

Open

Audit Committee

Agenda

6pm
Wednesday, 24 July 2024
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor N J Desmond
Vice-Chairman: Councillor G Connolly

Councillor J F Byng
Councillor J Griffiths
Councillor A Sutton

Councillor K Gale
Councillor M Rayner
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

Wyre Forest District Council

Audit Committee

Wednesday, 24 July 2024

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any disclosable pecuniary 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.	Minutes To confirm as a correct record the Minutes of the meeting held on the 20 May 2024.	6
5.	Report on the Draft Final Accounts/Outturn 2023-24 To receive a report from the Head of Resources that presents the draft outturn position and draft pre-audit Statements in relation to the Final Accounts for 2023-24.	10
6.	Counter Fraud Arrangements 2024-25 To receive a report from the Head of Resources that updates Members on the Counter Fraud arrangements in place for 2023-24 and provide members with details of the Council's Anti-Fraud Plan for 2024-25. The report also presents a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy to reflect the CIPFA 2014 Code of Practice on Managing the Risk of Fraud and corruption and current best practice.	17
7.	External Auditors Annual Report (AAR) 2021-22 and 2022-23 – Action Plan Quarter 1 Progress Update To receive a report from the Head of Resources that presents the latest progress against 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.	53

8.	Internal Audit Progress Report July 2024 To receive a report from BDO.	64
9.	Internal Audit Follow up Report July 2024 To receive a report from BDO.	85
10.	Internal Audit Annual Report and Annual Statement of Assurance 2023-24 To receive a report from BDO.	94
11.	Complaints to the Local Government and Social Care Ombudsman 2023/24 To receive a report from Chief Executive on the outcome of complaints to the Local Government and Social Care Ombudsman in accordance with Council policy for the period of 1st April 2023 to 31st March 2024.	114
12.	Forward Plan To review the forward plan for the current municipal year.	125
13.	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.	
14.	Exclusion of the Press and Public 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

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

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

20 MAY 2024 (6PM)

Present:

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

Observers:

Councillors: B Brookes and D Ross.

AUD.01 Apologies for Absence

Apologies for absence were received from Councillor N J Desmond (Chairman). Councillor G Connolly (Vice-Chairman) chaired the meeting.

AUD.02 Appointment of Substitutes

Councillor R Drew was appointed as a substitute for Councillor N J Desmond.

AUD.03 Declarations of Interests by Members

No declarations of interest were made.

AUD.04 Minutes

Agreed: The minutes of the meeting held on 20 March 2024 be confirmed as a correct record of the meeting and signed by the Chairman.

Councillor Peter Young joined the meeting at 6.03pm after the minutes had been approved.

AUD.05 External Audit Certificates 2021-22 and 2022-23

The External Audit Certificates 2021-22 and 2022-23 from Grant Thornton, were brought to the attention of the Committee by the Head of Resources and s151 Officer.

Agreed: The Audit Committee NOTED the certificates.

It was noted that, despite having been issued with an invitation to the meeting, Bishop Fleming, the External Auditors appointed on 1 April 2023, declined to attend this meeting.

AUD.06 Internal Audit Progress Report

The Panel received a report from the Head of Internal Audit – BDO, who highlighted that the 2023-24 audit plan had been completed, with the exception of one audit that was still in progress, and that was a very positive position, given that work had only started in November 2023. The Internal Audit Manager - BDO presented the reports on Risk Management Audit, Accounts Receivable and Debt Recovery Procedures Audit and the Sector Update.

The Committee reviewed the report and were invited to ask questions to which the Head of Internal Audit, Internal Audit Manager and the Head of Resources and s151 Officer were able to provide verbal responses. The Head of Resources and s151 Officer clarified that the Debt Recovery process is being brought up-to-date and formalised so that there is one single process across the Council. The Head of Internal Audit and the Internal Audit Manager also explained that as time progresses, samples will increase, and more detail will be available.

Agreed: The report be NOTED

AUD.07 Internal Audit Follow up of Recommendations Report

The Committee received the draft Internal Audit Follow up of Recommendations Report from the Internal Audit Manager, who highlighted that one (medium) recommendation had been completed since the last Audit committee meeting, and five remain not yet due. Of these, two are due at end May 2024, and a report will be provided on these at the next meeting.

The Committee were invited to ask questions but there were none.

Agreed: The report be NOTED.

AUD.08 Internal Audit Annual Report and Annual Statement of Assurance – Draft

The Head of Internal Audit presented the report, drawing members' attention to the summary on page 40. He explained that it is a draft report because there is one review outstanding.

The Committee discussed the report, and it was agreed that it was a good audit result which had been greatly assisted by good management engagement and the teams at WFDC and BDO working well together. Members were advised that any issues they are aware of should be raised with the management team in order that they can be addressed and publicised for transparency.

Agreed: The report be NOTED.

AUD.09 Annual Governance Statement 2022-23 – Action Plan Progress Report

The Head of Resources and s151 Officer presented a report to inform Committee members about the current position in relation to the action plan, which was developed to address the issues identified within 2022-23. It reported on progress against the action plan during 2023-24 focussing on

seven areas of Corporate Governance. She emphasised that this would be a tool for improvement.

The Committee were invited to ask questions but there were none.

Agreed: The Audit Committee NOTED the progress against the Annual Governance Statement Action Plan that attached to the report at Appendix 1.

AUD.10 Annual Governance Statement

The Panel received a report from the Head of Resources and s151 Officer, which presented the Draft 2023-24 Annual Governance Statement (AGS) attached at Appendix 1 of the report. The Statement 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 Committee reviewed the report and were given the opportunity to ask questions, to which the Head of Resources and s151 Officer provided verbal responses. She agreed to amend Ref. 2 of the AGS (page 75) to include Parish Councils as well as Town Councils.

Agreed: The Audit Committee NOTED and COMMENTED on the contents of the draft 2023-24 Annual Governance Statement (AGS).

AUD.11 External Auditors Annual Report (AAR) 2021/22 and 2022/23 – Council Management Response and Action Plan

The Committee received report from the Head of Resources and s151 Officer, which presented the Auditors Annual Report action plan. This had 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. A list of the improvement actions could be found at page 89-90 of the report.

Councillor Ben Brookes left the meeting at 6.48pm

Members were invited to ask questions and the Head of Resources and s151 Officer responded accordingly by going through the Action Plan (Appendix 1) page by page.

Agreed: The Audit Committee NOTED the Auditors Annual Report Action Plan attached at Appendix 1.

AUD.12 Risk Management – Corporate Risk Register

The Head of Resources and s151 Officer delivered a report to members, which presented the latest Corporate Risk Register following review by CLT and the progress made in implementing the updated Risk Management Strategy, which was considered at the March meeting of the committee and approved for adoption by Cabinet on 9 April 2024.

The Committee reviewed the report and were given the opportunity to ask questions. It was requested that to make the report more comprehensive, initials of Action / Risk Owners are replaced by names or positions in future.

Agreed: The Audit Committee CONSIDERED AND NOTED:

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

The progress made in implementing the updated Risk Management Strategy.

AUD.13 DRAFT Audit Committee Annual report to Council 2023-24

Members of the Audit Committee received a report, which presented them 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 July 2024.

The Head of Resources and s151 Officer presented the report, which had been reviewed by the Chair of the Audit Committee.

Members were invited to comment and ask questions but there were none.

Agreed: The Audit Committee CONSIDERED AND NOTED the annual assurance report attached at Appendix 1 of the report.

AUD.14 There were no further items that might require publicity.

AUD.15 Decision: 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.

AUD.16 Internal Audit Progress Report – Confidential

The IT Auditor – BDO delivered a confidential report to members on the Cyber Security Audit, which highlighted the areas of strength and areas of concern. The Head of Internal Audit added a further comment to explain why the marking was “moderate”.

Members were invited to make comments and ask questions and it was acknowledged that, in the current climate, WFDC response to cyber security is on a par with the rest of the sector.

Thanks were extended to BDO for their work on the Internal Audit.

Agreed: The report be NOTED.

There being no further business, the meeting ended at 7.12pm.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE REPORT****24TH JULY 2024****REPORT ON THE DRAFT FINAL ACCOUNTS/OUTTURN 2023-24**

OPEN ITEM	
CABINET MEMBER:	Councillor David Ross Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources
CONTACT OFFICER:	Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 Lisa.hutchinson@wyreforestdc.gov.uk Kath Pearsall Ext 2119 Kathryn.pearsall@wyreforestdc.gov.uk
APPENDICES	Appendix 1 – Pre audit Statement of Accounts 2023-24 Appendix 2 – Summary Balance sheet

1. PURPOSE OF REPORT

- 1.1 To receive the draft outturn position and draft pre-audit Statements in relation to the Final Accounts for 2023-24.

2. RECOMMENDATIONS

The Audit Committee is asked to NOTE: -

- 2.1 the welcome news that the Final Accounts Outturn position for 2023-24 is a net improvement of £343k on the revised budget in the approved Medium Term Financial Strategy as reported to Cabinet. The saving in the cost of services after funding variations but before the level of reserves and balances is considered was £145k, with an additional £198k being released from a balance sheet provision. The saving will be used to increase the working balance in line with price inflation (September 2023) (£110k), with the remainder (£233k) being transferred to General Reserves;
- 2.2 the proposed slippage of £13.263m from 2023-24 to 2024-25 within the approved Capital Programme;
- 2.3 that the pre-audit Statement of Accounts for 2023-24 was authorised for issue by the Head of Resources, published and shared with Bishop Fleming on the 31st May 2024. The external audit commenced on the 8th July 2024;
- 2.3 Audit Committee will receive the External Audit Findings Report on the 26th September 2024.

BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 have been incorporated into the Council's Financial Regulations. These regulations require the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 31st May. For this Council the Head of Resources is the Chief Financial Officer.
- 3.2 The draft accounts statutory deadline is 31st May, with the deadline for the audited accounts being 30th September.
- 3.3 The Audit Committee on the 26th September 2024 will receive the External Audit Findings Report and approve the audited Statement of Accounts.
- 3.4 This report summarises the Outturn position based on extracts from the Pre-Audit Statement of Accounts that has been authorised for issue by the Head of Resources. A full copy of the Pre-Audit Statement of Accounts was published on the Council's web site on the 31st May 2024 when they were also shared with the Bishop Fleming external audit team, ready for the formal start of the audit on the 8th July 2024.
- 3.5 The Statement is now subject to audit. The Council's external auditor, Bishop Fleming, has until 30th September 2024 to complete the audit.
- 3.6 All Members of the Council will be provided with an electronic copy of the completed audited Statements.
- 3.7 The Council's Accounts were available for public inspection, as required by regulations, for a period of 30 working days starting on or before the first working day of June 2024. The public inspection commenced 3rd June 2024 and ran until 12th July 2024. The current legal requirements no longer include an appointed day when external auditors must be available for questions or queries. If any local government elector for the area has any questions on the Accounts for the external auditor an appointment should be made in advance, in writing.
- 3.8 The draft Statement of Accounts for 2023-24 have been prepared in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and reflect the 2023-24 Revenue and Capital outturn position which was reported to Cabinet on 11th June.
- 3.9 The accounting policies outline the relevant accounting principles, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations. The accounting policies are reviewed annually to ensure that they continue to align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs). The Accounting Policies were considered by Audit Committee on 20th March 2024. There are no material changes to previous Accounting Policies to be brought to the attention of Committee.

3.10 **Revenue summary** - The Final Accounts Provisional Outturn position for 2023-24 was reported to Overview and Scrutiny Committee on 6th June 2024 and Cabinet on 11th June 2024 and shows a positive variance of £343k (underspend) against the revised budget in the approved Medium Term Financial Strategy. The saving in the cost of services after funding variations but before the level of reserves and balances is considered was £145k, with an additional £198k being released from a balance sheet provision. Achieving a reduction in the cost of services has been achieved by prudent budget management, some income growth from fees and charges (£146k) and prudent active management of the council's treasury balances. The saving will be used to increase the working balance in line with price inflation (September 2023) (£110k), with the remainder (£233k) being transferred to General Reserves. The Council has seen a steady reduction in its core funding over recent years and the overall reduction in Central Government grants over the last decade continues to have a significant impact on the way we are able to fund our services. The Medium-Term Financial Strategy was updated in February and the 2024-27 MTFS forecasts a funding gap of £2.1m by 2026-27 unless the savings targets in the MTFS are achieved. Meeting these targets will need significant transformation in the way services are delivered. The increase in General Reserves and the increase in the working balance and risk reserves will help to support the council's financial resilience ensuring that we are better placed to meet any future pressures on Council finances.

SERVICE REPORTING GROUP	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Variance Outturn to Original	[C-B] Variance Outturn to Revised
	£000	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	2,219	2,865	2,860	641	(5)
Community and Environment	5,482	5,434	5,069	(413)	(365)
Economic Development and Regeneration	249	563	498	249	(65)
Resources	2,448	2,295	2,224	(224)	(71)
Revenues Benefits and Customer Services	1,390	1,444	1,336	(54)	(108)
Strategic Growth	2,064	2,287	2,282	218	(5)
Services Total	13,852	14,888	14,269	417	(619)
Investment Income	(750)	(1,810)	(1,884)	(1,134)	(74)
Capital Account	585	235	416	(169)	181
Release of balance sheet provision			(198)	(198)	(198)
Funding changes			367	367	367
	13,687	13,313	12,970	(717)	(343)
Increase in working balance			110	110	110
NET SERVICE TOTALS	13,687	13,313	13,080	(607)	(233)

3.11 **Capital summary** - progress of spend against capital programme is summarised below. It is proposed that the unspent balance of the programme, £13.263m will be re-profiled (slipped) to the 2024-25 financial year.

2023-24 Capital Programme	Revised 2023-24 Capital Programme	Draft Outturn	Draft Slippage/ to future years	Under/ Over spend
	£000	£000	£000	£000
Community and Environmental Services	215	53	162	0
Resources	502	54	448	0
Strategic Growth	7,589	4,020	3,529	40
Economic Development & Regeneration	18,211	12,757	5,454	0
Capital Portfolio Fund	3,025	0	3,025	0
Vehicle, Equipment and Systems Renewal Schedule	1,120	381	645	94
Total	30,662	17,265	13,263	134

Revised Capital Programme includes slippage from 2022-23

- 3.12 Supply and inflationary pressures have created some significant risks for the Council's capital programme, such as increasing costs for construction and equipment renewals.

4. **KEY ISSUES**

- 4.1 **The key messages for the 2023-24 draft statement of accounts are as follows:**

4.2 The **Narrative report** introduces the accounts and adds some contextual information. It summarises the Council's financial performance during the year, drawing attention to some of the achievements and outlining the challenges that we expect to face in 2024-25 and beyond, highlighting the financial risk to the MTFs of on-going inflationary pressures and the uncertainty caused by continual delays to funding reform.

4.3 The Council's core financial statements include the **Balance Sheet**. At 31st March this shows a significantly improved position mainly due to pension fund assumptions, an increase in the Council's long-term assets due to the ongoing capital schemes that are under construction and the reduction in capital grants receipts in advance due to the large capital schemes progressing and that funding being applied. A balance sheet summary report, prepared by Link Group, is provided at Appendix 2.

4.4 The **Movement in Reserves Statement** (MiRS) shows the funds available to support the Medium-Term Financial Strategy (MTFS). Reserves represent the Council's net worth and give a summary of the changes that have taken place in the bottom half of the Balance Sheet. The MiRS also removes the transactions required by accounting standards and adds the transactions that are required by statute (for example depreciation is replaced by MRP). The level of the Council's General reserves increased by £448k and overall there was a net increase in earmarked reserves of £3.7m, the majority of which was in respect of the redistribution timing difference on the Collection Fund and the strengthening of the revenue reserves that support the major capital schemes (Future High Streets & Levelling Up).

4.5 The Statement also contains a Supplementary Statement for the Collection Fund – there is a statutory requirement for the Council to maintain a separate account for billing and collection of Council Tax and business rates, the statement details how taxes collected are distributed. The Collection Fund position has reduced since 2022-23. The accounts still show an albeit reduced end of year surplus of £1.197m for Business Rates, but the Council Tax deficit has increased to £1.759m. Business

Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions.

4.6 The report to Cabinet identified the significant variances against the Revised Budget for 2023-24. These variances include:

- i) Bad debt provision - £180k saving
Increases have been necessary in recent years to reflect the impact on businesses and residents of difficult economic conditions. This year we are able to maintain provision at existing levels and will not be increasing provision as expected when the revised budget was set.
- ii) Release of the utility/energy contingency and savings from reduced consumption of £109k saving.
Provision was made within the budget for a risk contingency, recognising recent volatility in energy prices. The energy market has stabilised, and the contingency was not required.
- iii) Community Well-being and Environment – favourable variance of £365k
There are a number of favourable variances across these services including £127k improved income position, cost savings of £158k including £38k from car park maintenance, £27k from grounds maintenance and £21k from landscaping direct materials. In addition, there were savings due to reduced recharge from professional and business services (£28k) and one-off savings from the emergency planning and business continuity service redesign (£22k).
- iv) Strategic Growth – positive variance of £5k
There was an overall favourable variance from Development Management and Planning Policy Formation of £13k and a negative variance from Private Sector Housing, Homelessness Advice and Access to Housing (£15k) and miscellaneous other small variances.
- v) Economic Development and Regeneration – positive variance of £66k
There are favourable variances across the services including additional net income from property (£27k) and pay savings due to on-going recruitment delays for some professional posts.
- vi) Additional External treasury investment Interest/lower interest paid on loans of £74k
Additional interest on treasury investments has resulted from longer durations, robust treasury management of funds, and delays to the externally funded regeneration programmes. In addition, lower level of external borrowing compared to budget assumptions.

5. FINANCIAL IMPLICATIONS

5.1 The Final Accounts Outturn position for 2023-24 is a total saving before movements to and from reserves of £343k. The savings have been used to increase the working balance in line with inflation (£110k) to ensure that the same degree of mitigation

against risks facing the council is maintained. The remaining £233k was transferred to general reserves.

- 5.2 The provisional saving on outturn is welcomed and has been utilised to create resilience to mitigate the potential future impact of funding volatility and other emerging cost pressures.
- 5.3 Total general reserves available for the 2024-27 Financial Strategy now stand at £3.916m.
- 5.4 The provisional outturn is subject to validation as part of the Final Accounts external audit process.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 It is a requirement of the Accounts and Audit Regulations 2015 that the Statement of Accounts is published by the 30th September following the end of the financial year.

7. RISK MANAGEMENT

- 7.1 There is a risk to the Council of non-achievement of the statutory deadline, in respect of approval of the Statement of Accounts before 30th September 2024, and qualification of the Accounts by the Council's External Auditors due to error or mis-statement. Officers continue to work in close liaison with Bishop Fleming to respond to queries or additional evidence requests to mitigate the risk of not meeting the deadline.

