



## **Audit Committee Agenda**

Wyre Borough Council  
Date of Publication: 22 February 2021  
Please ask for : Emma Keany  
Democratic Services Officer  
Tel: 01253 887476

**Audit Committee meeting on Tuesday, 2 March 2021 at 6.00 pm via WebEx.**

**Members of the public will be able to view the meeting via the Council's YouTube page (<http://www.youtube.com/WyreCouncil>).**

**1. Apologies for absence**

**2. Declarations of interest**

To receive any declarations of interest from any members of the Committee on any item on this agenda.

**3. Confirmation of minutes**

To confirm as a correct record the minutes of the last meeting of the Audit Committee held on Tuesday 16 February 2021.

**4. Review of Audit Committee's Terms of Reference** (Pages 3 - 8)

Report of the Corporate Director Resource's (Section 151 Officer).

**5. Internal Audit Strategy and Audit Plan 2021/22** (Pages 9 - 16)

Report of the Corporate Director Resources (Section 151 Officer).

**6. Internal Audit Charter** (Pages 17 - 34)

Report of the Corporate Director Resources (Section 151 Officer).

**7. Housing and Council Tax benefit claim for year ended 31 March 2020** (Pages 35 - 52)

Report of the Council's external auditors- Deloitte.

**8. Review of the Council's Anti-money Laundering Policy and Procedure** (Pages 53 - 66)

Report of the Corporate Director Resources (Section 151 Officer).

**9. Periodic private discussion with the Chief Internal Auditor**

Following the conclusion of the formal meeting, Members of the Committee will be given the opportunity to have their private periodic discussion with the Chief Internal Officer, as provided for in the Committee's work programme.

**10. Time and date of next meeting**

6pm on Tuesday 4 May 2021.



Report of:	Meeting	Date	Item no.
Corporate Director Resources (Section 151 Officer)	Audit Committee	2 March 2021	4

<b>REVIEW OF AUDIT COMMITTEE'S TERMS OF REFERENCE</b>
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**1. Purpose of report**

1.1 The periodic consideration of the terms of reference of the Audit Committee in accordance with best practice guidance.

**2. Outcomes**

2.1 The annual review of the Audit Committee terms of reference.

**3. Recommendations**

3.1 That the Audit Committee considers the previously agreed terms of reference attached at Appendix 1 and agree that they accurately reflect the role of the committee.

3.2 That the terms of reference be recommended to Full Council for approval.

**4. Background**

4.1 Audit Committees are a key component of corporate governance. Their overall purpose being to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance process.

4.2 CIPFA's practical guidance for Audit Committees (Audit Committees Practical Guidance for Local Authorities and Police) provides local authorities with a suggested terms of reference setting out the purpose and the core functions required. The terms of reference state that 'The purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes'. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place. The guidance also states that a review of the Audit Committees' terms of reference be completed annually.

## 5. Key Issues and proposals

5.1 Since its last review in March 2020, when at the request of the External Auditor an additional bullet point was added stating the committee must periodically consider whether the appointed Auditors remain independent and objective (approved by Full Council on the 17 September 2020), no other changes have been made.

5.2 The terms of reference is included for consideration at Appendix 1.

<b>Financial and legal implications</b>	
Finance	None arising directly from the report.
Legal	Any changes to the terms of reference would be subject to confirmation by Full Council.

### **Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
ICT	x
data protection	x

### **Processing Personal Data**

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Joanne Billington	01253 887372	<a href="mailto:Joanne.billington@wyre.gov.uk">Joanne.billington@wyre.gov.uk</a>	09 February 2021

<b>List of background papers:</b>		
name of document	date	where available for inspection

None		
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**List of appendices**

Appendix 1 – Audit Committee Terms of Reference

## **Audit Committee - Terms of Reference**

### **7.01 Purpose**

The audit committee is a key component of Wyre Council's corporate governance. It provides an independent high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of an Audit Committee is to provide those charged with governance, independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **7.02 Core Functions**

The Council will appoint an Audit Committee independent from both the Executive and the Overview and Scrutiny function and it will have the following core functions:

