. Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
2. The purpose of an Audit Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The role and responsibilities of the Audit Committee are set out in written terms of reference which are reviewed regularly by the Committee taking into account relevant legislation and recommended good practice. Audit Committee considered and noted CIPFA's practical Guidance for Local Authorities in March 2024 and the Terms of Reference were refreshed by Council in May 2024 to bring them into line with good practice.

The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Council:

- Oversight of the integrity of the Council's financial statements
- Oversight of governance, risk management and internal control arrangements
- Oversight of the external auditors' performance, objectivity, and independence
- Oversight of the performance of the internal audit function.

In order to help the Committee meets its oversight responsibilities, each year, management organise training sessions for the Committee on subject areas within their remit. In 2023-24 , sessions on Risk Management and Treasury Management were held.

**Meetings and Membership**

The Committee met **five** times during the year. During 2023-24, the Audit Committee comprised of eight non-executive members as follows:

- 3 Conservative Group – Councillors: N Desmond (Chairman), A Sutton (Vice Chairman), J Byng, K Gale and G Connolly
- 2 Independent & Green Group – Councillors: M Rayner and P Young
- 1 Labour Group – Councillor J Griffiths

The Audit Committee have carried out a self-assessment on the effectiveness of the Committee. The results show that the majority of respondents believe that the current members of the Audit Committee are competent and have recent and relevant experience. Other attendees at Committee meetings were the Head of Resources and s151 Officer, Internal Audit Manager, Principal Accountants and Deputy s151 Officers and external auditors. The Head of Resources and Internal Audit Manager were available throughout the year to meet with the Audit Chair and Vice Chair and any other Committee members privately allowing a forum for the Committee to discuss any issues in more detail directly.

**How the Committee has discharged its responsibilities:**

Key Audit Committee activities	May	July	Sept	Nov	March
<b>Financial Reporting</b>					
Considered accounting policies					•
Considered the draft 2023-24 Annual Statement of Accounts		•			
Approved the 2023-24 Statement of Accounts			•		
<b>External Auditors</b>					
Sector Update/External Audit Update	•	•		•	•
Informing the Risk Assessment 2022-23	•				
Plan for year-end audit 2022-23	•				•
Review of External Audit Findings in relation to the Statement of Accounts			•		
Review of External Audit Progress Reports and technical updates		•	•		
Annual Audit Certificate 2020-21		•			
<b>Internal Audit</b>					
Review of progress/monitoring reports	•	•	•	•	•
Internal Audit Service Review - decision to Commission Internal Audit Services from the CCS Framework		•	•		
Approved a revised 2023-24 Annual Audit Plan				•	
Internal Audit Charter		•			
Approved the 2024-25 Annual Audit Plan and Internal Audit Charter					•

Key Audit Committee activities	May	July	Sept	Nov	March
Internal Audit Assurance Report 2022-23	•				
<b>Governance, Risk Management and Counter Fraud</b>					
Approved the draft Annual Governance Statement (AGS) 2022-23	•				
Annual Governance Statement Action plan progress report	•				
Review of the Risk Management Strategy					•
Review of Corporate Risk Register		•			
Updates on Strategic/Corporate Risks Treatment Actions		•			•
Review of Counter Fraud Arrangements			•		
Annual Review of Effectiveness of Audit Committee and Audit Committee Annual Report to Council					•
Audit Committee Training Programme				•	
Review of 2021-22 and 2022-23 Auditors Annual Report					•

### Financial Reporting

The Committee is responsible for monitoring the integrity of the financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by officers with appropriate qualifications and expertise. In respect of the year to 31st March 2023, the Committee reviewed the 2022-23 financial statements. In carrying out these reviews, the Committee

- Reviewed the appropriateness of the Council's accounting policies and monitored changes to and compliance with accounting standards
- Discussed a report from the external auditors at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit
- Considered the letter from the external auditors concerning enquiries of management and those charged with governance

Councillors commended officers for preparing the Financial Statements to a high standard and for their presentation to the Council's External Auditors on 31 May 2023 and for their work with the external auditors ensuring the financial statements were signed off by the statutory financial closedown deadline for authorities (one of only 5 local authorities to do so).

### External Auditors

The Audit Committee has responsibility for overseeing the Council's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and progress, their appointment and their audit fee proposals. During the year Grant Thornton completed the audit in July, August and September. They identified presentational and disclosure adjustments to the notes to the financial statements, and raised recommendations for management, these did not result in any changes to the draft financial statements. One amendment was made to the financial statements prior to audit

arising from an error made by the pension fund actuary. An unqualified audit opinion on the financial statements was given. In line with the Local Audit and Accountability Act 2014, the Council opted in to use Public Sector Audit Appointments Limited (PSAA) who led the procurement of external auditors on behalf of nearly all local authorities during 2022. The PSAA consulted with the Council regarding the appointment of Bishop Fleming to audit the accounts of Wyre Forest District Council for five years from 2023-24. The appointment started on 1 April 2023. Bishop Fleming attended the Audit Committee meeting in March 2024, presenting a progress report and technical update at the meeting.

### **Internal Audit**

The Audit Committee reviewed and agreed both a revised risk based internal audit plan for 2023-24 following the appointment of BDO in November 2023 and the Annual Internal Audit Plan for 2024-25, which the Committee believes is appropriate to the scope and nature of the Council. The Committee reviewed progress reports at each meeting. These reports enable the Committee to monitor the progress of the internal audit plan, to discuss key findings and the plans to address them. All key recommendations made prior to the commencement of the current contract with BDO were fully implemented. The Committee considered the Internal Auditor's opinion on the adequacy and effectiveness of the control environment and reviewed the effectiveness of Internal Audit. The committee was satisfied that the proposed arrangements for the internal audit would ensure that the function is sufficiently resourced in addition to having the adequate level of experience and expertise

### **Governance, Risk Management and Counter Fraud**

The Audit Committee is responsible for monitoring the effectiveness of the Council's system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The Audit Committee considered the effectiveness of the Council's risk management arrangements, the control environment, and associated anti-fraud and anti-corruption arrangements, through the review and approval of internal audit reports which focus on the areas of greatest risk to the Council, and the external auditor annual report, all of which will highlight the key areas of control weakness in the Council. Key weaknesses identified by either Internal Audit or External Audit are reported in summary reports to the Audit Committee to enable Committee to seek assurance that action is being taken on risk related issues. The Audit Committee monitored the effective development and operation of risk management strategies, reviewing and challenging the content of the corporate risk register, associated arrangements and action plans. The Committee oversaw the production of the Council's Annual Governance Statement (AGS) and received an update regarding progress on the AGS action plan.

In addition, the Committee discussed the Council's Counter Fraud Arrangements.

### **Plans for 2024-25**

Our priorities for 2024-25 are to continue to meet our duties as specified in the constitution. We will

- Continue to review all governance arrangements to ensure the Council adopts the latest best practice.
- Continue to support the work of Internal and External Audit and ensure appropriate responses are given to their recommendations.

- Ensure continued compliance with Public Sector Internal Auditing Standards.
- Continue to help the Council to manage the risk of fraud and corruption
- Equip existing and any new Members to fulfil our responsibilities by providing more detailed and effective training on all key areas of responsibility including financial arrangements and procurement, governance and fraud.
- Review and where agreed, implement best practice guidance identified in CIPFA's Position Statement on Audit Committees in Local Authorities and Police

**COUNCILLOR NATHAN DESMOND**

Chairman, Audit Committee

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