8. IMPACT ASSESSMENTS

- 8.1 This is a financial and performance monitoring report, there are no proposals in this report that require an Equality, Climate Change or Health and Wellbeing Impact assessments assessment. Equality, Climate Change and Health and Wellbeing Impact assessments will be undertaken as appropriate as part of reviews of service delivery arrangements and implementation of new models put forward to close the £2.1m funding gap.

9. CONCLUSION

- 9.1 This report details the provisional outturn position as at 31st March 2024.

10. CONSULTEES

- 10.1 CLT
- 10.2 Cabinet
- 10.3 Overview and Scrutiny Committee

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2015
Medium Term Financial Strategy 2023-26
Medium Term Financial Strategy 2024-27

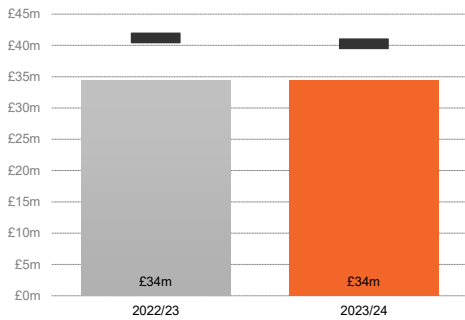
WYRE FOREST DISTRICT COUNCIL

2023/24 Desktop Balance Sheet Review



CAPITAL FINANCING AND BORROWING (£'000)			2022/23 (£'000)	2023/24 (£'000)	Change (£'000)
	2022/23	2023/24			
Capital Financing Requirement (CFR)	41,201	40,270	70,447	Capital Financing Requirement (CFR)	74,479
Underlying Borrowing Requirement	41,201	40,270	1,241	Property, Plant & Equipment	1,266
External Borrowing	34,434	34,444	588	Heritage Assets	434
Internal Borrowing	6,767	5,826	250	Intangible Assets	750
Net Borrowing (exc TFR debt)	(7,027)	(1,475)	(18,747)	Assets Held for Sale	(20,571)
CFR per Statement of Accounts	41,194	40,264	(12,578)	Revaluation Reserve	(16,088)
			41,201	Capital Adjustment Account	(931)
			41,201	CFR (as per Prudential Code)	40,270
				Underlying Borrowing Requirement	40,270
					(931)
				External Borrowing	
				(240) Short-Term	(3,286)
				(34,194) Long-Term	(31,158)
				(34,434) TOTAL External Borrowing (Principal)	(34,444)
					(10)
				6,767 Internal Borrowing	5,826
					(941)

External Borrowing vs Underlying Borrowing Requirement

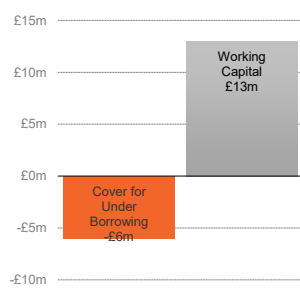


RESERVES / BALANCES AND INVESTMENTS (£'000)			2022/23 (£'000)	2023/24 (£'000)	Change (£'000)
	2022/23	2023/24			
Balances Available for Investment	26,795	29,190	(5,118)	Reserves / Balances	
External Investments	41,461	35,919	(1,738)	General Fund Balance	(22,657)
Surplus Monies	(14,666)	(6,729)	(13,244)	Collection Fund Adjustment Account	(240)
			(3,456)	Earmarked reserves / other balances	-
			(893)	Capital Receipts Reserve	(2,652)
			(2,346)	Provisions (exc. any accumulating absences)	(1,316)
			(26,795)	Capital Grants Unapplied	(2,325)
				Amount Available for Investment	(29,190)
					(2,395)
				Investments	
				26,000 Short-Term	18,000
				15,150 Cash & Cash Equivalents - Investments / Deposits	17,446
				311 Cash & Cash Equivalents - Other (Bank / Cash)	473
				41,461 TOTAL Investments	35,919
					(5,542)
				14,666 Surplus Monies	6,729
					(7,937)

Investments vs Balances

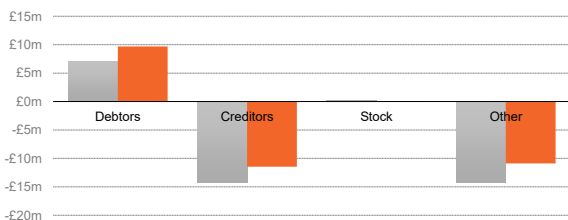


Analysis of Surplus Monies



WORKING CAPITAL (£'000)			2022/23 (£'000)	2023/24 (£'000)	Change (£'000)
	2022/23	2023/24			
TOTAL Working Capital (Surplus)	(21,433)	(12,555)	7,047	Working Capital	
			(14,294)	Debtors	9,693
			(14,285)	Creditors	(11,452)
			99	Capital Grants Receipts In Advance	(10,868)
			(21,433)	Stock / WIP	72
				(21,433) NET Working Capital (Surplus)	(12,555)
					8,878
				Other	
				- Other Long-Term Working Capital	-
				(21,433) TOTAL Working Capital (Surplus)	(12,555)
					8,878

Analysis of Working Capital



WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****24th JULY 2024****COUNTER FRAUD ARRANGEMENTS 2024-25**

OPEN	
CABINET MEMBER	Cllr David Ross, Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Extension 2907 Head of Resources helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Helen Ogram, Extension 2907 Head of Resources helen.ogram@wyreforestdc.gov.uk
APPENDICES	Appendix 1 - Fraud Response Plan Appendix 2 - Strategy for Dealing with Theft, Fraud & Corruption Appendix 3 - Annual Self Assessment against the CIPFA Fraud Standards

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members on the Counter Fraud arrangements in place for 2023-24 and provide members with details of the Council's Anti-Fraud Plan for 2024-25. The report also presents a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy to reflect the CIPFA 2014 Code of Practice on Managing the Risk of Fraud and corruption and current best practice.

2. RECOMMENDATION

The Audit Committee is asked to approve:

- 2.1 the Anti Fraud, Bribery, Theft and Corruption Strategy and Policy Statement presented at Appendix 2 including formal adoption of the CIPFA 2014 Code of Practice on Managing the Risk of Fraud and Corruption.

The Audit Committee is asked to consider and note: -

- 2.2 The report on the counter fraud arrangements within the Council.
2.3 The updated Fraud Response Plan at Appendix 1
2.4 The Self assessment against the CIPFA Fraud Standards presented in Appendix 3

3. BACKGROUND

- 3.1 Wyre Forest District Council, like every Local Authority, has a duty to ensure that it safeguards the public money that it is responsible for. The Council has in place a Fraud Response Plan and Strategy for Dealing with Theft, Fraud, Bribery and Corruption. This report provides an update to the Anti-Fraud and Corruption Policy and Strategy. The new strategy includes adoption of the CIPFA 2014 Code of Practice on Managing the Risk of Fraud and Corruption. The code requires an annual report on performance against the strategy and an annual self assessment against the CIPFA Fraud Standards.
- 3.2 Resource for counter fraud arrangements within the Council rely primarily on the work of the Compliance Officers within the Revenues & Benefits Team, and the Corporate Fraud resources within Accountancy and ICT. Service Managers also have a responsibility for ensuring appropriate procedures and controls are in place to prevent and detect fraud.
- 3.3 The Council continues to commit these resources to tackling fraud to protect the public purse. The Council faces significant financial challenges, it is therefore important that the Council minimises losses caused by fraud. According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, fraud risk across local government in England continues to increase and more needs to be done to protect the public purse. All sectors are at an increasing risk of fraud and corruption and these risks are growing. Councils are finding smarter ways of working, often embracing new technologies, enhanced digital access potentially provides gateways to more sophisticated fraud techniques. The need for vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities is vital.
- 3.4 There is a continuing programme to raise awareness of fraud risk, the Council is committed to tackling fraud and protecting the public purse. The focus of the awareness campaign is to improve understanding of the types and the effects of fraud.

4. KEY ISSUES

- 4.1 This report is presented to enable the Audit Committee to fulfil its responsibility for ensuring that the Council has appropriate arrangements in place for managing the risk of fraud.
- 4.2 The Revenues, Accountancy and ICT Teams continue to be vigilant to the risks in place as criminal activity continues to target Councils and public funds, with a proactive corporate fraud rolling plan of work in place.
- 4.3 The Council's updated Anti-Fraud & Corruption Strategy and Policy Statement is attached at Appendix 2. The Council will continue to work on prevention and deterrence and, to demonstrate commitment the Council regularly reviews its own arrangements in accordance with the Fighting Fraud & Corruption Local Government Agenda updated for the 2020's. Attached at Appendix 3 is the Council's self assessment against the 5 Fraud Standards in the CIPFA Code of Practice.

- 4.3 The Council continues to ensure a culture is maintained where fraud and corruption is unacceptable with zero tolerance and where everyone, including Members and Employees have a part to play in its eradication. As well as the potential for financial loss caused by fraud, there can also be adverse reputational impact.
- 4.4 Having an embedded anti-fraud approach across the Council is critical to its success. The Council's counter fraud arrangements are continually under review to reflect new and emerging risks, particularly technology-based challenges, and are formally reviewed annually. Maintaining a high profile of anti-fraud activity provides a deterrent to fraudsters by evidencing the Council's commitment to identify fraud and take proactive action.
- 4.5 Internal Audit review fraud risks as part of the annual audit plan for which material findings are brought to the attention of Management. Where fraud or potential for fraud is identified as a risk, management evaluates the risk and develop appropriate treatment actions or controls as required.
- 4.6 All public bodies are at risk from fraud in one form or another, and to acknowledge this is essential in developing an effective anti-fraud response. Awareness campaigns enable services to develop a greater understanding of where the risk of fraud lies and the consequences of fraud. This ensures an effective counter fraud culture that reinforces the Council's zero tolerance toward fraud. The Council has in place policies and procedures to enable individuals to take action by identifying and reporting potential fraud.
- 4.7 The detection and recovery of fraudulently obtained finances and assets is important but can be time consuming and costly, there is no guarantee that the losses can be recovered. Therefore, all reasonable steps are taken to prevent fraud from entering the Council's systems in the first place.

5. COUNTER FRAUD ACTIVITY

5.1 CORPORATE FRAUD

- 5.1.1 Current and emerging risks are identified from a number of sources including the National Anti-Fraud Network (of which the Council is a member), the National Fraud Intelligence Bureau, and other third-party agencies e.g. Neighbourhood Watch. There are regular information alerts in the staff e-magazine Wyred Weekly to further embed an anti-fraud culture across the Council and an anti fraud and corruption campaign is planned for the Autumn building on the campaigns run by the NHS. A procurement fraud awareness session was delivered to the Managers' Forum on 10th July 2024.

OUTLINE OF FRAUD ALERTS

2-step verification (often shortened to 2SV) provides a way of 'double checking' that you really are the person you are claiming to be when you're using online services

Fake QR Codes - 'Quishing' used by criminals to steal money and personal information.

Suspicious Emails - "Phishing" impersonating official organisations. Guidance on How to Protect yourself and your information. Guidance that fake emails received can be sent to report@phishing

Suspicious Texts - "Smishing" impersonating official organisations. Guidance on How to Protect yourself and your information.

Digital Footprint Digital footprint is part of the online history and can potentially be seen by other people or tracked and held in multiple databases, so care needs to be taken with privacy settings.

- 5.1.2 Specific teams are advised where the fraud alert is service specific for example, fraud cases reported nationally where there is potential for fraud and error within the Council. Criminal activity continues to target Councils often around bank mandate fraud and specific attempts to divert public funds to fraudulent bank accounts. The Finance Team have robust procedures in place to ensure detailed validation checks are undertaken before amending any bank account details for payments. Independent verification of requests to amend supplier accounts are also captured by corporate fraud resource with testing ensuring that the changes requested have been actioned and verified by a second employee and that bank account details have been corroborated from an independent source.
- 5.1.3 During the financial year 2023-24, Corporate Fraud dealt with **30** potential attempted frauds. This was a lower figure than the **44** reported for 2022-23 and the majority of these related to suspicious emails received in various council email accounts from unknown/unidentifiable sources.
- 5.1.4 During February and March 2024 there were a total of 19 fraudulent cheques presented to the Council's bankers totalling £19,008.00. This was identified immediately by the Accountancy Team and promptly dealt with by the Council's bankers - the amounts were either stopped before they were paid or were returned in a timely manner into our bank account.
- 5.1.5 For the first 3 months of 2024-25, there have been **3** reports to the Corporate Fraud Mailbox of suspicious activity, all emails from unknown sources compared with the **13** reported early in 2023-24. Enhanced security measures now stop many fraudulent emails before they reach users mailboxes by the council's email gateway that filters suspicious emails. A further measure introduced is the ability to directly report emails as phishing emails using the 'report phishing email' button, there have been 348 emails reported using this option.
- 5.1.6 A further attempted fraud took place in June 2024 when a Council procurement card was used to make a "card not present" unauthorised purchase. The controls in place quickly identified the fraudulent transaction, the card provider was notified and the funds reimbursed. A further two attempts were made using the same card details, both were blocked by the bank.
- 5.1.7 The Council promotes awareness around cyber security and the growing sophistication of the fraudsters. Phishing security campaigns are run by the ICT Team to ensure Employees and Members remain vigilant and able to identify phishing emails which may lead to individuals inadvertently providing sensitive information or the download of malicious software.
- 5.1.8 All Members and Employees receive appropriate training and guidance on cyber security to help prevent cybercrime/attacks, mandatory training is provided for all network system users via the Council's nominated service provider Phriendly Phishing (KnowBe4 until August 2023) providing Security Awareness Training.

Schedule of Phriendly Phishing Training	
Mandatory	
Date	Title of Course
04.09.23	S.C.A.M 101 {Sender, Content, Action, Manage} ~ Phishing concepts
22.04.24	Keep Secure Mini: Module 1

22.05.24	Keep Secure Mini: Module 2
03/06/24	Keep Secure Mini: Module 3

Schedule of Phriendly Phishing Training	
Optional	
Date	Title of Course
17.01.24	Passwords and Passphrases
30.01.24	Email Security
13.02.24	Information Security at Home
27.02.24	Scams and Social Engineering
05.03.24	WiFi
19.03.24	Smishing

5.1.9 In addition, the ICT Manager and his Team have maintained an active campaign in respect of raising awareness around Cyber Crime with regular updates in the corporate Wyred Weekly e-newsletter. The weekly Cyber Crime Sentinel Newsletter is shared by the ICT Team as part of the Wyred Weekly update. This newsletter is collated by the West Midlands Regional Cyber Crime Unit and distributed within the West Midlands Region to raise awareness among both businesses and the public. This weekly update highlights current trends around cybercrime and fraud, providing steps that can be taken for individuals and businesses to protect themselves against the ever-increasing sophisticated scams and cyber-attacks.

DATE	SOURCE	HEADLINE
01.07.24	Intranet Page	Tips and Tricks better passwords
29.05.24	ICT Article	Cyber Training reminder
10.01.24	ICT Article	Gloucester City Council Cyber Attack Case Study
11.10.23	Training Reminder	Cyber Training Reminder and importance of training
01.03.23	West Mercia Police	Fraud and Scam Bulletin ~ February 2023
22.03.23	ICT Internal Update	Cyber Security Training Phishing Campaigns
07.06.23	ICT Article	Update on Cyber Attacks in the News {BBC Article}
09.08.23	ICT Article	New Way to Report Phishing Emails
30.08.23	ICT Article	Introducing Phriendly Phishing
15.02.23	ICT Article	Do you double check
19.04.23	ICT Article	BCC in emails
29.04.24	ICT Article	Cyber Training reminder

5.1.10 Compliance Officers (1.7 FTE) have continued to undertake proactive reviews of council tax discounts and exemptions to minimise fraud and error and continuously review systems and practices accordingly. The focus is to increase the tax base, protect public funds and reduce the scope for those who deliberately set out to defraud the council. Officers can refer any suspected fraudulent activity to the Compliance Officers who use tools available to investigate any allegations of irregularities. They work closely with the Department for Work and Pensions, as well as other agencies, to effectively combat the effects of fraud.

5.2 NATIONAL FRAUD INITIATIVE

5.2.1 The Council continues to contribute to the National Fraud Initiative which involves national data matching using a range of council data sets including payroll, accounts payable, licences, insurances, the local council tax reduction scheme which is supported by housing benefit data provided by the DWP (Department for Work & Pensions) as well as the electoral register and single person discount awards.

5.2.2 The Cabinet Office is responsible for the National Fraud Initiative. The exercise is undertaken every 2 years. Data sets required from the Council will be submitted in line with the Cabinet Office requirements (usually during December) sets likely to be included in the 2024-25 data matching are as follows:

DATA SET DESCRIPTION
Trade Creditors (Accounts Payable)
Taxi Drivers
Payroll
Council Tax Reduction Scheme
Housing Benefit (submitted directly by the DWP)

Annual data matching checks are undertaken on the following data sets:

DATA SET DESCRIPTION
Council Tax - Single Person Discount
Electoral Register

The release of any data matches by the Cabinet Office for the Council are risk assessed with a requirement to review those identified as significant. Initial outcomes are expected to be released for review in early 2025. It is a resource intensive exercise, especially as the Cabinet Officer continually refresh the data matched. Previously resource has been aligned to reviewing those matches involving housing benefit cases to national data sets and completed by the Compliance Officers within the Revenues & Benefits Team. These matches result in potential outcomes for action and recovery of public money where fraud and/or error have occurred where a review of the matched data identifies individuals who are no longer entitled to housing benefit or a reduction in their council tax.

5.2.3 Matches arising from the submission of the payroll and creditors (Accounts Payable) data sets will be independently reviewed by the Finance team.

- Payroll data matches will be cross checked to identify employees with “live” records on two or more employer data bases as potential employment fraud.
- Creditor data matches include a review of business names, address and bank accounts to identify possible duplicate records.
 - Payment amounts are also “matched” as a potential for duplicate payments.
 - Matched amounts may cover different payment periods i.e. (monthly/quarterly/ annually).

5.2.4 The National Fraud Initiative is a mandatory exercise for which the Council are required to participate and contribute to the national statistics for detecting and preventing fraud and error. Any actions or investigations that arise from these matches are formally reported via the National Fraud Initiative website following the

completion of the exercise as these statistics form the national picture of the fraud landscape. The national exercise is undertaken to collate the information and identify potential matches which may be because of fraud or input error. Matches are often due to timing differences in the data matching process.

- 5.2.5 The Cabinet Office in its report issued January 2023, confirmed that the data matching service has been able, with participating organisations (including Wyre Forest District Council), to prevent and detect £2.4 billion in fraud and error since the initiative began in 1996, monies prevented or recovered from fraudsters and reinvested in public services. Fraud is estimated to account for 40% of all crime committed across the UK and is a long-standing threat to public funds and service delivery. During the period April 2020 to March 2022 (core years of the pandemic), the initiative prevented, detected and/or recovered £443m in fraud and error.