#### **Governance, Risk and Control**

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- To review the annual governance statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account the Head of Internal Audit's annual audit opinion.
- To consider the reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider the council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
- To monitor the effective development and operation of risk management in the council and monitor progress in addressing risk-related issues reported to the committee.
- To monitor counter-fraud, actions and resources and review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

#### **Internal Audit**

- To approve the internal audit charter.
- To review proposals made in relation the appointment of external providers of internal audit services and to make recommendations on their effectiveness.
- To approve the risk-based internal audit plan, including resource requirements and the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

- To approve and periodically review safeguards to limit impairments to the independence or objectivity of the internal audit team.
- To approve significant changes to the audit plan and resource requirements.
- To consider reports from the Head of Internal Audit on the performance during the year. This will include an update on the implementation of agreed recommendations.
- To consider the Head of Internal Audit's annual report.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement and also any external assessments of effectiveness; i.e. the quality assessment of internal audit that takes place at least once every five years in accordance with the Public Sector Internal Audit Standards.
- To provide free and unfettered access to the Audit Committee chair for the Head of Internal Audit, including the opportunity for a private meeting with the committee.

### **External Audit**

- To receive and comment upon the External Auditor's Annual Plan, considering the scope and depth of external audit work and to ensure it gives value for money.
- To monitor the External Auditor's progress with the Annual Plan.
- To consider the External Auditors' annual letter and the report to those charged with governance.
- To consider specific reports as agreed with the External Auditor.
- To advise and recommend on the effectiveness of relationships between internal and external audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the Audit Committee Chair for the External Auditors, including the opportunity for a private meeting with the committee.
- To consider periodically (at least annually) whether the Auditors appointed to carry out the External Audit function remain independent and objective and, that their judgement in carrying out that role has not been impaired as a consequence of their participation in any non-audit reviews, services or advice provided to the council.

### **Financial Reporting**

- To review the annual Statement of Accounts on behalf of Full Council in accordance with the Accounts and Audit Regulations 2015.
- To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To consider and endorse amendments to the Council's Financial Regulations and Contract Procedure Rules and, on behalf of Full Council, give any instructions to the Section 151 Officer as may be appropriate.

### **Accountability Arrangements**

- To prepare an annual report to Full Council setting out the committee's work and performance during the year in relation to the terms of reference and to refer to Council any matters it shall see fit.
- To review any issue referred to it by the Chief Executive, Monitoring Officer or any Council body.

### **Other core functions**

- To undertake the annual review of the council's use of the Regulation of Investigatory Powers Act 2000 (RIPA), ensuring compliance with the Code of Practice.
- To receive updates and reports from the Head of Audit (Data Protection Officer) and to approve policies in relation to compliance with the Data Protection Act and Regulations made under the Act.





Report of:	Meeting	Date	Item no.
Corporate Director Resources (Section 151 Officer)	Audit Committee	2 March 2021	5

<b>INTERNAL AUDIT STRATEGY AND AUDIT PLAN PRIORITIES 2021/22</b>
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**1. Purpose of report**

1.1 To review the Internal Audit Strategy and Audit Plan Priorities for the 2021/22 financial year.

**2. Outcomes**

2.1 An approved Internal Audit Strategy that sets out how the Internal Audit Team will implement the Audit Plan Priorities which is designed to take account of the characteristics and relative risks of the council's activities.

**3. Recommendation**

3.1 Members are asked to approve the Internal Audit Strategy and Audit Priorities attached at Appendix 1 and 2.

**4. Background**

4.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.2 Professional standards for Internal Audit in local government specify that "The Chief Audit Executive (the Head of Governance) must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals." The standards also specify that "The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must be incorporated or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities."

4.3 In accordance with the standards an Internal Audit Strategy has been developed and approved by the Audit Committee and is incorporated into

the risk-based 2021/22 Audit Plan Priorities. Both documents are attached.