The main categories of fraud, error and overpayment identified across the UK are: -

Data Set	£
Pension	£250 million
Council Tax Single Person Discount	£44.7 million
Housing Waiting List	£21.8 million
Housing Benefit	£14.4 million

5.4 CYBER CRIME

- 5.4.1 As the public sector adopts increasingly more digital service delivery solutions, cybercrime becomes a greater challenge with hacking the main method of attempting to infiltrate networks. Cyber incidents, both nationally and internationally continue to rise at an alarming rate.

- Mandatory training continues around security awareness with specific training modules provided by a third party (5.1.4 refers). Phishing tests are run regularly, with articles in Wyred Weekly to remind all employees to remain vigilant as over 90% of cyber-attacks (crime and fraud) start with a phishing email. The ICT team have made it easier to report fraudulent emails by a Phishing Alert button incorporated into emails, that alerts both ICT and Corporate Fraud thus ensuring they are reported to the correct bodies and enables the ICT team to maintain/update required security systems e.g., email gateway rules.

- 5.4.2 Annual penetration tests are undertaken by the ICT Team using security specialists to ensure that the Council networks (both internal and external) cannot be hacked and the Council remain compliant with the Government Public Service Network. The ICT Team continue to monitor and manage the existing IT security arrangements, parameters, and firewalls to reduce the risk of cyber-attacks, ensuring vulnerabilities identified within the infrastructure are promptly addressed.

- 5.4.3 As part of the National Cyber Security Centre (NCSC) Pathfinder Initiative, Senior Managers attend Cyber Seminars to raise the awareness and mitigate against cyber fraud/attacks. Cyber Security Standards have been introduced for Service Managers and Data Owners to help protect the Council from threats posed by Cyber-attacks. Business Continuity Plans are reviewed to ensure that Cyber Crime

(Fraud) is included as a key threat. In addition, the ICT Team successfully rolled out the NCSC Exercise in a Box corporately to service teams with members of the ICT team attending several team meetings to discuss cyber security and run through the exercise.

The Cyber Security Group and Information Governance Sub-Group actively support the ICT Strategy Board, working with the Corporate Leadership Team and Service Managers to ensure that the Council have in place a robust Corporate Cyber Attack Response Framework which complements and sits alongside the Cyber Security Strategy. Funding received from the Ministry of Housing, Communities and Local Government (MHCLG) assists in upgrading/enhancing certain areas of the Council's security infrastructure and systems, to include event and log management, additional backups and 2 factor authentication.

- 5.4.4 A previous cyber risk assessment undertaken by the Council's insurers recognised that overall, the arrangements in place for the Council were very good. An improvement recommendation was made to refresh the ICT Security Policy and deliver Data Protection Training both of which have been addressed.
- 5.4.5 The Council has signed up to the CAF (Cyber Assessment Framework) being run by MHCLG. It is a NCSC (National Cyber Security Centre) framework that is being adopted for Local Government and although not currently mandatory it is most likely to be in the future. Being part of the pilot entitles the Council not only to a grant but also assistance with completing the assessment involving ICT, Snr Management and User Departments to complete the assessment.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no additional financial implications arising directly from this report. The resources specifically devoted to anti-fraud activity are summarised in Section 3. The resource allocation for managing the Counter Fraud activity across the Revenues & Benefits Team, Internal Audit and the wider Finance Team coupled with ICT network security will continue to be monitored to ensure this area is appropriately resourced.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 Counter fraud work may have legal implications depending upon actions taken or decisions made.
- 7.2 The Head of Resources and the Council's Insurance Officer keep the Council's Cyber Insurance options under review in liaison with our insurers and Gallaghers our Insurance Risk Management advisors.
- 7.3 The Cyber Security and Information Governance Group report directly to the ICT Strategy Board, keeping under continuous review the Cyber Response Plan to sit alongside side other ICT/Cyber Security policies.

8. RISK MANAGEMENT

- 8.1 Participation in national data matching exercises, such as the National Fraud Initiative, and compliance with best practice help to manage the risk of fraud across

the Council. Working with third parties, the sharing of data and contributing to national surveys allows for the identification of fraud and error and emerging risks within the public sector. This will continue to form the basis of the work for the Corporate Fraud Resource.

- 8.2 The Compliance Officer posts within the Revenues and Benefits Team will ensure compliance across Council Tax and Business Rates to maximise income and minimise losses thus reducing the risk of error and fraud. The Compliance Officers also fulfil the requirement for a “Single Point of Contact” between the Council and the DWP.
- 8.3 In addition, the Council’s Internal Audit service (provided by BDO) is one element of the Council’s assurance/internal control framework. This Key Assurance Service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit do not have responsibility for the prevention and detection of fraud or corruption, Managers are responsible for ensuring appropriate procedures are put in place to prevent and detect fraud. Internal Audit will cover fraud risk within the risk-based audit plan and be aware within their work of risks and exposures that could lead to or indicate fraud and corruption. Internal Audit may investigate instances of fraud and corruption being perpetrated by any employee of the Council. Where relevant, the Internal Audit Service (provided by BDO) will advise and assist Managers in any investigation.
- 8.4 The ICT Manager actively manages cyber risk to mitigate the potential for fraud. Work to strengthen the Council’s cyber defences by raising awareness with employees and members continues with advice and support from external organisations. All Service Managers and data owners have a responsibility to meet minimum cyber security standards and ensure systems and data are only accessible at the appropriate level to those authorised to access them.

9. CONCLUSION

- 9.1 Whilst it is acknowledged that there will always be a risk of fraud and error within the Council, the outcomes outlined within this report demonstrate the Council’s continuing commitment to a zero tolerance to fraud; and to maintaining an environment where fraud and corruption will not be tolerated.

10. CONSULTEES

- 10.1 Corporate Leadership Team
Cabinet Member for Finance & Capital Portfolio
ICT Manager

11. BACKGROUND PAPERS

- 11.1 Fighting Fraud & Corruption Locally - A strategy for the 2020s
11.2 Cabinet Office - National Fraud Initiative Report 2022 (Issued January 2023)
11.3 The CIPFA 2014 Code of practice on Managing the Risk of Fraud and Corruption



Wyre Forest
District Council

Fraud Response Plan

Head of Resources | July 2024 | Finance

Wyre Forest House, Fine Point Way, Kidderminster DY11 7WF

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Wyre Forest District Council recognizes that it has a responsibility to protect the public purse. In order to meet these responsibilities, the Council has an effective Counter Fraud and Corruption Strategy which works towards creating a zero tolerance culture.

The purpose of the Fraud Response Plan is to provide guidance to employees, managers and the public to define responsibilities for action and reporting lines in the event of suspected fraud or corrupt activity. The use of the plan should enable the Council to prevent loss of public money, recover losses and establish and secure the evidence necessary for any civil, criminal or disciplinary action.

The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:

- fraud by false or mis-representation
- fraud by failing to disclose information
- fraud by abuse of position

Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

The Bribery Act 2010 defines bribery as giving someone a financial or other advantage, to encourage that person to perform their functions or activities improperly, to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage. It is the most common form of corruption.

Money Laundering is the term used for a number of offences involving concealing the proceeds of crime or terrorist funds, so that they appear that they have come from a legitimate source. Relevant legislation includes the Proceeds of Crime Act 2002, Money Laundering Regulations 2007, the Terrorism Acts of 2000 and 2006, and the Serious Organised Crime and Police Act 2005. Money Laundering involves one or more of three principal offences: concealing, arranging and acquisition/use/possession.

This plan outlines what an individual should do should they suspect **Theft, Fraud, Bribery or Corruption**. It is the duty of every employee, member and citizen of the Wyre Forest to report suspected fraudulent activities.

Reporting Suspect Fraud:

1. If you suspect someone of theft, fraud or corruption, the Council will investigate it promptly and fully. The policy applies equally to all councillors, employees and any other person involved in Council work.
2. If you suspect a council employee, contractor (in their business dealings with the Council) or a member of the public of theft, fraud or corruption and you have information which may be helpful, please in contact one of the following:

- Your senior manager or Head of Service (for employees raising concerns)
 - Head of Resources by emailing helen.ogram@wyreforestdc.gov.uk
 - the Council's Internal Audit providers, BDO by emailing lucy.baxter@bdo.co.uk
3. If your suspicion is about a Councillor, you should contact the Chief Executive on 01562 732700 or by emailing ian.miller@wyreforestdc.gov.uk
4. All allegations are treated as confidential and will be thoroughly investigated and reported appropriately.
5. If you do not feel able to contact your senior manager, Head of Service, the Head of Resources or the Council's Internal Audit providers, please contact, Human Resources, the Solicitor to the Council or the Chief Executive.
6. The Council has adopted a Confidential Reporting (Whistleblowing) Policy regarding an employee's disclosure to an outside body of what he/she considers being malpractice within the Council. The Confidential Reporting (Whistleblowing) Policy is intended to encourage and enable employees to raise serious concerns within the Council rather than ignoring a problem or raising their concerns outside.

The Confidential Reporting Policy is intended to provide employees with an avenue within the Council to raise concerns. The Council hopes employees will be satisfied with any action taken. If this is not the case, an employee is entitled to take the matter outside the Council; the following are possible contact points:

- External Auditors
- Police
- Relevant Professional Bodies or Regulatory Organisations
- Relevant Voluntary Organisation
- Chief Executive
- Chair of the Audit Committee
- Trade Union

If you do take the matter outside of the Council, you should ensure that confidential information is not disclosed.

7. The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document.

8. Employees with concerns should avoid discussing their suspicions with anyone other than the officer with whom they formally raised the issue. When you become aware of any possible malpractice you **should not** attempt to investigate yourself and in particular:

<p><u>Do not</u> approach the person, people or organisation you suspect – tell only the people identified in this plan</p>
<p><u>Do not</u> attempt to collect evidence or question anyone.</p>
<p><u>Do</u> retain any document you already have that you think are relevant, secure them safely;</p>
<p><u>Do</u> clearly record all activities you have witnessed, making a note of the time and date and the details of anything that you think is relevant;</p>
<p><u>Do</u> seek advice in confidence from internal or external audit if you are unsure about what you have seen or heard.</p>
<p><u>Do not</u> ignore your concerns or be afraid of raising them. You will not suffer recrimination as a result of voicing a reasonably held suspicion.</p>

9. If the suspicion relates to an information security issue, e.g., a theft, breach, or exposure of Confidential or Client Confidential data, the matter must also be reported to the Information Security Officer. Further guidance on the reporting of information security issues is given in the Council's Personal Information Security Policy. Further guidance on data breaches is given in the Potential Breach Procedure, within the Data Protection Policy.
10. Remember, in cases of suspected money laundering, immediately advise the Council's designated Money Laundering Reporting Officer (See the Anti-Money Laundering Policy).

ANTI FRAUD, THEFT, BRIBERY AND CORRUPTION STRATEGY AND POLICY STATEMENT

The Council is committed to adopting a zero-tolerance approach to fraud, and corruption from both internal and external sources. It is committed to acting professionally, fairly and with integrity and to implementing and enforcing effective systems to counter fraud, bribery and corruption. The Council will promote an environment that actively encourages the highest principles of honesty and integrity.

The overall objective is to limit the Council's exposure to fraud and corruption, and to minimise financial loss and the potential adverse effects on its reputation in the event of this occurrence by:

- creating a counter fraud culture.
- understanding the fraud risks facing the Council.
- implementing measures to deter, prevent and detect fraud.
- promptly and professionally investigating alleged or detected fraud; and
- imposing appropriate sanctions and redress where fraud or corruption are proven.

All Members and employees of the Council should ensure the highest standards of stewardship of public funds. The detection, prevention and reporting of fraud, bribery and corruption is the responsibility of all Members, employees (including casuals, temporary and agency staff), partners, and contractors of the Council. The Council aims to fight fraud and corruption by encouraging prevention whilst also promoting detection.

It is important to note that fraud may be committed both from within the Council and externally. Fraud may be complex or simple; opportunistic, pre-planned or continuous. Bribery and corruption usually require the involvement of a Council member or employee.

The policy embodies the General Principles in Public Life and the Nolan Principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Strategy adheres to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014 (the Code) and the key themes of the Local Government Fraud Strategy – Fighting Fraud & Corruption Locally 2020. These documents require leaders of public sector organisations to have a responsibility to embed effective standards for countering fraud and corruption in their organisations in order to support good governance and demonstrate effective financial stewardship and strong public financial management.

ANTI FRAUD, THEFT, BRIBERY AND CORRUPTION STRATEGY AND POLICY STATEMENT

1. Introduction

1.1 Wyre Forest District Council is committed to promoting a strong ethical and counter fraud culture. This anti-fraud, theft, bribery and corruption strategy is the mechanism for achieving this commitment and in particular, aims to reduce losses to fraud and corruption in all areas of the Council to an absolute minimum.

1.2 The Council has a wide range of policies and procedures which aim to prevent fraud, bribery and corruption and these include:

- Contracts Procedure Rules and Financial Regulations (constitution section 12)
- Code of conduct for Elected Members (constitution section 14)
- Employees code of conduct
- Disciplinary policy and procedures (Capability and Conduct)
- Confidential reporting - whistleblowing policy
- Anti-Money laundering policy and guidance (constitution section 11)
- Council Tax Reduction Scheme policy (section 107)
- Information Governance Framework and associated policy (Information security framework)
- Grievance policy
- Let Us Know policy
- Sound internal control systems, procedures and records
- Effective Internal Audit
- Clear responsibilities, accountabilities and standards
- Effective recruitment procedures
- Employee and member Induction and training
- Local Code of Corporate Governance

1.3 This strategy adheres to the CIPFA Code of Practice – Managing the Risk of Fraud and Corruption (2014) and the four key themes of the Local Government Fraud Strategy – Fighting Fraud & Corruption Locally (2020).

CIPFA – Managing the Risk of Fraud and Corruption (2014)	Fighting Fraud and Corruption Locally
Acknowledge the responsibility of the governing body for countering fraud and corruption	Govern Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance
Identify the fraud and corruption risks	Acknowledge Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.
Develop an appropriate counter fraud and corruption strategy	Prevent Preventing and detecting more fraud by making better use of information and technology,
Provide resources to implement the strategy	

	enhancing fraud controls and processes and developing a more effective anti-fraud culture.
Take action in response to fraud and corruption	Pursue Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

2. Definitions of Fraud, Theft, Bribery and Corruption

2.1 Fraud is an act of deception intended for personal gain or to cause a loss to another party. It is the intentional distortion of financial statements and accounting records and/or misappropriation of assets. There are three classes of fraud:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

Types of fraud are further explained in Appendix A.

2.2 A person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving them.

2.3 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

2.4 Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person to act against the interest of the organisation.

3. Strategy Aims and Objectives

3.1 The aims and objectives are to:

- a. Protect the Council's valuable resources by ensuring they are not lost through fraud but are used to provide quality services to the Council's residents and businesses.
- b. Create and promote a robust 'anti-fraud' culture across the Council which highlights the Council's zero tolerance of fraud, corruption and theft.
- c. Ensure effective Counter Fraud systems and procedures are in place which:
 - Ensure that the resources dedicated to combatting fraud are sufficient and those involved are appropriately skilled.
 - Proactively deter, prevent and detect fraud, corruption and theft.
 - Investigate suspected or detected fraud, corruption and theft.
 - Enable the Council to apply appropriate sanctions and recover all losses; and
 - Provide recommendations to inform policy, system, risk management and internal control improvements, thereby reducing the Council's exposure to fraudulent activity.
- d. Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, the Council will not tolerate malicious or vexatious

allegations or those motivated by personal gain and, if proven, disciplinary or legal action may be taken.

- e. Ensure the rights of people raising legitimate concerns are properly protected.
- f. Work with partners and other investigative bodies to continuously improve the Council’s resiliency to fraud and corruption.

4. Governance

4.1 Good corporate governance is a strong safeguard against fraud and corruption. As part of the Council’s published Accounts each year, a formal statement is produced which describes the Internal Control Systems and provides an assessment of their effectiveness. This Annual Governance Statement (AGS) is designed to provide assurance to external parties of the quality of the Council’s governance arrangements and demonstrate effective stewardship of the public funds entrusted to the Council. The AGS includes a commentary on how effectively the Council is managing its fraud and corruption risks and an Anti Fraud and Corruption Action Plan, where appropriate is detailed in the Annual Anti Fraud and Corruption Report that is submitted to the Audit Committee.

Roles and Responsibilities

Role	Responsibility
Elected members	<p>Each individual member of the Council is responsible for his/her own conduct.</p> <p>Members are required to apply the principles of good governance regarding their own affairs and when acting for the council including declaring pecuniary or non-pecuniary interests, potential for a conflict of interest at all decision making meetings. Members must not accept any gift or hospitality which could give rise to real or substantive personal gain or give rise to the suspicion of influence. Members must provide leadership by example in demonstrating the highest standards of probity and conduct to create the right anti-fraud culture throughout the Council.</p> <p>All elected members of the Council are required to evidence, by signing, that they have read and understand the code of conduct when they take office. All members must attend mandatory induction training.</p> <p>At all times elected representatives must have regard to this policy, the code of conduct, the council’s constitution and financial procedure rules and the relevant legislation.</p> <p>Where a member is aware of, or suspects, that others may be behaving improperly, or have reason to believe that the Council’s systems (including those systems involving money or financial systems) may be unsound, they have a duty to report this to an appropriate officer being one of the following officers:</p>

	Chief Finance Officer, Internal Auditors (BDO), Monitoring Officer or the Chief Executive.
Audit Committee	The audit committee and its members have specific responsibility for the oversight of the council's governance arrangements in respect of the adequacy of control systems to prevent and detect fraud but also the assurance that processes work effectively for individual cases. The audit committee considers periodic reports from internal audit on suspected and proven frauds and monitors those systems of control applicable to that area, making recommendation to council where such protection requires improvement. Audit Committee monitors and approves the counter fraud strategy, actions and resources.
Corporate leadership team	<p>CLT is responsible for the communication and implementation of this policy in their work areas. They are also responsible for ensuring that their employees are aware of the financial procedures and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>CLT has responsibility to ensure that effective systems of control are in place corporately and within their service to both prevent and detect fraud and that those systems operate properly.</p> <p>CLT members are required to submit an annual self-assessment of those processes for inclusion within the council's annual governance statement.</p> <p>CLT must provide leadership by example in demonstrating the highest standards of probity and conduct to create the right anti-fraud culture throughout the Council. CLT is expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p>
Chief Financial Officer (s151 Officer)	<p>The Head of Resources and s151 Officer has a statutory responsibility under s151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs. In addition, under the Accounts & Audit Regulations (England) 2015 as the "responsible financial officer", she is required to determine the accounting control systems which include:</p> <ul style="list-style-type: none"> • "measures to enable the prevention and detection of inaccuracies and fraud," • "identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions." <p>The latter requirement is a key control in the prevention of impropriety.</p>
Monitoring Officer	The Solicitor to the Council as the Monitoring Officer is responsible for advising Members and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Conduct/Practice. Overall responsibility for the maintenance and operation of both Officers' and Members' Codes of Conduct, the Whistleblowing Policy and other policies.