- 4.4** Given the pandemic and the need for Internal Audit to be flexible and responsive to emerging risks across the organisation, a decision has been taken to move to quarterly audit planning instead of the production of an annual plan at the beginning of the year. The plan attached at Appendix 2 is split into two main sections, the first section details audit work that will need to take priority in quarter one (April - June 2021). The second section documents potential forthcoming priorities for quarter's two to four. However at the time of publication, Internal Audit were still in the process of completing the annual risk workshops and collating the service assurance statements. The plan will be reviewed on a quarterly basis and audits will be added and removed according to risk. Any work that was not started / completed from the 2020/21 audit plan will not be automatically rolled to the new 2021/22 audit plan, unless the area of work has been deemed necessary following a further risk assessment.
- 4.5** Whilst in previous years, the support of Lancashire County Council has been utilised to support the internal audit team, owing to the pandemic and the change to audit planning, the plan for 2021/22 will be completed solely in house. Should additional audit resources be required, the Audit Committee will be advised and a decision made on the number of days needed.
- 4.6** The overall planning for 2021/22 is based on an estimated available resource of 390 days, this being delivered by the in-house auditor (220 days – 1 FTE) and the Head of Governance (170 days – 0.8 FTE). Assurances sought from the mapping exercise and the strategic / operational risk registers will allow confidence to be obtained that audit coverage is still sufficient to be able to deliver an overall opinion at the year end.
- 4.7** The contract with Lancaster City Council for the utilisation of the Head of Governance (one day per week) is due for renewal on the 31 March 2021. However it is anticipated that a rolling yearly contract will be agreed which will see the continuation of the current arrangements for a further year and an approximate net income of £20,000.

## **5. Key Issues and proposals**

- 5.1** The Internal Audit Strategy and Audit Plan Priorities for 2021/22 is attached at Appendices 1 and 2.

<b>Financial and legal implications</b>	
Finance	The Audit Plan Priorities for 2021/22 are expected to be delivered within the timescales and previously agreed staffing budget. Whilst at the time of publishing, the budget for the provision of additional audit days was not required, the budget should be retained as a contingency going forward.
Legal	This will ensure good governance and probity.

### **Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>	<b>risks/implications</b>	<b>✓ / x</b>
community safety	x	asset management	x
equality and diversity	x	climate change	x
sustainability	x	ICT	x
health and safety	x	data protection	x

### **Processing Personal Data**

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Joanne Billington	01253 887372	<a href="mailto:Joanne.billington@wyre.gov.uk">Joanne.billington@wyre.gov.uk</a>	22 February 2021

<b>List of background papers:</b>		
name of document	date	where available for inspection
None		

### **List of appendices**

Appendix 1 - Internal Audit Strategy

Appendix 2 - Audit Plan Priorities 2021/22

## Internal Audit Strategy

### 1.0 Internal Audit Strategy

- 1.1. This strategy is the high level statement of how the internal audit service will be developed and delivered in accordance with its approved terms of reference (the Audit Charter) and how it links to the council's organisational objectives and priorities.

### 2.0 Service Purpose

- 2.1 The key purposes of the internal audit service are to:

- provide the council with independent assurance regarding the effectiveness of its systems of risk, governance and internal control;
- support the council in delivering organisational change and its development programme; and
- help the council secure and demonstrate value for money throughout its activities.

### 3.0 Strategic Aims and Objectives

- 3.1 Internal audit's strategic aims and objectives are defined as:

- promoting and helping develop standards of risk management throughout the council's operations;
- contributing to improving standards of internal control and governance within the authority and its key partnerships;
- developing the corporate 'assurance framework' and coordinating the capture and reporting of sources of assurance;
- developing and supporting managers in the management of risk;
- working closely with the council's corporate compliance team to develop programmes of work to combat and reduce the risk of fraud;
- supporting the council in identifying efficiencies and achieving value for money in service delivery; and
- continuing to develop the scope, robustness and effectiveness of internal audit's assurance work.

### 4.0 Identifying and Accommodating Significant Local and National Issues and Risks

- 4.1 Emerging local and national issues that might warrant internal audit attention will primarily be identified through:

- contributing to the development, updating and monitoring of the assurance framework;
- reviewing the business plan and individual service plans;
- carrying out strategic and operational risk workshops; and
- regular consultation and liaison with Corporate Management Team, other statutory officers, Heads of Service and the Council's External Auditors.

- 4.2 This approach will seek to ensure that significant risks are adequately identified, assessed and evaluated in terms of the level of assurance necessary and already available, and will involve:
- tracking corporate policy / priority developments and the decisions taken by the authority's decision-making bodies;
  - regular consultation with the Corporate Management Team, Heads of Service and the Audit Committee Chairman;
  - regular liaison with other review bodies, especially the Council's External Auditor;
  - liaison with/considering the approach and work programmes of other internal review bodies, for example the Overview and Scrutiny function;
  - liaison with other local government auditors and active participation in local/regional professional groups;
  - consideration of key corporate risks; and
  - maintaining a professional focus and taking advantage of opportunities for professional updates/development, including continuous professional development for key staff, where appropriate.
- 4.3 The risk-based audit plan seeks to provide assurance in areas of significant risk where alternative sources of assurance are not readily available. Typically this will tend to focus on the auditing of "underlying risks", being those risks which are not being addressed by a current corporate or service-based project or initiative. The plan will be reviewed and updated on a quarterly basis to accommodate any emerging significant risks and assurance needs identified through an ongoing review of the assurance framework.
- 4.4 Internal audit activity may involve any one, or a combination of the following:
- a specific piece of internal audit assurance work;
  - efficiency / VFM or support work directed at improving the efficiency of existing procedures and/or standards of governance and control;
  - contributing to corporate groups / projects / reviews (officer and/or Member based) established for a given purpose / objective.

**AUDIT PLAN PRIORITIES - 2021/22**

Category of Work	Detailed Rationale	Date Added	Source	Links to Risk Registers / Business Plan / Service Plans
<b>General / Meetings / Non-Chargeable</b>				
Internal Audit Planning, Management and Audit Committee work				
Advice and assistance				
<b>Quarter 1 Priorities (April - June 2021)</b>				
Risk Management - New System	Implementation of new Risk Software (GRACE) and the facilitation of strategic and operational workshops.	Feb-21	RB	Governance Service Plan
Preparation of the 2020/21 Annual Governance Statement and continuous monitoring of the minor issues action plan	Internal Audit will assist in identifying and documenting evidence to ensure compliance with CIPFA's Delivering Good Governance framework, which will include the update of last year's action plan and the continuous monitoring of the 2020/21 AGS.	Feb-21	M	Statutory requirement in line with the Accounts and Audit Regulations 2015
Assurance mapping exercise	To assist with the development of the audit plan priorities for the remaining year and ensure resources are maximised. Assurance mapping will be completed with each council service to identify other sources of assurance received. The results of this exercise will focus the priorities for Q2-4		M	Compliance with CIPFA's Delivering Good Governance Framework / Local Government Application Note and the Public Sector Internal Audit Standards
Inspection Regimes; Site Inspections - Follow-up	In line with the Audit Charter a follow-up review will be carried out to ensure the overall 'fair' assurance opinion awarded in October 2020 has been raised to an acceptable level of assurance.	Feb-21	RB	Operational Risk
Building Maintenance - Follow up	In line with the Audit Charter a follow-up review will be carried out to ensure the overall 'fair' assurance opinion issued in January 2021 has been raised to an acceptable level of assurance.	Feb-21	RB	Operational Risk