<p>Managers</p>	<p>Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of the financial procedures Rules and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Managers must provide leadership by example by demonstrating the highest standards of probity and to create the right anti-fraud culture throughout the Council.</p> <p>Managers are expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p> <p>Special arrangements apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll, supplier payments, the benefits system and council tax (refunds) and managers must ensure that relevant training is provided for employees.</p> <p>Checks must be carried out at least annually to ensure that proper procedures are being followed in order to inform the service annual governance self-assessment (managers assurance statements).</p> <p>The council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The authority's formal recruitment procedures (which contain appropriate safeguards on matters such as written references, verifying qualifications held and DBS checks where appropriate) will be adhered to during this process.</p> <p>Investigations carried out under the disciplinary/conduct/grievance policies must be referred by managers to the Council's Internal auditors (BDO) if any allegations of potential fraud arise.</p> <p>Managers are expected to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities.</p>
<p>Internal Audit</p>	<p>The councils Internal Auditors, in consultation and agreement with the chief finance officer shall determine whether a concern or suspicion regarding fraud requires investigation by internal audit as opposed to management. Internal audit and risk services play a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal audit liaise with management to recommend changes in procedures to prevent further losses to the authority. The internal audit and risk service shall report to CLT and the audit committee regarding the application of the</p>

	<p>zero tolerance statement within this policy. Furthermore, internal audit shall ensure all cases of suspected irregularity are investigated in accordance with the requirements of the Police and Criminal Evidence Act 1984, Human Rights Act 1998, Fraud Act 2006, Bribery Act 2010 and other relevant legislation. In all corporate related cases where employees are involved, they will work with HR and appropriate senior management to ensure that correct procedures are followed and adherence to this policy.</p>
<p>All employees</p>	<p>At Wyre Forest District Council there is an expectation that employees will do things right, even where formal controls are absent as they understand their community responsibilities. The council have adopted guiding principles and values within the Corporate Plan that all employees are expected to adhere to.</p> <p>Each employee is governed in their work by the authority's constitution and financial regulations and other codes of conduct and policies, such as health and safety, ICT strategy and IT security policies. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager, plus available on intranet. Mandatory e-learning is required to be completed.</p> <p>All employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the authority. These will be included in induction training and procedure manuals.</p> <p>Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. Concerns should be raised, in the first instance, directly with the supervisor/service manager. If the employee feels that they cannot discuss their concerns directly with their line management, they should refer to the council's whistleblowing policy which gives details of independent persons they can discuss their concerns.</p> <p>All employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of service, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.</p> <p>All officers involved in the evaluation of tenders will receive specific tailored training and will be required to make a separate declaration of interests for each panel they sit on.</p>
<p>External Audit</p>	<p>Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the specific reviews that test, amongst other things, the adequacy of the authority's financial systems, and arrangements for</p>

	preventing and detecting fraud and corruption. It is not the external auditor’s function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the authority’s arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.
External bodies	Procedures and arrangements are maintained to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities with external agencies such as: police, county, unitary and district council groups, external audit service, Department for Works and Pensions and other government departments
Contractors and partners	Contractors and partners have a responsibility for the communication and implementation of this policy within their organisation. They are also responsible for ensuring that their employees are aware of the council’s financial procedures, whistleblowing and other policies, and that the requirements of each are being met in their everyday business activities. Contractors and partners are expected to create an environment in which their employees feel able to approach them, or the council directly, with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the relevant head of service for that area or may approach the Monitoring Officer or Chief Executive directly on any whistleblowing issue.
Stakeholders and customers	Whilst this policy is primarily aimed at implementing the necessary culture and processes within the council its stakeholders and customers may become aware of issues that they feel may indicate fraud. They should refer to the council’s whistleblowing policy or they can contact the Monitoring Officer or Chief Executive to discuss their concerns directly.

5. Acknowledge

5.1 Managing the risk of fraud and corruption - The following areas of Council business have been assessed as being high risk to fraud. These considerations form the basis of a proactive annual programme of fraud work but are subject to change as the fraud landscape changes.

- Cyber security/crime
- Council Tax Reduction Scheme
- Council Tax Exemptions / Discounts
- Abuse of position

5.2 All stakeholders have a part to play in reducing the risk of fraud, but Elected Members and Senior Management play a crucial role in fostering a culture of high ethical standards and integrity. As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities, business plans, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the

actual incidence of fraud that has occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken by management through its Strategic and Operational (Service) risk management processes to mitigate those risks on an ongoing basis.

5.3 Good corporate governance procedures are a strong safeguard against fraud and corruption. The Council's Audit Committee plays a key role in scrutinising the Council's approach to both fraud and risk management, and its wider resilience to financial irregularity in general. The Council's externalised Internal Audit Service undertakes risk-based assurance work each year centred on an approved Internal Audit Plan. This assurance work involves a review of systems and procedures, including a review of the management of risk (of both fraud and other types of risk) whereby system vulnerabilities are brought to the attention of management and Members along with recommendations to strengthen procedures.

6. Prevent

6.1 Creating and maintaining a strong anti-fraud culture is part of good governance.

There is a clear commitment to tackling fraud and zero tolerance of any form of fraud or corruption. The Council has a clear Confidential Reporting (whistle blowing) policy and will respond quickly to suspected fraud by initiating an investigation, documenting evidence and involving a counter fraud specialist or the police. The council creates an anti-fraud culture by building fraud awareness through periodic counter fraud and fraud risk training for key risk areas in finance, procurement and HR/recruitment, staff briefings, campaigns and eLearning. Sanctions are published, where appropriate, to demonstrate the Council's zero tolerance approach. The anti-fraud, theft, bribery and corruption policy is regularly reviewed and widely publicised. Formal fraud risk assessments are conducted periodically as part of the internal audit plan to identify and measure areas within the Council that are susceptible to fraud and the Council widely publicises its fraud response plan. The council's strategy for combating fraud is considered and approved by Audit Committee annually.

The Council also has in place two Committees whose monitoring roles are relevant to for maintaining a strong anti-fraud culture:

- The Ethics and Standards Committee, monitors and upholds standards of conduct.
- The Audit Committee, which ensures that adequate arrangements are established and operating to deal with situations of suspected or actual wrongdoing, fraud and corruption.

6.2 Deterrence

The following internal control measures are in place to deter or prevent fraud:

- The Council's Monitoring Officer (The Solicitor to the Council) has a duty to report to the Council where it appears that any proposal, decision or omission by the Council, a committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- The Section 151 officer (Head of Resources) has a statutory responsibility under the Local Government Act 1972 to ensure the proper administration of

the Council's financial affairs. The Accounts and Audit Regulations 2015, require the Council to maintain a sound system of internal control.

- Senior managers ensure that internal controls, including IT system controls, are adequately designed and effectively operated.
- The Internal Audit Service reviews the adequacy of the Council's internal controls including those to prevent fraud. Internal Audit and the Council's Risk Management Strategy endeavour to provide appropriate advice to managers to ensure they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work. The Internal Audit Plan includes a programme of work based on key risk areas. This programme of work is not restricted solely to the investigation of detected fraud but inherently includes anti-fraud assurance work intended to deter and prevent fraud.
- Managers across the Council have an important role to play in the prevention of fraud and corruption. Managers need to understand the importance of soundly designed systems which meet key control objectives and minimise the opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk. Anti-fraud assurance work represents an area of ongoing development and is a key priority for the Anti-Fraud, Theft, Bribery & Corruption Strategy.
- Compliance Officers within the revenues team undertake proactive analytical and investigative work to ensure compliance across the following areas in particular:
 - Council Tax (ensuring correctly claimed discounts/ reductions and exemptions)
 - Council Tax Reduction Scheme

6.3 Combining with others to prevent and fight fraud - The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the Data Protection legislation and with the Cabinet Office's Code of Data Matching Practice for National Fraud Initiative and includes providing information to other agencies for data matching purposes. Any employee found to be perpetrating fraud against another local or national agency is liable to face disciplinary action where this has implications for the Council's trust and confidence in the employee. In certain cases, disciplinary action could lead to dismissal.

7. Pursue

7.1 Detection and reporting concerns - The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If anyone believes that someone is committing a fraud or suspects corrupt practices, these concerns should be raised in the first instance directly with line management or to the Solicitor to the Council (Monitoring Officer), the council's Internal Auditors (BDO), Head of Resources and s151 Officer, HR and OD Manager or the Chief Executive in accordance with the Council's Whistleblowing Policy and Financial Procedure Rules. Employees who wish to raise a serious concern should refer to the Council's Whistleblowing Policy.

7.2 Investigations

Senior management are responsible for following up any allegation of fraud, theft, bribery or corruption that they receive and are required to inform the Council's Internal Auditors (BDO), of all suspected irregularities. Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).

Investigations into suspected fraud or corruption will be conducted in accordance with the relevant statutory provisions and local protocols to ensure any actions are carried out both fairly and lawfully. This will include but is not limited to:

- Police and Criminal Evidence Act 1984 (PACE)
- Criminal Procedure and Investigations Act 1996 (CPIA)
- Human Rights Act 1998
- Regulation of Investigatory Powers Act 2000 (RIPA)
- All evidence gathering will comply with the Data Protection Act 1998.

The investigation process will vary according to the circumstances of each case and will be determined by the Head of Resources, in consultation with those officers considered appropriate at a pre-investigation case assessment meeting. This may include the Monitoring Officer, the Council's internal audit resource provided by BDO, the relevant service manager and the HR and OD manager. If it is determined that an investigation should be carried out, an investigating officer will be appointed.

Reporting lines will be agreed at the pre-investigation case assessment meeting. The investigating officer, in consultation with the council's Internal Audit resource, will deal promptly and confidentially with the matter:

- record all evidence that has been received.
- ensure that evidence is sound and adequately supported.
- make secure all of the evidence that has been collected, including electronic evidence.
- where appropriate, with the agreement of the Monitoring Officer and after consultation with the Head of Resources, contact other agencies, e.g., Police.
- when appropriate, arrange for the notification of the Council's insurers.
- report to senior management, and where appropriate, recommend that management take disciplinary action in accordance with the Council's Disciplinary Procedures, and make any necessary revisions to systems and procedures to ensure that similar frauds do not recur.

Reporting suspected irregularities is essential to the Anti-Fraud, Bribery and Corruption Strategy and ensures:

- consistent treatment of information regarding fraud, bribery and corruption.
- proper investigation by an independent and experienced audit team.
- the proper implementation of a fraud response investigation plan.
- the optimum protection of the Council's interests.

Depending on the nature and anticipated extent of the allegations, the investigating officer will work closely with the Council's Internal Auditors, management, Human Resources, Legal etc., and other agencies, such as the Police. This is to ensure that

all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

The circumstances of the case may dictate that both a criminal investigation and disciplinary investigation be conducted in parallel. Criminal investigations and prosecution can often take substantially longer to undertake than disciplinary investigations and consequently any disciplinary investigation should not be delayed pending the outcome of any criminal investigation, unless the police advise otherwise.

The Council's disciplinary procedures will be used where the outcome of the investigation indicates improper behaviour. "Reasonable belief" is sufficient ground for dismissal, rather than absolute proof as in a court of law. The Council's External Auditor also has powers to independently investigate fraud and corruption, and the Council can use this service too.

All members and employees will co-operate fully with any police or external auditors which may have to take precedence over any internal investigation or disciplinary process. However, where possible, teams will co-ordinate their enquiries to maximise the effective and efficient use of resources and information.

Where a fraud has occurred, management will need to take action to ensure that any control weaknesses which provided the opportunity for this are addressed. Where appropriate control weaknesses will be identified by the investigation. As a formal conclusion to all investigations, any lessons learnt will be disseminated to all relevant sections.

7.3 Sanctions and redress

Where financial impropriety is discovered, whether perpetrated by officers, Members or external organisations (e.g., suppliers, contractors, and service providers), the presumption is that the Police or counter fraud specialist will be called in. The Crown Prosecution Service determine whether or not a prosecution will be pursued. Referral to the Police is a matter for the Monitoring Officer in consultation with the Chief Finance Officer and the relevant Head of Service.

Referral to the Police will not inhibit action under the Council's Disciplinary Procedures. Serious cases of fraud or corruption would represent gross misconduct and consequently the officer may be liable to dismissal.

The Solicitor to the Council, acting as Monitoring Officer, will advise on the course of action to be taken in relation to Members.

Suspected financial impropriety by any organisation the Council deals with, will be the subject of an investigation. If proven, this could result, for example, in the termination of an individual contract and may result in prosecution. In proven cases of financial loss, the Council will seek to recover all such losses through whatever means it considers appropriate (including cost of investigation where appropriate). If the fraudster is an employee, the loss may be recovered from any monies due to the individual on termination of employment. In the event of the fraudster being a member of the Local Government Pension Scheme, the Council may be able to recover the loss from the employee's accrued benefits in the Scheme.

In the event of the Council receiving a request for a reference in respect of an employee who has been dismissed as a result of a fraud/irregularity investigation, the HR&OD Manager should be contacted for guidance regarding the wording of any reference provided.

7.4 Initiation of Recovery Action

The Council will take appropriate steps, including legal action, if necessary, to recover any losses arising from fraud, theft, corruption or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

Use of the Proceeds of Crime Act 2002, where appropriate, will also be considered to maximise the penalty and level of recovery by the Council.

The Fraud Investigation Officer will make recommendations, in consultation with appropriate officers, on the most appropriate method of recovery of any losses.

The Council will seek to recover any financial loss through the appropriate mechanism. This may involve either civil or criminal proceedings where it is cost effective to do so, the recovery from salary or accumulated pension benefits of staff, or a claim against the Council's insurers.

For internal investigations, the Council's Insurance manager must be informed as soon as possible of any loss. It is the responsibility of the service manager, in consultation with the Investigation Officer, to do so. Where it is possible, details of the case should be given together with some indication of the likely loss and what recovery action is being attempted. This information has to be passed to the Council's insurers promptly to keep open the possibility of making a claim.

8. Self Assessment

The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action.

An annual self-assessment exercise will be completed and the results will be reported to Audit Committee together with the actions that have been identified which will strengthen arrangements. Completion of the self -assessment helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy.

	CIPFA – Managing the Risk of Fraud and Corruption (2014)	Responsibility	
Governance	<i>Acknowledge the responsibility of the governing body for countering fraud and corruption</i>	Corporate Leadership Team/Elected Members	
	The organisation's leaders acknowledge the threats of fraud and corruption, the harm they can cause and the potential for savings from managing the risk		
	The organisation's leaders acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the standards of good governance		
Acknowledge	<i>Identify the fraud and corruption risks</i>		
	Fraud risks are routinely considered as part of the organisation's strategic risk management arrangements	Corporate Leadership Team	
	The organisation identifies the risks of corruption in its governance arrangements	Chief Finance Officer/Monitoring Officer	
	The organisation uses estimates of fraud loss, and where appropriate measurement exercises to quantify the harm of fraud	The Annual risk based Internal Audit Plan takes account of estimates of fraud loss.	
Prevent	<i>Develop an appropriate counter fraud and corruption strategy</i>		
	The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals	Corporate Leadership Team/Audit Committee	
	The strategy includes consideration of all the pro-active and reactive components of a good practice response to fraud risk management	Head of Resources and s151 Officer	
	The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Head of Resources and s151 Officer on behalf of CLT	
	<i>Provide resources to implement the strategy</i>		
	An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk	Corporate Leadership Team	
	The organisation utilises counter fraud staff with appropriate skills and professional accreditation		
	The organisation grants counter fraud staff unhindered access to its Internal Audit service, employees, information and other resources as required		
		The organisation has protocols in place to facilitate data and intelligence sharing to support counter fraud activity	Head of Resources and s151 Officer and Compliance Officers
	Pursue	Take action in response to fraud and corruption	
The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy		Corporate Leadership Team /Head of Resources and s151 Officer	

	Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of improving resilience to fraud and corruption	Corporate Leadership Team /Head of Resources and s151 Officer
	There is a report to the governing body at least annually on performance against the Counter Fraud Strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report	Head of Resources and s151 Officer
	The governing body receives a report at least annually on the impact and cost effectiveness of its counter fraud activities	Head of Resources and s151 Officer

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	Types of Fraud	Anti-fraud procedures
Misappropriation of funds	The misappropriation of funds by an employee for their own use. This can involve stealing cash, diverting donations, amending invoice details or misusing company credit cards.	Organisations should have strong internal controls, such as segregation of duties, regularly reviewing financial records using data analytics, and limiting access to financial information and resources to authorised personnel.
False expense claims	Employees may submit false claims for expenses they never incurred or overstate the amount they spent to obtain reimbursement.	Having a clear expense policy, requiring receipts for all expenses, using expense management software to track expenses and identify anomalies, conducting regular reviews of expense claims and applying data analytics.
Payroll fraud	This can include altering time records, claiming overtime hours not worked or creating fictitious employees.	Implementing controls such as background checks for new employees, be that permanent or temporary, reviewing payroll records regularly, using biometric or time and attendance systems to track employee hours and conducting regular audits of payroll records. Having a process in place for verifying any bank account request changes to prevent staff pay being diverted.
Private work	With the rise of agile working, there is an increased risk of employees working more than one job to the detriment or conflict of another. This risk is heightened with the boom of generative AI allowing employees to be more productive in certain roles.	Clear policies and guidelines for secondary employment and declarations of interest, flexible working policies, monitoring employee activity by managerial oversight and conducting reviews of employee productivity and timekeeping records.
Insider collusion	Employees, board members or trustees within charities may collude with external parties to conduct fraudulent activities such as awarding contracts to friends/family at inflated prices, kick backs from the awarding of contracts, financial misreporting and grant/funding misappropriation to favour individuals/organisations.	Clear policies in place around contracts/funding awards, declarations of interest and bribery, as well as an up to date and regularly communicated conflicts of interest register, which is also tested.

Self Assessment – CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

The Council’s objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action.

Completion of the self-assessment exercise helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
A] Acknowledge responsibility. The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across	A1 The organisation’s leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.	Y	Anti Fraud, Bribery Theft and Corruption Strategy and Policy Statement prepared, and reviewed annually, for consideration by Audit Committee (July 2024) and annual self assessment completed.	
	A2 The organisation’s leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	Y	As above	
	A3 The governing body acknowledges its responsibility for ensuring the	Y	As above	

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
all parts of the organisation.	management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.			
	A4 The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	Y	As above	
B] Identify risks. Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Fraud risk is included on the Corporate and individual Service (operational) risk registers and routinely considered in accordance with the Risk Management Strategy.	
	B2 The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework.	Y	Poor officer or member behaviour is included on the Corporate Risk register. Codes of conduct are regularly reviewed to ensure they remain current, are included in the training programme and regular campaigns run to raise awareness.	
	B3 The organisation uses published estimates of fraud loss, and where appropriate, its own measurement exercises, to aid its evaluation of fraud risk exposures.	Y	Estimates of fraud loss are used to inform the risk based Internal Audit plan.	
	B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	Y	Fraud risk is included in risk registers including the extent that it impacts on delivering corporate priorities.	