IR35 - Follow-up	In line with the Audit Charter a follow-up review will be carried out to ensure the overall 'fair' assurance opinion awarded in January 2021 has been raised to an acceptable level of assurance.	Feb-21	RB	Operational Risk
Council resilience	Following the council declaring a major incident in 2020, a number of significant changes have been made to the council's working practices. Assurances are therefore required to ensure that the council and its services can operate effectively and that adequate and effective procedures are appropriately documented to ensure that the council can respond and recover appropriately. This piece of work will include a review of the council's ICT disaster recovery plan, the council's emergency response plan and individual service business continuity arrangements.	Feb-21	RB	Strategic / Operational Risks
Data Protection - Policy and Process Review	Internal Audit will carry out a thorough review of the council's processes and procedures ensuring compliance with the General Data Protection Regulations.	Feb-21	RB	Strategic / Operational Risks
NFI Covid-19 Grants Post Assurance Testing	Following business grant payments totalling in excess of £37 million the council has a mandatory obligation to the Cabinet Office to carry out post assurance work to identify any fraudulent payments.	Feb-21	M	N/A
Beach Management Scheme	Internal Audit will continue to be part of the project group in a business assurance role until the project is completed.	Feb-21	S	
Other Head of Governance Responsibilities	Management of Elections, Insurance, Democratic Services and Business Continuity and carrying out the role of the council's Data Protection Officer.	Feb-21	M	N/A
<b>Future Priorities (Q2-4)</b>				
Civica Pay	Following the delay of the 'go live' date, which has also impacted on the implementation of the Citizen Access Portal and the new council website, a risk register has now been populated and will be kept under continuous review by Internal Audit. A position statement was issued in February 2021 and further statements will be issued at the end of each quarter to update the Audit Committee on the progress being made.	Feb-21	KFS	

Citizen Access Portal	This project will be kept under continuous review by Internal Audit with the 'issues log' being monitored to ensure the project continues to be moved forward and risks are identified, documented and mitigated. A position statement was issued February 2021 and further position statements will be issued at the end of each quarter to update the Audit Committee on the progress being made.	Feb-21	RB	
Beach Management Scheme	Audit will continue to be involved on this project group in a business assurance role until the project is completed. Any key risks to the council or services will be identified, documented and appropriately mitigated.	Feb-21	S	
National Fraud Initiative (NFI) - Administration of annual Single Person Discount (SPD) Data Matching exercise	Internal Audit will collate and upload SPD data in order to comply with the requirements of the mandatory annual NFI data matching exercise.	Feb-21	M	
Key Financial System work	Given the requirement to keep such systems under cyclical review, a risk based assessment will be carried out following review of assurance statements and completion of operational risk workshops to identify which systems will need to be reviewed.	Feb-21	KFS	
Election Accounts (post assurance)	Following the County Council and Police and Crime Commissioner Elections in May 2021, Internal Audit will complete a post assurance review of the elections accounts prior to the final financial return being completed.	Feb-21	RB	

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**KEY**

**R** Referral

**KFS** Key Financial System

**M** Mandatory

**RB** Risk Based

**S** Support work

**Note**

**This plan will be reviewed on a quarterly basis following examination of assurance mapping declarations, risk registers and received referrals.**





Report of:	Meeting	Date	Item no.
Corporate Director Resources (Section 151 Officer)	Audit Committee	2 March 2021	6

<b>ANNUAL REVIEW OF INTERNAL AUDIT CHARTER</b>
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## 1. Purpose of report

1.1 Agreement of the Internal Audit Charter for the Audit and Risk Management Section ensuring compliance with the Public Sector Internal Audit Standards (PSIAS) and the associated Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note.

## 2. Outcomes

2.1 Compliance with the PSIAS and the checklist contained within CIPFA's Application Note constituting 'proper practices' as defined in the Accounts and Audit Regulations 2015.

## 3. Recommendation

3.1 That the Audit Committee agrees the Internal Audit Charter and Code of Ethics attached at Appendices 1 and 2.

## 4. Background

4.1 Specific requirements detailed in the Accounts and Audit Regulations 2015 require a relevant body to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account PSIAS or guidance'. From 1 April 2013 the standards and guidance were defined in the PSIAS and CIPFA's Application Note which provides guidance on the specific requirements for local government internal audit services.

4.2 The Application Note documents a number of specific local government requirements, including the requirement to complete an extensive checklist for assessing compliance with the PSIAS. One of the mandatory requirements within the checklist is to have an Internal Audit Charter in place.

**4.3** In addition, The Head of Governance publishes an Internal Audit Strategy which assists in demonstrating how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter, council objectives and priorities.