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
C] Develop a strategy. An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.	C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.	Y	Refreshed Strategy and Policy Statement and self assessment presented to Audit Committee on 24 th July 2024	
	C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	Y	The Council's contractual arrangements with BDO includes ad hoc additional audit days to be drawn down as required. Ad hoc days have been used to deliver fraud awareness training to Managers in July 2024. The Council participates in the NFI data matching exercise.	
	C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below:	Y	See below	
	Proactive - Developing a counter-fraud culture to increase resilience to fraud.	Y	General and Procurement Fraud awareness training delivered to Managers, and awareness campaign to be delivered in the autumn in Wyred Weekly.	
	Proactive - Using techniques such as data matching to validate data	Y	The Council participates in the National Fraud Initiative (NFI) data matching exercise and carries out regular single person discount reviews using data matching services.	

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
	Proactive - Preventing fraud through the implementation of appropriate and robust internal controls and security measures.	Y	See self assessment C1. Fraud risk is considered in internal audit reviews.	
	Proactive - Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters	Y	Copies available and sign posted on the Council's intranet and website. Additional signposting in Fraud awareness campaign in Wyred Weekly. Facility to report fraud on website via on-line form and a Fraud Hotline for the public to report suspected fraud.	
	Responsive - Detecting fraud through data and intelligence analysis	Y	Internal Audit uses analytics for fraud and non-fraud work	
	Responsive - Implementing effective whistleblowing arrangements.	Y	Whistle blowing policy signposted on intranet and website	
	C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Y	Section 4 - Anti Fraud, Theft, Bribery and Corruption Strategy and Policy Statement	
D] Provide Resources. The organisation should make arrangements for appropriate resources to support the counter fraud strategy	D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Y	The Internal Audit Planning exercise matched resources to risk. The Council's contractual arrangements with BDO includes ad hoc additional audit days to be drawn down as required. Compliance officers undertake proactive reviews of discounts and exemptions.	
	D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.	Y	Experienced compliance officers in Revenues and Benefits, third party contract to support cyber fraud, professionally accredited resource available via BDO contract.	

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
	D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	Y	All staff have such access	
	D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	Y	The Council participates in the National Fraud Initiative and follows agreed protocol and works closely with the Department for Work and Pensions to minimise fraud and error.	
E] Take Action. The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.	E1 The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes: <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts & hospitality policy & register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 	Y	These documents are available on the Council's Intranet pages	
	E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall	Y	The strategy is reviewed annually by CLT. Fraud risk is considered in the risk section of all reports to decision makers.	

Key Principle	Specific steps should include	Compliance (Y/N/Partial)	Details of Compliance	Action Required
	goal of maintaining resilience to fraud and corruption.			
	E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	Y	The Council participates in the National Fraud Initiative and subscribes to the National Anti Fraud Network (NAFN) making use of the tools available to minimise fraud and error.	
	E4 Providing for independent assurance over fraud risk management, strategy and activities	Y	Annual self assessment presented to Audit Committee for consideration. Internal Audit Plan	
	E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report (AGS).	Y	Anti fraud activity is summarised and presented to Audit Committee annually. Following adoption of the 2014 CIPFA Code of Practice on Managing the Risk of Fraud and Corruption a comment will be included in the Annual Governance Statement (AGS) confirming that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.	Y

AUDIT COMMITTEE
24th JULY 2024

**External Auditors Annual Report (AAR) 2021/22 and 2022/23 - Action Plan
Quarter 1 Progress Update**

OPEN	
CABINET MEMBER:	Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Helen Ogram, Head of Resources
CONTACT OFFICERS:	Head of Resources Helen.ogram@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – Auditors Annual Report Action Plan Quarter 1 Progress update

1. PURPOSE OF REPORT

- 1.1 The report presents the latest progress against 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.

2. RECOMMENDATION

- 2.1 The Audit Committee is asked to note the Auditors Annual Report Action Plan progress update 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, the second is the Auditors Annual Report. The Auditors Annual Report which was consider by the Committee 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 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 reflected in the management response and action plan considered by Audit Committee at the May meeting.

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.

Key recommendation – action should be taken by the Council		
<i>Improving economy, efficiency and effectiveness</i>		
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
Improvement recommendations – advisory to improve arrangements		
<i>Financial sustainability</i>		
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.

Key recommendation – action should be taken by the Council		
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.
Governance		
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"> • Extending its work to cover procurement and financial processes • Adopting the CIPFA 2014 code of practice on managing the risk of fraud and corruption • Introduce monitoring for officer and member declarations of interest and gifts and hospitality
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.
Improving economy, efficiency and effectiveness		

Key recommendation – action should be taken by the Council		
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"> • Updating its procurement strategy (<i>note last updated July 2023</i>) • Ensuring that the contract register is monitored, kept up to date and is used by all services. • Ensures that it fully meets LGvt Transparency regulations. 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 considered and actions taken, as appropriate, to improve the governance arrangements. An improvement action plan was developed and considered by Audit Committee in May 2024. Progress against the action plan 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 progress report is attached at Appendix 1 is presented for review by Audit Committee to give assurance that measures proposed are being implemented. Good progress has been made and many actions have been completed ahead of the target date.

10. CONSULTEES

- 10.1 Corporate Leadership Team.


11. BACKGROUND PAPERS

- 11.1 Auditors Annual Report 2021-22 and 2022-23


Auditors Annual Report Action Plan 2024-25

KR01 The Council's arrangements for performance and programme management are not adequate


Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
IA01	Recruit Policy and Performance Officer to increase capacity.	Lucy Wright	05 Mar 2024	30 Apr 2024	Achieved – new officer in post. See also Annual Governance Statement action plan AGS01	100%	✓
IA02	Redesign performance reporting following adoption of the 2023-2027 Council Plan to clearly align with Council priorities.	Lucy Wright	01 Jan 2024	31 Mar 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. See also Annual Governance Statement action plan AGS02	100%	✓
IA03	Corporate Approach to Service planning refreshed to provide a consistent presentation that aligns council priorities with service actions and clearly presents performance outcomes.	Ian Miller	01 Apr 2024	30 Nov 2024	Achieved - Service planning reviewed April 2024 Outstanding – inclusion of resources and alignment of all actions with priorities in the corporate plan. See also Annual Governance Statement action plan AGS05	100%	✓
IA04	The presentation of the summary of the narrative report will be reviewed and refreshed again for the 2023-24-year end.	Helen Ogram	01 Jan 2024	31 May 2024	Achieved - A revised presentation has been introduced for the performance summary in the 2023-24 Narrative report. A separate Annual Report has also been produced. See also Annual Governance Statement action plan AGS03	100%	✓
IA05	Performance management metrics and indices, the standard phrasing will be reviewed and refreshed as required to ensure it is consistent with best practice.	Caroline Newlands	01 Jan 2024	31 May 2024	Actioned – Standard terms and tender documentation has been reviewed and refreshed.	100%	✓


IA06	Complaints Handling, recording and reporting process reviewed and updated.	Lucy Wright	01 Jan 2024	30 Apr 2024	Achieved - 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. See also Annual Governance Statement action plan AGS04	100%	
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IR01 Developing a costed workforce strategy will enable the Council to plan its future workforce requirements & build in medium to long-term assumptions for budget planning.






Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
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.	Emma Ruffinato	01 Apr 2024	30 Sep 2024	Action Not Due	0%	

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

Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
IA08	Improve integration of capital reporting into the	Helen Ogram	01 Apr 2024	30 Jun 2024	Actioned in quarter 3 2023-24 Budget and Performance monitoring report considered by O&S in March 2024 and	100%	

	quarterly performance reports.				Cabinet in April 2024.		
IA09	Prepare a post completion review of properties acquired under the Capital Portfolio Fund strategy.	Helen Ogram	01 Apr 2024	31 Jul 2024	Action Not Due	<input type="text" value="0%"/>	

IR04 Capital Programme governance requires improvement

Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
IA10	Review the reporting templates for the FHSF and LUF Boards to capture the standing data (outputs and outcomes) from the funding applications.	Ostap Paparega	01 Apr 2024	31 Jul 2024	Action Not Due	<input type="text" value="0%"/>	
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.	Ostap Paparega	01 Apr 2024	31 May 2024	Actioned	<input type="text" value="100%"/>	
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.	Ostap Paparega	01 Apr 2024	30 Jun 2024	Standard reporting reviewed. Concluded that no change was required as Board members have full sight of project risks in line with the DLUHC reporting requirements.	<input type="text" value="100%"/>	
IA13	Reporting will be assessed against the criteria set out in the auditor's report and improvements made where omissions are identified.	Ostap Paparega	01 Apr 2024	30 Jun 2024	Action slipped into Q2 due to exceptional volume of work associated with NWEDR being disbanded.	<input type="text" value="0%"/>	
IA14	Reporting from the	Helen Ogram	01 Apr 2024	31 May 2024	Actioned		

Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
	Programme Boards to O&S and Cabinet via the quarterly budget and Performance reporting.					<div style="width: 100%; background-color: #92d050; border: 1px solid black;"></div> 100%	
IA15	Capital programme reporting will be reviewed to ensure that it presents both the approvals and the latest spend profile.	Helen Ogram	01 Apr 2024	30 Jun 2024	Actioned	<div style="width: 100%; background-color: #92d050; border: 1px solid black;"></div> 100%	✔

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






Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
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.	Caroline Newlands	01 Apr 2024	30 Apr 2024	The recommendations have been implemented and reported in the Internal Audit Follow up of recommendations report presented to Audit Committee July 2024.	<div style="width: 100%; background-color: #92d050; border: 1px solid black;"></div> 100%	✔
A17	The CIPFA 2014 Code of Practice on managing the risk of fraud will be recommended to Audit Committee for adoption.	Helen Ogram	01 Apr 2024	30 Nov 2024	2024-25 refresh of the Anti Fraud, Theft, Bribery and Corruption Strategy presented to Audit Committee July 2024. Recommendation to Committee to adopt the 2014 Code of Practice on Managing the risk of fraud.	<div style="width: 100%; background-color: #92d050; border: 1px solid black;"></div> 100%	✔
IA18	Anti-fraud plan will be reviewed and updated to capture the controls in place that cover procurement and financial processes.	Helen Ogram	1 Apr 2024	30 Nov 2024	Action not due	<div style="width: 0%; background-color: #92d050; border: 1px solid black;"></div> 0%	▶

IR06 Risk Management requires improvement

IA19	Reflect the findings from the VFM review into the drafting of the 2024-25 Risk Management Strategy.	Helen Ogram	1 Apr 2024	30 Apr 2024	2024-25 refresh of the Risk Management Strategy approved by Cabinet.	100%	✓
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IR08 The council needs to improve its procurement and contract management arrangements

Code	Title	Assigned To	Start date	Due Date	Latest Note	Progress Bar	Status Icon
IA20	Training for both officers and members on procurement and contract management will be added to the training programmes for staff and members.	Helen Ogram	1 Apr 2024	31 Jul 2024	Training added to training programmes. Procurement fraud awareness training delivered to Managers Forum July 2024. Procurement training scheduled for Audit Committee to be delivered in September 2024.	100%	✓
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.	Helen Ogram	1 Apr 2024	30 Sept 2024	This action is already embedded. New performance measures being explored for performance monitoring.	100%	✓

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
24TH JULY 2024

INTERNAL AUDIT PROGRESS REPORT JULY 2024

OPEN	
CABINET MEMBER	Councillor David Ross, Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources and s151 Officer helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Lucy Baxter Lucy.Baxter@wyreforestdc.gov.uk Lucy.Baxter@bdo.co.uk
APPENDIX	Appendix 1 Internal Audit Progress Report – July 2024

1. PURPOSE OF REPORT

- 1.1 To present the Internal Audit Progress Report attached as Appendix 1.

2. RECOMMENDATION

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

- 2.1 The Internal Audit Progress Report as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Council’s Internal Auditor (BDO) is required to provide a written status report to Senior Management and Audit Committee, summarising:
- The status of ‘live’ internal audit reports;
 - an update on progress against the annual audit plan;
 - a summary of internal audit performance, planning and resourcing issues; and
 - a summary of significant issues that impact on the Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review.

4. KEY ISSUES

- 4.1 The report attached at Appendix 1 provides an update to the Audit Committee in respect of the progress made against the Internal Audit Plans for 2023-24 and 2024-25. It reports on matters relevant to the responsibilities of members of the Audit Committee.
- 4.2 This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.
- 4.3 Detailed reports of findings, recommendations and agreed actions are available to Committee Members on request.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2015 regulation 5(1) require that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

7. RISK MANAGEMENT

- 7.1 In order to manage risk, internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.
- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 7.3 The Internal Audit service is one element of the Council’s assurance/internal control framework.
- 7.4 Key audit risks are evidenced against expected controls for all internal audit briefs to focus on risk management issues throughout the delivery of each specific audit review.

8. CONCLUSION

- 8.1 The work undertaken by the Council’s Internal Auditors (BDO) is reported within Appendix 1.

9. CONSULTEES

- 9.1 Corporate Leadership Team
- 9.2 Cabinet Member for Finance and Capital Portfolio

10. BACKGROUND PAPERS

- 10.1 Internal Audit Plan 2023-24
- 10.2 Internal Audit Plan 2024-25

INTERNAL AUDIT PROGRESS REPORT

WYRE FOREST DISTRICT COUNCIL

July 2024

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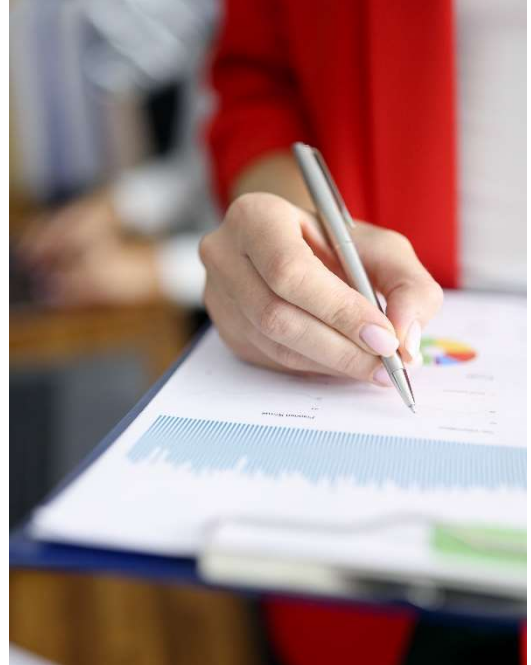
APPENDIX 1 16



SUMMARY OF INTERNAL AUDIT WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of the progress against the 2024/25 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:

- ▶ Council Tax and NNDR.

The 2023/24 Internal Audit Plan has now been completed.

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

2024/2025 INTERNAL AUDIT PLAN

As part of the 2024/25 internal audit plan, we have completed and are pleased to present the following report to the Audit Committee:

- ▶ Recruitment and Retention.

We have commenced our scoping and fieldwork of audits for the remaining 2024/25 reviews and expect to present the following reports the next Audit Committee meeting:

- ▶ Homelessness Spend.
- ▶ Depot Management.

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 NNDR	July 2024	✓	✓	✓	S	S

REVIEW OF 2024/25 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Recruitment and Retention	July 2024	✓	✓	✓	S	S
Depot Management	September 2024	✓	✓			
Homelessness Spend	September 2024	✓				
Key Financial Systems - Treasury Management	November 2024	✓				
Revenue and Benefits	November 2024	✓				
EDI Maturity	November 2024	✓				
Information Governance	November 2024	✓				
Income Generation	March 2025	✓				

COUNCIL TAX AND NNDR

CRR REFERENCE:

- ▶ 12 - INABILITY TO ENFORCE RELEVANT LEGISLATION EFFECTIVELY E.G. ENVIRONMENTAL HEALTH, LICENSING, ENVIRONMENTAL CRIM, PRIVATE SECTOR HOUSING STANDARDS, COUNCIL TAX/BENEFITS.

Design Opinion	S Substantial	Design Effectiveness	S Substantial
Recommendations	0	0	1

SCOPE

BACKGROUND

- ▶ Wyre Forest District Council (the Council) are responsible for charging and collecting Council Tax within the borough. All residential properties are allocated to a Council Tax band, set by the Valuation Office Agency (VOA) and the Council charge an annual Council Tax fee for each band. These differ between parishes. Discounts and exemptions are available to residents, where applicable, based on national legislation. For example, these are for: single person discount, students, disability, etc. The Council use the Civica Open Revenues system to manage and administer Council Tax and National Non-Domestic Rates (NNDR).
- ▶ The Council receive NNDR from commercial properties. NNDR, also referred to as Business Rates, are a tax on the occupation of non-domestic properties like shops, offices, pubs, warehouses and factories. The VOA calculates a rateable value for each commercial property. To calculate an occupier’s business rates liability a multiplier is applied to the rateable value. For properties with a rateable value over £51,000 the higher multiplier of 51.2% is used and for properties below £51,000 the lower multiplier of 49.9% is used. These multipliers have remained the same since 2020/21.
- ▶ The Council collected £69.196m in Council Tax in 2022/23, up from £65.812m collected in 2021/22, with a collection rate of 97.02% which was in line with the previous year.
- ▶ The Council collected £26.297m in NNDR in 2022/23 with a collection rate of 97.99%, which is a drop from 2021/22 which was 99.02%. This was attributed to the difficulties faced by businesses in the year.

AREAS REVIEWED

- ▶ We reviewed the Council’s relevant policies and procedures, including the Council Tax Reduction Scheme, to assess whether these were adequate, up-to-date and subject to appropriate approval.
- ▶ Assessed a sample of new Council Tax residents and NNDR customers to establish whether they had been billed correctly and in a timely manner.
- ▶ Reviewed a sample of residents and customers in arrears to assess whether the Council had taken adequate debt recovery action.
- ▶ Assessed a sample of Council Tax and NNDR debt write-offs to establish whether these were approved in accordance with the authorisation levels defined in the Revenues Debt Recovery policy.
- ▶ Reviewed a sample of residents and customers in receipt of discounts, disregards, exemptions or changes in circumstances to assess whether an application was received with sufficient evidence to support the billing amendment and that it had been applied accurately.
- ▶ We also reviewed the oversight and reporting of Council Tax and NNDR collections to assess whether it was appropriate to support effective arrangements within the Council.


AREAS OF STRENGTH


We identified the following areas of good practice:

- ▶ The Council has a Revenues Debt Recovery Policy in place, which was last updated in January 2022. This policy was developed in order to achieve efficient and effective revenue collection and sets out the recovery process to be followed by the Revenues Recovery team if required. The policy also outlines the process for issuing reminders, final notices, liability orders, and recovery following liability orders. There is also a Council Tax Reduction Scheme (CTRS) in place, which was adopted by the Council and details the scheme for the 2023-24 period from

1 April 2023. It was confirmed by the Head of Revenues, Benefits & Customer Services that there had been no changes to the Scheme for 2024-25.

- ▶ The Revenues team receive notifications from their software provider Civica in preparation for the annual billing changes. The documents were issued on 2 February 2024 for the 2024/25 annual billing process. The Systems team then request that IT implement the changes, which they do after putting the changes into a test environment prior to the live system. This ensures new rates are captured prior to the annual billing process. Therefore, annual rate/charge changes are automated through Civica system changes.
- ▶ The process for applying Council Tax discounts was reviewed and for seven residents in receipt of discounts, we found that the application for discounts, disregards and exemptions was received with sufficient evidence and the discount applied to the bill correctly. Once applied, discounts are only amended when the Council is informed of a change in circumstance, or the discount period ends e.g. student discount. We were informed by Revenue Services Manager that Single Person Discount reviews are undertaken on a cyclical basis by the Compliance Team. The National Fraud Initiative is also performed annually by the Revenues team.
- ▶ NNDR discounts are automatically assigned when the account is set up and the Valuation Office report received. Guidance from HM Government is reviewed annually by the Revenue Services Team to see if any changes have been made to rates or qualifying criteria, e.g. small business rate relief. For seven NNDR customers in receipt of discounts it was found that the discount was applied automatically and correctly, and that sufficient evidence was retained to confirm the discount/exemption.
- ▶ Five Council Tax and five NNDR aged debts were reviewed, and we found that in all cases debt recovery actions had been implemented in line with the Council’s Revenues Recovery Policy.; these included issuing reminders, issuing a summons to court, and contact with solicitors.
- ▶ There is a set of KPIs in place to monitor council tax, these are defined in the Corporate Plan priorities. Monitoring is done through quarterly Budget and Performance Reports which go to Overview & Scrutiny and Cabinet. These KPIs are new measures that were added to the quarterly report for the first time in Q3 2023/24. The figures are taken from the Financial Control Report and converted into a percentage for KPI reporting. The Council is estimated to report an improvement on Council Tax collections for 2023/24, however a downward trend for NNDR (see Appendix 1 for Council Tax KPI results and Council Tax/NNDR trend analysis).
- ▶ We reviewed the minutes for the Overview and Scrutiny Committee meetings held on 6 November 2023 and 7 March 2024 and found there is adequate oversight and reporting on Council Tax and NNDR collections. - Budget Performance Reports are produced and reported to the Cabinet on a quarterly basis, as seen at the 9 April 2024 meeting. At this meeting it was noted that collection rates at the end of the third quarter were consistent with those achieved in the previous year for Council Tax. However, the collection rates for business rates were behind those reported for the same period last year but consistent with previous years and were being closely monitored The Cabinet also has overall responsibility to endorse Council Tax limits specified by HM Government and NNDR changes annually and approve write offs over £10,000 when required. At the 13 February Cabinet meeting the decision to increase Council tax by 3% for 2024-25 was approved.

 AREAS OF CONCERN	Finding	Recommendation and Management Response
	There are no high or medium findings being raised, only one low finding regarding authorisation for write offs. The original authorisation for two write off samples could not be found; however subsequent authorisation was obtained. (Finding One - Low)	Going forward, authorisation for write offs should be securely stored for financial reporting purposes. <u>Management Response</u> We accept this recommendation and will ensure that we create a separate folder for write off authorisations. This will be monitored to ensure appropriate approval is received before write offs are actioned. Target Date: 29/05/2024

 CONCLUSION	We conclude that the Council have a Substantial design and effectiveness of controls for the collection of Council Tax and NNDR. <u>Control Design</u>
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The control design is Substantial because the Council has a sound system of internal control designed to achieve system objectives. The Council has controls in place to set, bill, apply appropriate discounts and recover council tax and NNDR. There is an overarching Council Tax Reduction Scheme policy for 2023/24 (S13A and Schedule 1a of the Local Government Finance Act 1992) and Revenues Debt Recovery policy providing directive control.

Control Effectiveness

The control effectiveness is Substantial because we found one low area of non-compliance regarding maintaining a record of write off authorisations, however subsequent authorisation was obtained.

RECRUITMENT AND RETENTION

CRR REFERENCE:

- ▶ 6 - ORGANISATIONAL CAPACITY TO DELIVER - UNABLE TO MAINTAIN SKILLED, BALANCED AND MOTIVATED WORKFORCE.

Design Opinion	S	Substantial	Design Effectiveness	S	Substantial
Recommendations	0	0	4		



SCOPE

BACKGROUND

- ▶ Recruitment refers to the practice of identifying, attracting, and appraising the suitability of applicants in order to find the best candidate for a role, with the requisite skills, at the right time and in a fair way. Retention is the practice of keeping staff happily employed within the organisation by providing a positive work environment and where possible offering progression opportunities. To avoid high turnover of staff and the associated disruption and costs that this causes, it is good practice to build a productive and happy environment for employees, allowing individuals to thrive in their roles.
- ▶ Wyre Forest District Council (the Council) has c330 employees occupying different positions; 70% of staff are full time. Currently, the Council advertises jobs on their website. Job positions require criminal record checks and safeguarding checks to be performed. The Council use the Disclosure and Barring Service (DBS) to assess applicants' suitability for positions of trust. The Council aims to comply with the DBS Code of Practice and undertakes to treat all applicants for positions fairly.
- ▶ The Council acquired a new applicant tracking system (ATS) called Tribepad in March 2024. The Human Resources (HR) Team completed a process of migrating data from the previous ATS system (Talent Link) to Tribepad. On Tribepad, all stages of the recruitment process will be completed directly through the system, besides the creation of employment contracts which is completed by HR outside the system but emailed to the candidate through the system. There were 62 new starters within the Council in the period between April 2023 to April 2024.
- ▶ The HR Team have a People and Organisation Development Strategy and Action Plan which outlines the Councils objectives with respect to recruitment and retention. The HR Team report recruitment data via a data dashboard to the Corporate Leadership Team (CLT). Metrics which are reported against include exit interviews, sickness and agency spend.

AREAS REVIEWED

- ▶ We reviewed the Recruitment and Selection Policy and the Recruitment Process for Managers guidance to confirm these were up-to-date and fit for purpose.
- ▶ We reviewed application documentation for five new starters from March 2024 to date to verify the appropriate pre-employment checks were completed.
- ▶ For these new starters, we also conducted walkthrough testing of the employment process to identify any delays in the recruitment of new starters.
- ▶ We spoke with the HR Business Improvement and Systems Officer to understand what processes are in place to understand why staff are leaving the Council. We then reviewed five leavers from April 2023 to May 2024 to confirm that an exit survey was issued to the leaver, and key learning points and the root cause of resignations were understood. which identifies the root cause for officers leaving the Council.
- ▶ We reviewed the quarterly recruitment data dashboards issued to CLT and corresponding minutes to confirm key themes and trends are identified and there is adequate scrutiny of recruitment data.



AREAS OF STRENGTH

- ▶ Pre-employment checks are conducted to confirm a candidate has a right to work in the UK and to validate the skills declared within the application. We reviewed application documentation for five candidates who entered into employment with the Council between April 2023 and May 2024. We found that in four instances, appropriate pre-employment checks have been completed and evidence has been retained on the candidate's file. In the final instance we found that pre-employment checks were not required as the candidate retired from the Council recently and returned to employment on a part time basis to support their previous Team.
- ▶ The Council outsources employment checks to external providers, including:
 - Medical Clearance - outsourced to Innovate Health Care.
 - Right to Work checks - outsourced to Trust ID.

The Council's HR team issue a link to candidates via email to complete the medical and right to works checks through the provider website/applications. We obtained the reports received from providers for each new starter reviewed and found that these were obtained by the Council for all candidates and were robust.
- ▶ The HR Team reports on recruitment data via a data dashboard and a narrative report which is submitted to CLT quarterly. The HR Business Improvement and Systems Officer extracts data from other systems within the Council to report against the following metrics:
 - Exit surveys/interviews - extracted from Exit Survey forms retained within a shared folder.
 - Sickness absence data - extracted from Chris 21.
 - Agency Spend data - OPUS send a monthly report summarising spent to date.

The HR and Organisation Development Manager reviews the data and provides narrative to explain key themes and trends behind the figures reported.
- ▶ We reviewed the recruitment data reports issued to CLT October 2023 and April 2024. The reports included data on exit survey responses, sickness and agency spend. We found that staff sickness data was robust with explanation provided for variances in the period and benchmarking against national data. This provided the CLT with a detailed understanding of the Council's current position and good performance in comparison to national statistics. For example, in 2023/24 quarter two the report issued to CLT stated:
 - WFDC absence days - 1.33 days and overall sickness absence WFDC = 2.05%.
 - UK employees absence on average of 7.8 days over past year which is the highest level reported in over a decade and two days more than pre-pandemic rate of 5.8.
 - External factors such as covid pandemic and cost of living crisis has had a profound effect on many people's wellbeing.
- ▶ The People and Organisation Development Strategy 2023-25 outlines the Council commitment to focus on people and identify actions that need to be taken to develop and maintain a skilled, balance and motivated workforce. The strategy contains seven priorities outlined below:
 - Recruitment and retention.
 - Growing out future workforce.
 - Culture and leadership development.
 - Health and wellbeing.
 - Diversity and inclusion.
 - Behaviours and culture.
 - Delivering the HR Service.
- ▶ For each priority, the Council identified an objective, and has outlined key actions to achieve this, as well as detailing how success will be measured. The completion of actions is monitored by the HR Team at monthly team meetings. The HR Organisational and Development Manager reports the progress of completion actions to the CLT on a quarterly basis and the Group Leaders every six months (membership of Group Leaders consists of Leads of different political parties within the Council). We reviewed the People and Organisation Development Strategy Action Plan and found that progress has been made to achieve objectives. However, the Council have not developed recruitment key performance indicators (KPIs) (see finding four for further detail).
- ▶ We identified the Council have made progress against the following actions for the recruitment and retention priority:


ACTION	PROGRESS THE COUNCIL HAVE MADE TO IMPLEMENT ACTION (JAN 24)
Work with managers to develop strategies for target markets Aim: That there is an increasingly diverse workforce compliment and that we can report and identify where our candidates are coming from to inform our recruitment/advertising activities.	<ul style="list-style-type: none"> • Reviewing job adverts, ensuring they highlight our employment offer, commitment as a diverse employer, benefits etc. • Exploring potential accreditations to strengthen our positioning within the job market and underpinning our aspirations to be an 'employer of choice'. • Conducting an analysis of applicants from existing recruitment websites to determine return on investment in terms of volume, quantity of candidates and conversion to offer.
Actively promote the employment offer Aim: That WFDC is considered an employer of choice and staff recommend to family, friends etc.	<ul style="list-style-type: none"> • Enhancing the onboarding and pre-onboarding processes to minimize the time between acceptance and the start date. Utilising Trust ID and Tribepad for a streamlined approach.

 AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>Recruitment Timescales - The Council has not set target recruitment timescales and does not review average application timeframes to ensure that the process is efficient, ensuring quality candidates are obtained and retained (Finding One - Low).</p>	<ol style="list-style-type: none"> The Recruitment and Selection Policy should be updated to include target timescales for each stage of the recruitment process. The HR team should review recruitment timescales on a regular basis and investigate the reasons for deviations from the timeframes established in the recruitment process guidance documents. Trends in recruitment delays should be identified and actions should be developed to improve these timescales. Recruiting Managers should record reasons for recruitment delays within Tribepad which should be monitored by the HR team and the appropriate team should be challenged on the reason for these delays. <p><u>Management Response</u></p> <ol style="list-style-type: none"> Agreed, review was delayed due to the Tribepad implementation and now in place the policy will be updated asap. The next JNCC this can be signed of at will be 08.10.2024 Agreed, recruitment process guidance documents will be updated in line with policy review and implications of system implementation. Agreed, delays are usually as a result of factors outside of HR control i.e. reference or DBS delays, managers timescales etc but recording reasons will provide context and identify any issues and/or trends. Agreed, manager self-service training on Tribepad will commence shortly and it will be a requirement for recruiting managers to record this information - as an interim

		<p>measure HR staff will record this where possible.</p> <p>Target Date: 31 December 2024</p>
	<p>Policies and Processes - The Recruitment and Selection Policy has not been reviewed since 2010 and the Recruit Process Guidance document has not been reviewed since 2017. Both documents require update to ensure that they reflect of the recruitment process following the implementation of the new ATS Tribepad (Finding Two - Low).</p>	<p>a. The HR and Organisation Development Manager should review and update the Recruitment and Selection Policy to clearly outline roles and responsibilities of Recruitment Managers. This Policy should then be shared with the Heads of Service and be uploaded onto the intranet.</p> <p>b. The HR and Organisation Development Manager should review and update the Recruitment Process Guidance. This should then be incorporated within the Recruitment and Selection Policy and include updated timescales for each stage of the recruitment process. This should be shared with Heads of Services and uploaded onto the intranet.</p> <p><u>Management Response</u></p> <p>a. Agreed, policy review will be asap but for sign off at next JNCC on 08.10.2024</p> <p>b. Agreed, already do so and will continue to do so following the review.</p> <p>Target Date: 31 December 2024</p>
	<p>Exit Surveys - Our review of five leavers identified two instances where an exit survey was not completed. Additionally, the Council does not proactively engage leavers to complete interviews or surveys resulting in a low response rate (Finding Three - Low).</p>	<p>a. To increase the engagement from leavers and improve the completion rates for exit interviews and questionnaire by sending chaser emails to staff if they have not completed the questionnaire within two weeks of issue (see Appendix I for benchmarking on exit surveys).</p> <p>b. To develop a formal approach for completing exit interviews which is designed to retain staff and consider whether staff should be encourage or incentivised to complete the exit interview to increase the uptake.</p> <p>c. For exit survey and interview response data, lessons learnt should be identified and shared with the CLT quarterly.</p> <p><u>Management Response</u></p> <p>a. The Exit questionnaires have been reviewed to enhance the feedback received and will now be sent and managed via SurveyMonkey - considering the best way to send reminder emails to staff if they have not responded to the original request at 1 and 3 week intervals.</p> <p>b. To be considered. There is already informal approaches/discussions with staff that WFDC may wish to retain and some concerns regarding incentivisation - will consult with CLT to establish a Corporate view/approach.</p>

	<p>c. This already happens but is delivered verbally. Will consider how best to capture this moving forward.</p> <p>Target Date: 31 December 2024</p>
	<p>Reporting - We reviewed the Quarter 3 CLT meeting minutes and identified that members raised concerns on the conclusions drawn from recruitment and retention data (Finding Four - Low).</p> <p>a. The HR team should agree with CLT members the best approach and KPIs for reporting recruitment data to ensure adequate conclusions can be drawn from the data.</p> <p>b. The HR team should review the system functionality to producing recruitment monitoring data such as time to hire and vacancy data. These requirements should be factored into the procurement of an integrated HR system.</p> <p><u>Management Response</u></p> <p>a. Agreed, the development of KPI's was delayed to enable CLT to form a view following the regular reporting and data introduced in year one of the People & Organisation Development (POD) Strategy as to what they may wish to measure. Whilst we report on the areas identified we have not developed KPI's and will look to do so in Year two of the POD.</p> <p>b. Agreed, this is one of our primary criteria for the new HR/Payroll system. We have explored this during 'demos' with various providers to establish system reporting functionality and how this can be presented and/or manipulated.</p> <p>Target Date: 31 December 2024</p>

 <p>CONCLUSION</p>	<p>We concluded that the Council have Substantial design of controls and a Substantial effectiveness of controls for Recruitment and Retention.</p> <p><u>Control Design</u></p> <p>The control design was Substantial because there was a sound system of internal control designed to achieve system objectives. We have raised a Low finding regarding minor instances of delays within the recruitment process and we found that the Council does not adequately monitor the timeliness of recruitment to ensure the process is efficient.</p> <p>Furthermore, whilst the Council have migrated to Tribepad, the HR Team are in the early stages of establishing the systems functionality in regard to generating performance reports such as time to hire date. Additionally, the Recruitment and Selection Policy is out of date and broadly reflective of the recruitment process.</p> <p><u>Control Effectiveness</u></p> <p>The control effectiveness was Substantial because controls that are in place were consistently applied. Review of new starter documentation identified that in all cases the appropriate pre-employment checks were completed where required. Additionally, the People and Organisation Development Strategy clearly identifies the Councils objectives for Recruitment and Retention and is monitored through key strategic groups including CLT and Group Leaders.</p>
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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.

ARE WE IN THE AGE OF THE LATCO?

NORSE GROUP CHIEF EXECUTIVE JUSTIN GALLIFORD BELIEVES THAT A TRADING COMPANY OFFERS THE BEST OF ALL WORLDS.

Almost one in five council leaders and chief executives in England surveyed by the Local Government Association think that across the country, councils are struggling to maintain services in the face of relentless cost increases, skills shortages and rising demand on services. There have been several reports in the media about the financial pressures faced by local authorities and it seems to me that a lack of certainty in an election year only adds to the challenge.

It is perhaps no surprise that there is increasing interest in local authority trading companies. They can give councils all the benefits of insourcing: control over services; direct employment of staff, in a more commercial environment; and they are popular - poll after poll has shown that residents prefer frontline services to be provided by their council rather than the private sector.

Crucially, and unlike a traditional direct labour organisation, they also offer the opportunity to create a more commercial culture, with greater operational efficiency and the ability to trade externally and develop revenue streams. Profits are returned to council coffers rather than private shareholders, helping to close the funding gap and protect public services.

At a time of great uncertainty over the funding of services, perhaps the greatest benefit is the flexibility to bring in changes - such as reducing waste collection frequencies - without the need to renegotiate contracts, and without the penalty of variation charges. As new regulations come in, which will require changes to vehicles and service configuration, and with continuing pressure to achieve net zero, this ability to re-engineer and innovate will become even more important.

<https://www.publicfinance.co.uk/sponsored-articles/2024/03/are-we-age-latco>

FOR INFORMATION

For the Audit Committee Members and Executive Directors

OFLOG CAN ACT AS 'BIG BROTHER' TO PEER CHALLENGE

OFLOG COULD 'STEP IN' WHEN LOCAL AUTHORITIES DO NOT ADHERE TO THE RECOMMENDATIONS OF THE LOCAL GOVERNMENT PEER CHALLENGE

The Office for Local Government (Oflog) could "step in" when councils do not adhere to corporate peer challenge recommendations, the chair of the Local Government Association's (LGA) innovation and improvement board has said.

The LGA's peer challenge involves a team of senior local government councillors and officers undertaking a review of key finance, performance and governance information. A report outlining key findings and recommendations is shared with the council, which it is required to publish alongside an action plan. However, the LGA cannot enforce any recommendations.

The LGA noted that 'most of the time' councils act on the advice received through the peer challenge but where authorities do not accept the recommendations, the LGA lack the ability to 'make people do things they do not want to do'.