**Key Issues and proposals**

**5.1** Since the Audit Charter was last approved in March 2020, a number of changes have been made, namely;

- Given the pandemic and the need for Internal Audit to be flexible and responsive to emerging risks across the organisation, a decision has been taken to move to quarterly audit planning instead of the production of an annual plan. The Charter has been updated to reflect this;
- The Charter now clearly documents the arrangements for reporting audit opinions to the Committee and the escalation processes should an audit opinion remain fair/weak following two follow-up reviews; and
- Audit reports are now shared on the council’s SharePoint hub.

**5.2** The Internal Audit Charter and Code of Ethics are included for approval at Appendices 1 and 2.

<b>Financial and legal implications</b>	
Finance	None arising directly from the report.
Legal	This will ensure good governance and probity.

**Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
ICT	x
data protection	x

### **Processing Personal Data**

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	Email	date
Jo Billington	01253 887586	<a href="mailto:joanne.billington@wyre.gov.uk">joanne.billington@wyre.gov.uk</a>	08 February 2021

<b>List of background papers:</b>		
name of document	date	where available for inspection
None.		

### **List of appendices**

Appendix 1 – Internal Audit Charter

Appendix 2 – PSIAS Code of Ethics



## **Internal Audit Charter – March 2021**

### **Introduction**

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Internal Audit Charter sets out the purpose, authority and responsibility of the internal audit activity at Wyre Council and includes a Code of Ethics which stipulates the conduct of Internal Auditors within the Audit and Risk Management Section.

The Internal Audit Charter is publicised within the council to ensure that the role of the Audit and Risk Management Section is understood. The Head of Governance is responsible for reviewing the Internal Audit Charter and presenting it to the Corporate Director Resources / Section 151 Officer (Senior Management) and the Audit Committee (The Board) at least annually for review and approval.

### **Definition of Internal Audit**

The PSIAS defines internal auditing as *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objective’s by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*

### **Mission of Internal Audit**

The Internal Audit Charter sets out what the internal audit service aspires to accomplish; which is *‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’*. The core principles listed in the PSIAS, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively. Failure to achieve any of the principles would imply that an internal audit function was not as effective as it could be in achieving internal audit’s mission. There are 10 core principles, namely:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;

- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

### **Responsibilities**

Internal Audit is a review activity that does not relieve management of its responsibility for ensuring that effective systems of control are in place. The council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the council's objectives. Management shall accept and implement internal audit findings and recommendations, or accept the risk resulting from taking no action.

The Audit and Risk Management Section will assist the council in discharging its corporate governance requirements and ensure that the council's assets and activities have the necessary insurance cover. The Head of Governance is responsible for:

- Developing and maintaining an internal audit strategy demonstrating how the internal audit service will be delivered and developed in accordance with the internal audit charter, council objectives and priorities.
- Developing a risk-based audit plan in the context of the strategic direction and based on an understanding of the council's key risks;
- Managing the provision of a complete professional internal audit service that is compliant with the PSIAS and CIPFA's Application Note;
- Providing an annual internal audit opinion to the Audit Committee, based on the outcomes of internal audit work conducted throughout the year;
- Assisting officers and members of the authority in the effective discharge of their responsibilities;
- Examining, evaluating and reporting on the adequacy of internal controls as a contribution to the efficient, effective and economic use of resources;
- Evaluating the effectiveness and contributing to the improvement of risk management processes;
- Ensuring the council's assets and interests are accounted for and safeguarded against losses of all kinds, including those arising from fraud, irregularity, corruption or bribery;

- Maintaining a level of independence and integrity to permit the proper performance of the internal audit function;
- Maintaining an effective working relationship with the External Auditor;
- Attending Audit Committee meetings, contributing to Audit Committee Agendas and advising the Committee on any scope or resource limitations;
- Assessing all matters of potential fraud or irregularity in line with the requirements of the Council's counter-fraud policies; and
- Assisting the Audit Committee in achieving effectiveness in the delivery of their terms of reference.

In carrying out their role, staff within the Audit and Risk Management Section are required to comply with the auditing standards as defined in the PSIAS, the Accounts and Audit Regulations 2015 and any other relevant professional guidelines issued by The Institute of Internal Auditors.