The Chair of the District Councils' Network's Executive Group supported the proposal, saying, "There is absolutely a space for Oflog in terms of that coercive nature of [saying] if you don't sort it out constructively, we'll bring our big brother into the ring, who might just help persuade you because they've got a regulatory function".

Oflog can act as 'big brother' to peer challenge | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))

FOR INFORMATION

For Audit Committee Members and Executive Directors

LEVELLING UP PROJECTS SEE 'ASTONISHING' DELAYS

PROJECTS PAID FOR THROUGH LEVELLING UP FUNDING POTS HAVE FACED HUGE DELAYS AND THE GOVERNMENT DOES NOT PLAN TO EVALUATE THEIR LONG-TERM SUCCESS, DESPITE THE FACT IT WAS SUPPOSED TO BE A FLAGSHIP POLICY, MPS HAVE SAID.

The Public Accounts Committee found that, as of December 2023, only £3.7bn of the £10.5bn supposed to be spent by 2025-26 had been given to councils and less than half of this (£1.2bn) had actually been spent. The Department for Levelling Up, Housing and Communities told the committee that delays have arisen because of Covid-19 disruptions and higher-than-expected inflation.

However, the committee said potentially more impactful projects lost out to 'shovel-ready' alternatives - and even these have not been delivered. "The levels of delay that our report finds in one of [the] government's flagship policy platforms is absolutely astonishing," said PAC chair Dame Meg Hillier. "The vast majority of levelling up projects that were successful in early rounds of funding are now being delivered late, with further delays likely baked in. DLUHC appears to have been blinded by optimism in funding projects that were clearly anything but 'shovel-ready', at the expense of projects that could have made a real difference".





The committee also expressed concern over transparency, with rules changing while bids were being assessed (changes that councils were not told about in advance), meaning 55 councils wasted much-needed public resources on making bids that stood no chance of winning funding in that round. In its report, the PAC said DLUHC is "playing catch up" in its evaluation efforts, and MPs said they are worried that the evaluation will not cover the long term.

<https://www.publicfinance.co.uk/news/2024/03/levelling-projects-see-astonishing-delays>

FOR INFORMATION





For the 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	<p>We have now finalised eight 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.</p> <p>We have received two survey responses which have provided an overall average rating of 4.8 out of 5. This is 0.2 higher than the average across our clients. We will continue to remind auditees to complete the survey and will report on results at future Audit Committee meetings.</p>	
Completion of audit plan	<p>All reviews for the 2023/24 plan were underway by February 2024. We completed the plan on 30 May 2024 when the final report for the Council Tax and NNDR audit was issued.</p> <p>The 2024/25 plan has now been fully scoped and all terms of reference have been issued. We have already completed the first review and two more are underway, with the reports on track to be presented to the Audit Committee in September. As per the schedule on page four of this paper, all reviews should be completed and presented to the Audit Committee by the end of March 2025.</p>	

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:

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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
24TH JULY 2024

INTERNAL AUDIT FOLLOW UP REPORT JULY 2024

OPEN	
CABINET MEMBER	Councillor David Ross, Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources and s151 Officer helen.ogram@wyreforestdc.gov.uk
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APPENDIX	Appendix 1 Internal Audit Follow Up Report – July 2024

1. PURPOSE OF REPORT

- 1.1 To present the Internal Audit Follow Up of Recommendations Report attached as Appendix 1.

2. RECOMMENDATION

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

- 2.1 **The Internal Audit Follow Up of Recommendations Report as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Council’s Internal Auditor (BDO) is required to provide a written report to Senior Management and Audit Committee, summarising the status of implementation of recommendations arising from reports issued.

4. KEY ISSUES

- 4.1 The report attached at Appendix 1 provides an update to the Audit Committee in respect of the progress made in implementing recommendations arising from reports issued. It reports on matters relevant to the responsibilities of members of the Audit Committee.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2015 regulation 5(1) require that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

7. RISK MANAGEMENT

- 7.1 In order to manage risk, internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.
- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 7.3 The Internal Audit service is one element of the Council’s assurance/internal control framework.
- 7.4 Key audit risks are evidenced against expected controls for all internal audit briefs to focus on risk management issues throughout the delivery of each specific audit review.

8. CONCLUSION

- 8.1 The status of implementation of recommendations arising from reports issued by the Council’s Internal Auditors (BDO) is reported within Appendix 1. There are no overdue recommendations.

9. CONSULTEES

- 9.1 Corporate Leadership Team
9.2 Cabinet Member for Finance and Capital Portfolio

10. BACKGROUND PAPERS

- 10.1 Internal Audit Plan 2023-24
10.2 Internal Audit Plan 2024-25

INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

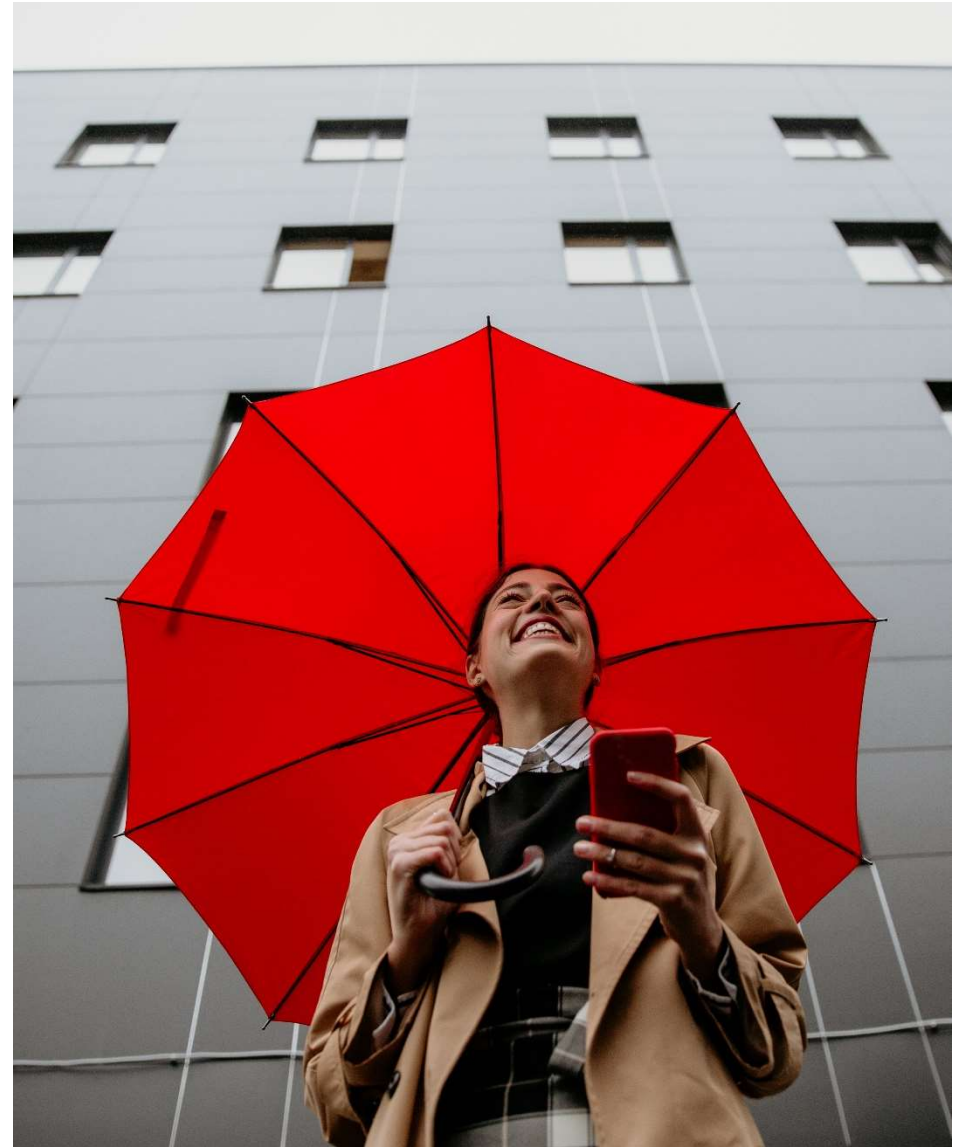
WYRE FOREST DISTRICT COUNCIL

July 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	2	0	0	0	0	0	2
General Controls and Access	6	0	2	4	2	0	1	0	0	0	0	0	1
Risk Management	6	1	3	2	4	0	0	0	0	0	0	1	3
Accounts Receivable and Debt Recovery Procedures	4	0	3	1	3	0	0	0	0	0	0	0	3
Cyber Security	3	0	3	0	3	0	0	0	0	0	0	0	3
Total	24	1	15	8	16	0	3	0	0	0	0	1	12

SUMMARY

2023/2024

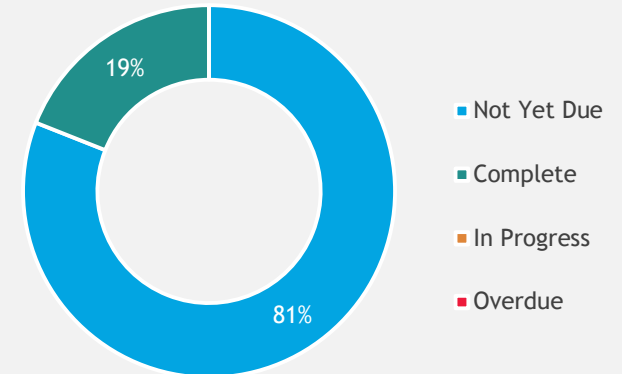
Please find below a summary of the status of implementation of recommendations arising from reports issued in July 2024.

- ▶ Two medium recommendations (Governance and Ethics) have been completed since the last Audit Committee and removed from the follow up tracker.
- ▶ One high and 15 medium recommendations (Governance and Ethics, General Controls and Access, Risk Management, Accounts Receivable and Cyber Security) remain not yet due. Of these, three fall due at the end of July 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.

July 2024 Cumulative implementation



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
Governance and Ethics	<p>a. In light of the exceptions identified in relation to declarations of interests, the Chair of the Council should reiterate to Councillors their responsibilities to declare all relevant interests and the consequences of not doing so.</p> <p>b. To ensure declaration forms are complete, the form template should be updated to include the following:</p> <p style="padding-left: 20px;">i. Examples of each Disclosable Pecuniary Interest and Other Registrable Interests</p> <p style="padding-left: 20px;">ii. A reference to the LGA guidance which outlines what should be disclosed, the timescales for doing so and consequences of not.</p> <p>c. To ensure all declaration of interest forms are returned within 28 days of Members being elected/re-elected to office, Members should be prevented from sitting on committee meetings until their return has been submitted. This should be implemented for Councillors in the new municipal year and should be communicated to all Members on being elected and included on the declaration form itself.</p>	Medium	Solicitor to the Council	Complete	<p><i>Internal Audit Comments:</i></p> <p>a. <i>The Chairman of the Council was instructed by the Solicitor to the Council to remind members of the importance of them ensuring that their Register of Interest is kept up to date during the upcoming municipal year. In particular that all changes to disclosable pecuniary interests are updated within 28 days and that breach is a criminal offence. Members were reminded that if any member have any queries to contact the Monitoring Officer for assistance. We viewed the webcast of the Council meeting held on 15 May 2024 and confirmed that the Chairman did read out this statement at the start of the meeting.</i></p> <p>b. <i>We have been provided with a copy of the updated Register of Members Interests Form, which we can confirm now includes examples of Disclosable Pecuniary Interests and Other Registerable Interests as well as a link to the LGA guidance. We can therefore confirm that this recommendation has been completed.</i></p> <p>c. <i>Section 14 Code of Conduct within the Constitution was updated in May 2024 to include confirmation that members of a regulatory committee may not sit as voting members if they have not undertaken mandatory training for that committee and/or if they have not completed their register of interests. We confirmed that this wording is included in the Constitution currently available to view on the Council's website and therefore this recommendation has been sufficiently actioned by the Council as far as possible prior to new members joining the Council following the next election. We have therefore marked this recommendation as completed.</i></p>
Governance and Ethics	<p>a. The Council's gift and hospitality guidance should be updated to outline the declaration process and where the declaration form can be located. This</p>	Medium	Solicitor to the Council	Complete	<p><i>Internal Audit Comments:</i></p> <p>a. <i>The Council's Register of Members Interests form has been updated to include a section on the limit above which gifts and hospitality need to be declared and where this form can</i></p>

should also be included or signposted in the Induction training provided to new Councillors.

- b. The gifts and hospitality declaration form should be updated to include a field to document the date the gift/hospitality was received/offered. We have provided an example of a form we have seen elsewhere in Appendix I.
- c. The Gifts and Hospitality Register held on the Council's website should be updated at least on a bi-annual basis and the date of the update should be documented on the webpage. This should be performed even if there have been no declarations in the period, for Transparency.

be found. Members are encouraged to contact the Monitoring Officer for further information. We can therefore mark this recommendation as completed.

- b. We have obtained a copy of the updated Gifts and Hospitality declaration form and can confirm that this now includes a specific prompt for the member to document the date that the gift/hospitality was received/offered. We can therefore mark this recommendation as completed.*
- c. We have seen that the Gifts & Hospitality Register was last updated on 25 March 2024. This action has therefore been completed.*

FOR MORE INFORMATION:

GURPREET DULAY

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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
24TH JULY 2024

INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE 2023-24

OPEN	
CABINET MEMBER	Councillor David Ross, Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources and s151 Officer helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Gurpreet Dulay Gurpreet.Dulay@bdo.co.uk
APPENDIX	Appendix 1 Internal Audit Annual Report and Annual Statement of Assurance 2023-24

1. PURPOSE OF REPORT

- 1.1 The report provides a summary of the work undertaken by the Council's internal auditor (BDO) over 2023-24 and provides an overview of the effectiveness of the controls in place for the full year.

2. RECOMMENDATION

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

- 2.1 The performance of Internal Audit against the 2023-24 Internal Audit Plan.
- 2.2 That Internal Audit have evaluated the effectiveness of the Council's risk management, control and governance processes, considering public sector internal auditing standards or guidance, the results of which can be used when considering the internal control environment and the Annual Governance Statement for 2023/24.
- 2.3 The Head of Internal Auditor's moderate assurance, year-end opinion, that the Council's framework for governance, risk management and internal control is sound and working effectively for 2023-24 based on the work undertaken and management responses received.

3. BACKGROUND

- 3.1 The Public Sector Internal Audit Standards define the scope of the annual report on internal audit activity. The annual report should include an

assessment as to the extent to which compliance with the Standards has been achieved. This annual report provides an internal audit opinion that can be used by the Council to inform its governance statement as part of the wider framework of assurances considered. The annual internal audit opinion concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control and incorporates a summary of the work in support of the opinion and a statement on conformance with the PSIAS. This is in accordance with the requirements of the 2015 Accounts and Audit Regulations.

4. KEY ISSUES

- 4.1 The report attached at Appendix 1 provides a summary of the internal audit work undertaken by BDO as the Council's Internal Auditors. It provides the Head of Internal Audits 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. It reports on matters relevant to the responsibilities of members of the Audit Committee.
- 4.2 Overall, the Council's Internal Auditors are able to provide Moderate Assurance that there is a sound system of internal controls, designed to meet the Council's objectives and that controls are being applied consistently across various services.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2015 regulation 5(1) require that:
- “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

7. RISK MANAGEMENT

- 7.1 In order to manage risk, internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.
- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.

7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.

7.4 Key audit risks are evidenced against expected controls for all internal audit briefs to focus on risk management issues throughout the delivery of each specific audit review.

8. CONCLUSION

8.1 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. The Internal Audit reviews have resulted in positive opinions and staff have been engaged and proactive in this work.

9. CONSULTEES

9.1 Corporate Leadership Team

9.2 Cabinet Member for Finance and Capital Portfolio

10. BACKGROUND PAPERS

10.1 Internal Audit Plan 2023-24

10.2 Internal Audit Progress Reports

INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE - FINAL

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).

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 two with substantial assurance over both design and effectiveness of controls (Planning Services and Council Tax and NNDR), 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.
- 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>Key findings</p> <ul style="list-style-type: none"> • Councillor Training Attendance - We reviewed the training schedule, content and attendance records for essential Councillor training and identified that: <ul style="list-style-type: none"> ○ 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. ○ 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. ○ The induction training does not include content on Member’s responsibilities and does not signpost towards the applicable responsibilities section included in the Constitution. • Gifts and Hospitality - 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

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"> • Council and Committee Performance Self-Assessment - The Council has not completed a performance evaluation on the effectiveness of the Council itself, or its Committees, using internal assessment or external feedback.
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"> 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. 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.
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"> Approximately 6% of the Council’s IT estate was not shown as being visible within Crowdstrike, the Council’s antivirus platform. Although the Council has completed a penetration test, we found that there are still 18 high risk vulnerabilities that have not been closed. 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.

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 was 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"> • 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. • 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.
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"> 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. 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). 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. 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.
Council Tax and NNDR	-	-	1	Substantial	Substantial	<p>The purpose of this audit was to provide assurance over procedures for setting, billing and recovering Council Tax and NNDR. The control design was substantial because the Council has a sound system of internal control designed to achieve system objectives. The Council has controls in place to set, bill, apply appropriate discounts and recover council tax and NNDR. There is an overarching Council Tax Reduction Scheme policy for 2023/24 (S13A and Schedule 1a of the Local Government Finance Act 1992) and Revenues Debt Recovery policy providing directive control. The control effectiveness was substantial because we found one low area of non-compliance regarding maintaining a record of write off authorisations, however subsequent authorisation was obtained.</p>

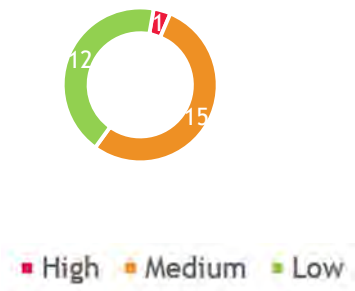
SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

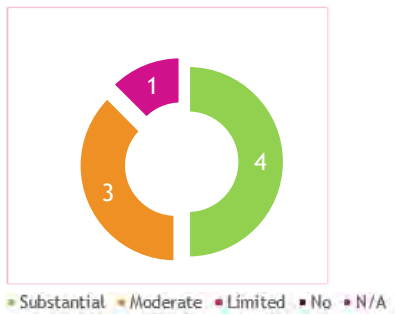
2023-24

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

In 2023/24 four 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 we 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.



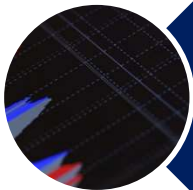
GOVERNANCE & STRUCTURES

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.



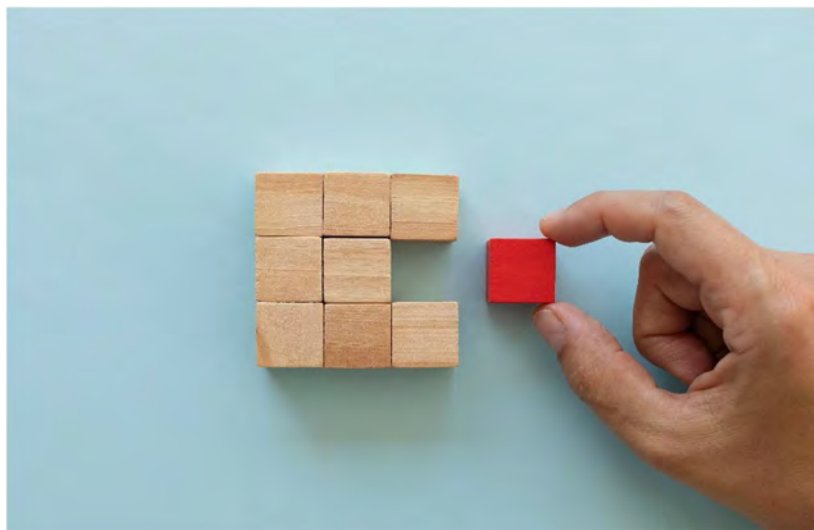
STRATEGIES & POLICIES

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 of the Council's actual arrangements, notably the General Controls and Access and Accounts Receivable.



CYBER

There are 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.

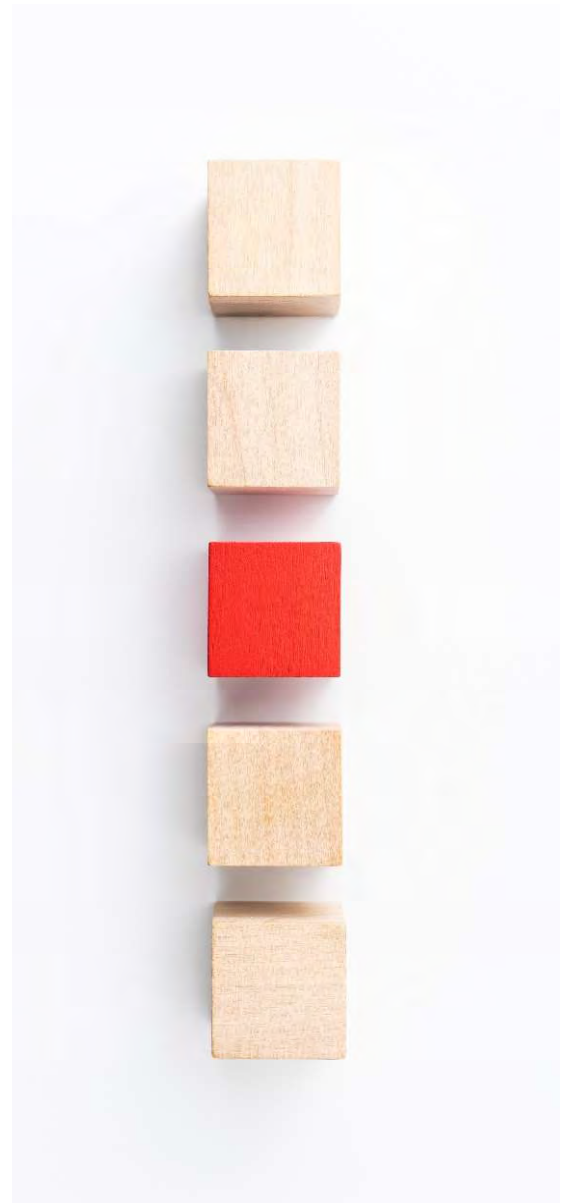
Report by BDO LLP to Wyre Forest District Council

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
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. 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.	
Quality of Work	<p>We have now finalised eight 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.</p> <p>We have received two survey responses which have provided an overall average rating of 4.8 out of 5. This is 0.2 higher than the average across our clients. We will continue to remind auditees to complete the survey and will report on results at future Audit Committee meetings.</p>	
Completion of audit plan	<p>All reviews for the 2023/24 plan were underway by February 2024. We completed the plan on 30 May 2024 when the final report for the Council Tax and NNDR audit was issued.</p> <p>The 2024/25 plan has now been fully scoped and all terms of reference have been issued. We have already completed the first review and two more are underway, with the reports on track to be presented to the Audit Committee in September. As per the schedule on page four of this paper, all reviews should be completed and presented to the Audit Committee by the end of March 2025.</p>	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	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.
Moderate - Significantly meets expectations	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.
Limited - Partly meets expectations	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.
No - Does not meet expectations	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
 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 noncompliance 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	
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

Gurpreet.Dulay@bdo.co.uk

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WYRE FOREST DISTRICT COUNCIL**Audit COMMITTEE****24 July 2024****Complaints to the Local Government and Social Care Ombudsman 2023-24**

OPEN	
RESPONSIBLE OFFICER:	Chief Executive
CONTACT OFFICER:	Lucy Wright, Ext. 2948 lucy.wright@wyreforestdc.gov.uk
APPENDICES:	Appendix A - Definition of decision terms Appendix B - Local Government & Social Care Ombudsman Annual Review Letter 2024 Appendix C - Corporate complaints data 2023-24

1. PURPOSE OF THE REPORT

- 1.1 To report the outcome of complaints to the Local Government and Social Care Ombudsman in accordance with Council policy for the period of 1st April 2023 to 31st March 2024.
- 1.2 This report also includes a summary of corporate complaints received during 2023-24.

2. RECOMMENDATION

The Committee is asked to DECIDE that:

- 2.1 This report is noted.

3. BACKGROUND

- 3.1 The Council's Corporate Complaints Procedure provides a two-stage approach for handling of customer complaints. If resolution through this process is not possible, the complainant can contact the independent Local Government and Social Care Ombudsman.
- 3.2 The Ombudsman's role is to consider whether 'injustice' has been caused by shortcomings in the administrative actions of the Council. He examines what the Council has done compared with its legal obligations, the requirements of its own policies and procedures and of good administrative practice.

- 3.3 Members of the public may contact the Ombudsman directly. However, complainants who do so are always encouraged to resolve a grievance at a local level.

4. KEY ISSUES

Analysis of Complaints decided by the Ombudsman

- 4.1 The letter outlining the summary of the Ombudsman’s investigations into complaints decided in 2023-24 was issued on 17 July. Explanations for the terms used to describe the different types of Ombudsman decisions can be found in Appendix A and the Local Government & Social Care Ombudsman Annual Review Letter 2024 can be found in Appendix B.
- 4.2 A summary of stage 1 and stage 2 corporate complaints received during 2023-24 can be found in Appendix C.
- 4.3 The table below summarises the results of the Ombudsman’s investigations into complaints decided in 2023-24 for Wyre Forest District Council. Of the seven complaints referred to the Ombudsman, 2 were given advice, 3 were closed after initial enquiries and 2 were investigated.

Reference	Category	Decided	Decision	Decision Reason
22010945	Environmental Services & Public Protection & Regulation	17/05/2023	Advice given	Previously considered and decided
23001847	Housing	12/05/2023	Advice given	Signpost - go to complaint handling
23003439	Benefits & Tax	19/07/2023	Closed after initial enquiries	Not warranted by alleged fault
23003820	Planning & Development	11/07/2023	Closed after initial enquiries	Not warranted by alleged fault
23016443	Planning & Development	08/03/2024	Closed after initial enquiries	Not warranted by alleged fault
23012466	Housing	09/11/2023	See paragraph 4.4	See paragraph 4.4
23015700	Benefits & Tax	08/01/2024	Awaiting outcome of investigation	

- 4.4 One case was investigated (reference 23012466) and resulted in the Ombudsman finding fault causing injustice relating to a priority banding complaint on Home Choice Plus from September 2023. The Council has apologised to the complainant, issued reminders to the team, and paid the complainant £250 compensation. This is not included in the annual report for 2023-24 and will feature in the Ombudsman’s annual report for 2024-25 as the decision was notified only in June but members are being provided with information in this report.
- 4.5 The outcome of case 23015700 relating to Benefits & Tax should be known by the end of July and will feature in the annual report for 2024-25.

5. FINANCIAL IMPLICATIONS

- 5.1 None.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Section 5 & Section 5A of Local Government and Housing Act 1989 create a responsibility for the Monitoring Officer to report where there is a finding of maladministration (which now includes where there is a local settlement). There were no occasions where the Monitoring Officer was required to prepare reports during the year 2023-24.

7. RISK MANAGEMENT

- 7.1 None.

8. CONSULTEES

- 8.1 Corporate Leadership Team.
8.2 Councillor Marcus Hart, Leader of the Council and Cabinet Member for Strategy.

9. BACKGROUND PAPERS

- 9.1 None

Definition of Decision Terms by the Local Government and Social Care Ombudsman

- **Upheld:** These are complaints where we have decided that an authority has been at fault in how it acted and that this fault may or may not have caused an injustice to the complainant, or where an authority has accepted that it needs to remedy the complaint before we make a finding on fault. If we have decided there was fault and it caused an injustice to the complainant, usually we will have recommended the authority take some action to address it.
- **Not upheld:** Where we have investigated a complaint and decided that a council has not acted with fault, we classify these complaints as not upheld.
- **Advice given:** These are cases where we give advice about why LGSCO would not look at a complaint because the body complained about was not within the LGSCO's scope or we had previously looked at the same complaint from the complainant, or another complaints handling organisation or advice agency was best placed to help them.
- **Closed after initial enquiries:** These complaints are where we have made an early decision that we could not or should not investigate the complaint, usually because the complaint is outside LGSCO's jurisdiction, and we either cannot lawfully investigate it or we decide that it would not be appropriate in the circumstances of the case to do so. Our early assessment of a complaint may also show there was little injustice to a complainant that would need an LGSCO investigation of the matter, or that an investigation could not achieve anything, either because the evidence we see shows at an early stage there was no fault, or the outcome a complainant wants is not one we could achieve, for example overturning a court order.
- **Incomplete/invalid:** These are complaints where the complainant has not provided us with enough information to be able to decide what should happen with their complaint, or where the complainant tells us at a very early stage that they no longer wish to pursue their complaint.
- **Referred back for local resolution:** We work on the principle that it is always best for complaints to be resolved by the service provider wherever possible. Furthermore, the Local Government Act 1974 requires LGSCO to give authorities an opportunity to try and resolve a complaint before we will get involved. Usually, we tell complainants how to complain to an authority and ask them to contact it directly. In many instances, authorities are successful in resolving the complaint and the complainant does not recontact us.

17 July 2024

By email

Mr Miller
Chief Executive
Wyre Forest District Council

Dear Mr Miller

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their council.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues across the local government sector to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic. This year, we also provide the number of upheld complaints per 100,000 population.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 24 July 2024. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service and we encourage you to adopt the Code without undue delay. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations in future.

Our successful complaint handling training programme continues to develop with new modules in Adult Social Care and Children's Services complaint handling available soon. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

We were pleased to deliver an online complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact

and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Amerdeep Somal', followed by a horizontal line.

Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Wyre Forest District Council
For the period ending: 31/03/24

Complaints upheld

The Ombudsman carried out no investigations in this period

Compliance with Ombudsman recommendations

No recommendations were due for compliance in this period

Satisfactory remedies provided by the authority

The Ombudsman did not uphold any complaints in this period

Corporate Complaints Annual Performance 2023-24

Introduction

The information below gives an overview of the authority's performance in respect of complaints. The data outlines the complaints received between 1 April 2023 and 31 March 2024. In 2023-24 the Council received 46 complaints. This compares with 27 during 2022-23. The total customer contact recorded via the hub customer service team for 2023-24 was 46,526. This was 6,057 visitors, 36,021 telephone calls and 4,448 emails.

Background

In February 2024 the Local Government and Social Care Ombudsman (LGSCO) issued all Local Authorities with a 'complaint handling code'. This was issued under the LGSCO powers to provide 'guidance about good administrative practice' to organisations under section 23 (12A) of the Local Government Act 1974.

The new code will not come into effect until 2026-27 however there is an expectation that all Local Authorities will use the code as soon as possible. The new code includes completing an annual self-assessment against the 'code', carrying out qualitative and quantitative analysis of complaint performance and reporting service improvements made as a result of learning from the complaints. There is a requirement to publish results on the website, including the annual Ombudsman letter that will include individual Council's performance.

The benefits of an effective and efficient complaint process is:

- Good complaint handling promotes positive relationships between organisations and service users.
- Complaints allow an issue to become resolved before it becomes worse.
- Involvement in complaint resolution develops staff ownership, decision making and engagement.
- Complaints provide senior staff with essential insight into day-to-day operations, allowing them to assess effectiveness and drive a positive complaint handling culture.
- Data collected about complaints can be analysed to look for common themes and used to inform key business decisions to drive improvement in service provision.
- Enables us to be a transparent organisation and drive a culture of learning from the complaints we receive.

The Council's 'Let Us Know' complaints process has two stages:

Stage 1 – Complaints received are sent to the relevant service manager to be investigated and responded to.

Stage 2 – If the complainant is not satisfied with the outcome of their stage 1 complaint the matter is referred to a senior manager to review the case and provide a full response. If the complainant remains dissatisfied, they can refer their case to the LGSCO.

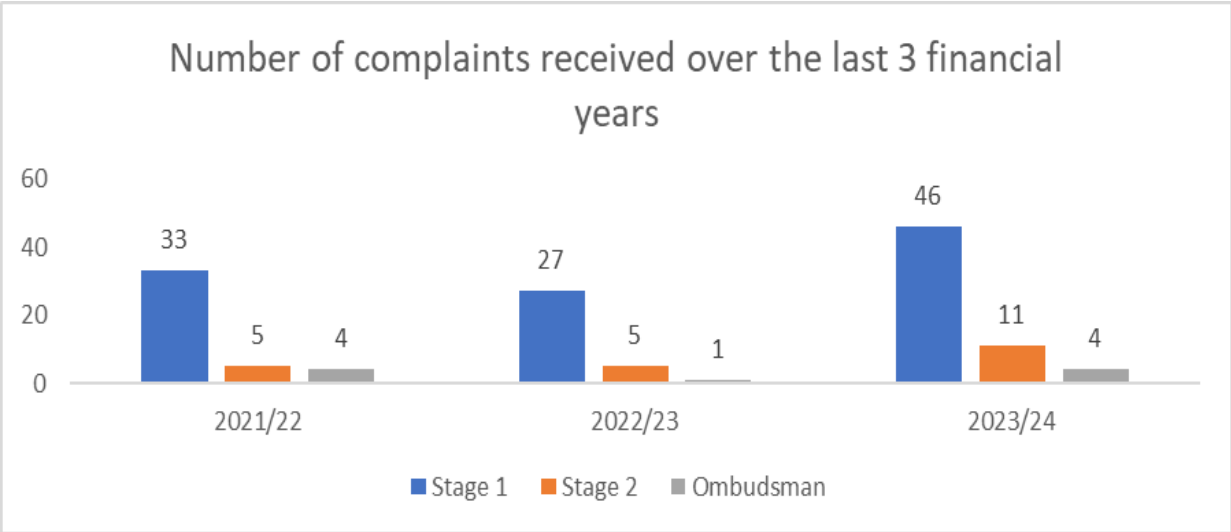
The 'Let us know' process has been reviewed and no significant changes are required to comply with the LGSCO code. A presentation was shown to all managers to encourage the culture change across the organisation to enable complaints to be seen as an opportunity to learn from them and drive forward service improvements. Executive Support Officers continue to be the central team to record all complaints received. A quick link on the intranet has been set up for managers to capture complaints they deal with in their daily roles.

There is no informal complaint process therefore an increase in the number of complaints recorded is expected from 1 April 2024. The revised process will allow more detailed reporting including the outcome of complaints, lessons learnt and any service improvements made as a result of customer complaints. Compliments are now also being recorded and this data will be reported annually.

Performance summary

In 2023-24, we received a total of 46 complaints.

- 35 complaints (76%) were resolved at Stage 1.
- 7 complaints (15%) were resolved at stage 2.
- 4 complainants (9%) were not satisfied with the outcome and took their complaint to the LGSCO.



A summary of complaints received by service area is detailed in the table overleaf:

Service Area	Total complaints received	Reason for complaint	Number of complaints
Community & Environment	5	Car Parking	1
		Civil Enforcement	1
		Fly tipping	1
		Garden Waste	1
		Complaints about Staff	1
Strategic Growth	27	Home Choice Plus	1
		Homelessness	2
		Permitted Development	1
		Planning Process	9
		Complaints about Staff	9
		Private Sector	5
Revenues, Benefits & Customer Services	13	Benefits	1
		Council Tax Discounts	9
		Waiting Times	1
		Complaints about Staff	2
Other	1	Online Payment Systems	1
Total	46		46

Summary

Improvements have been made to the way complaints are recorded, monitored, and reviewed. Measures relating to corporate complaints activity will now form part of the quarterly budget and performance report from Q1 2024-25. Complaints standards have been rolled out to managers and, although the number of complaints recorded is expected to rise, this will be an opportunity to drive a positive complaint handling culture where data can be used to drive service improvements.

**Audit Committee
Forward Plan 2024-2025**

May 2024

External Audit Certificates 2021-22 and 2022-23
Internal Audit Progress Report
Internal Audit Follow up of Recommendations Report
Internal Audit Annual Report and Annual Statement of Assurance – Draft
Annual Governance Statement 2022-23 – Action Plan Progress Report
Annual Governance Statement
External Auditors Annual Report (AAR) 2021/22 and 2022/23 – Council Management Response and Action Plan
Risk Management – Corporate Risk Register
DRAFT Audit Committee Annual report to Council 2023-24

July 2024

Internal Audit Progress Report
Internal Audit Follow up of Recommendations Report
Internal Audit Annual Report and Annual Statement of Assurance – Final
Draft Statement of Accounts
Counter Fraud arrangements
Auditors Annual Report 2021-22 and 2022-23 Combined – Improvement Recommendation Action Plan update
Complaints to the Local Government and Social Care Ombudsman 2023/24
Forward Plan

September 2024

Internal Audit Progress Report
Internal Audit Follow up of Recommendations Report
Risk Management action plan update
Auditors Annual Report 2021-22 and 2022-23 Combined – Improvement Recommendation Action Plan update
Annual Statement of Accounts
External Audit – Annual Audit Letter
External Audit – Auditors Annual Report

November 2024

Internal Audit Progress Report
Internal Audit Follow up of Recommendations Report
Annual Governance Statement action plan – mid year review
Auditors Annual Report 2021-22 and 2022-23 Combined – Improvement Recommendation Action Plan update
CIPFA Financial Management Code
Audit Committee self assessment
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March 2025

Internal Audit Progress Report
Internal Audit Follow up of Recommendations Report
Internal Audit Plan 2025-26

Risk Management Strategy Review
Risk Management action plan update
Accounting policies, judgements and estimation uncertainty
Annual Report to Council – Review of Audit Committee activity
External Audit – informing the risk assessment and plan