In accordance with the Accounts and Audit Regulations 2015, an annual review of the effectiveness of the system of internal control must be carried out. This will be conducted using the checklist within CIPFA's Application Note which will be presented to the Audit Committee in May. The outcome of the exercise will form part of the Annual Governance Statement (AGS). Completing an exercise of this nature also allows greater reliance to be placed on the overall opinion on the effectiveness of the control environment within the Annual Audit Report.

### **Limitations of Internal Audit Responsibilities**

In seeking to discharge the responsibilities of Internal Audit set out above, it should be noted that Internal Audit is not responsible for the following, which are the proper responsibility of management:

- Controlling the risks of the organisation;
- Establishing and maintaining systems of internal control;
- Determining operational policies or procedures; and
- Preventing or detecting fraud and irregularity.

### **Organisational Roles and Relationships**

The PSIAS require that the internal audit charter defines the terms 'Board' and 'Senior Management' in relation to the work of internal audit. For the purpose of internal audit work at Wyre Council, the 'Board' is taken to refer to the Audit Committee and 'Senior Management' is taken to refer to the Corporate Director Resources / Section 151 Officer. The PSIAS also refer to the 'Chief Audit Executive' which at Wyre refers to the Head of Governance (Head of Internal Audit).

The council has adopted CIPFA's Statement on the Role of the Chief Financial Officer in Local Government and the associated Statement on the Role of the Head of Internal Audit in Public Service Organisations. These statements set out principles and standards for the Corporate Director Resources / Section 151 Officer and the Head of Governance to act in a mutually supportive way in fulfilling their statutory and professional responsibilities.

Internal Audit supports the Chief Executive, as Head of Paid Service, in providing high level assurances related to the council's strategy and governance arrangements and will use the Annual Governance Statement to notify him of any significant issues.

Internal Audit supports the Monitoring Officer in discharging her responsibilities in maintaining high standards of governance, conduct and ethical behaviour.

The Audit and Risk Management Section derives its authority from the Financial Regulations and Financial Procedure Rules, contained within the Council's Constitution.

### **Relationships with Elected Members, Officers, External Audit and Other Agencies**

To ensure good working relationships are established, the Audit and Risk Management Section comply with the 'protocol for officer / member relations' which forms part of the Council's Constitution and involves:

- Working in a spirit of mutual respect and co-operation;
- Maintaining impartiality;
- Being politically neutral;
- Respecting confidentiality;
- Observing the protocols with regards to access to information; and
- Trying to resolve any issues informally and in a spirit of understanding.

The Audit and Risk Management Section will co-operate with External Audit and other review agents to:

- Ensure that duplication of work is minimised;
- Consider joint delivery;
- Determine the level of assurance that can be obtained from their work; and
- Review the reliance that can be placed on that assurance as part of the Head of Governance's overall opinion on the control environment included in the Internal Audit Annual Report.

## **Independence and Objectivity**

Internal Audit operates independently within the council to ensure it is able to appraise and give an impartial opinion on the council's governance arrangements, risks and internal control systems.

To ensure this independence, internal audit operates within a framework that allows unrestricted access to all council officers, senior management and elected members. As such all internal audit staff have the right to access all premises, records and documentation held by the council, its officers and Elected Members and to seek explanation as they see necessary to discharge their duties. This position is supported by the Accounts and Audit Regulations 2015.

The Head of Governance is responsible for identifying and managing any threats to objectivity. In addition, objectivity and independence is further enhanced by the partnership arrangements in place between the council and Lancashire Audit Services (LAS). They are also used to avoid any conflicts of interest that may arise if Internal Audit have undertaken any non-audit activities or have been involved in the system or policy setting.

## **Reporting Lines**

The Audit and Risk Management Team sits within the Resources Directorate and the Head of Governance reports directly to the Corporate Director Resources / Section 151 Officer. Internal audit activity is organisationally independent in its planning and operation and as such has unrestricted access to the following:

- ◆ Chief Executive;
- ◆ Monitoring Officer;
- ◆ Chairman of the Audit Committee;
- ◆ Chairman of the Standards Committee;
- ◆ Members of the Council; and
- ◆ All council employees.

Functionally, the work of internal audit is reported to the Corporate Director Resources / Section 151 Officer, other Corporate Directors, Heads of Service, Audit Committee and the External Auditor by means of specific reports. They are also reported in summary form to the Audit Committee via six-monthly monitoring and activity reports.

The Head of Governance and the Chairman of the Audit Committee have mutual, direct access to each other and will liaise as they consider appropriate.



## **Due Professional Care and Ethics**

All Audit and Risk Management staff have an ethical responsibility to work with due professional care. Due professional care is the care and skill that prudent and competent internal auditors will apply in performing their duties; working with competence and diligence, using knowledge and judgement based on experience, training and ability.

Care will be appropriate to the objectives, complexity, nature and materiality of the audit being performed. The auditor will consider various data analysis techniques and be alert to significant risks that may affect the organisation.

The PSIAS contain a Code of Ethics which is mandatory for all internal auditors in the public sector and all internal audit staff at Wyre Council will operate in accordance with this. In addition, internal auditors are also required to comply with the relevant requirements of their own professional bodies and the organisation in which they are employed and have regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life'.

## **Quality Assurance and Improvement Programme (QAIP)**

The PSIAS requires that the Chief Audit Executive (at Wyre this is the Head of Governance) develops and maintains a Quality Assurance and Improvement Programme (QAIP). A QAIP is designed to enable an evaluation, checking that internal audit's activity conforms to the 'Definition of Internal Auditing', the PSIAS and whether Internal Auditors apply the Code of Ethics. The QAIP also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The QAIP must include both internal and external assessments and any improvement plans resulting from the QAIP must be monitored accordingly. The following activities make up the QAIP at Wyre:

### **Internal Assessment**

- On-going progress review of internal audit activity;
- 6 monthly performance appraisals for all audit staff;
- Completion of CIPFA's Application note checklist to assess the Effectiveness of Internal Audit;
- Quality inspections of all audit work by the Head of Governance;
- Annual certification confirming compliance with the Code of Ethics contained within the Audit Charter; and
- Annual feedback from the Chairman of the Audit Committee on the Chief Audit Executive's performance.

### **External Assessment**

- The use of Lancashire County Council's Internal Audit Service to provide independent assurance that controls are adequate and effective in service areas managed by the Chief Audit Executive;
- Annual review and validation of the Annual Governance Statement;

- The External Auditor has an annual opportunity to raise any issues concerning Internal Audit activity with the Audit Committee.
- External assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation in accordance in the PSIAS. The last assessment was carried out in 2018 with no significant issues reported. The next review is scheduled for 2023.

The results of the quality and assurance programme and progress against any improvement plans will be reported in the annual report to the Corporate Director Resources / Section 151 Officer and the Audit Committee.

### **Strategy and Planning**

The Head of Governance will develop and maintain an Internal Audit Strategy to demonstrate how the internal audit service will be delivered and developed in accordance with the internal audit charter, council objectives and priorities.

The Head of Governance will also prepare a risk-based audit plan taking into account the Council's Business Plan, Service Plans, the Medium Term Financial Plan, Strategic and Operational Risk Registers and discussions with the council's Corporate Management Team and the External Auditor. The audit plan will outline the assignments to be carried out and include an assessment of the resources required for delivery. The Audit Committee will approve the plan in advance of the financial year.

To reflect any changing priorities or emerging risks, the audit plan will be reviewed on a quarterly basis. Progress in relation to the plan will be reported to the Audit Committee on a six monthly basis.

### **Resourcing and Staffing**

The Head of Governance (Chief Audit Executive) will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to the professional values and the Code of Ethics. The Head of Governance will have sufficient skills, experience and competencies to work with the Corporate Director Resources / Section 151 Officer and the Audit Committee to influence the risk management, governance and internal control of the council.

The Head of Governance is responsible for ensuring that Internal Audit are suitably resourced in order to achieve its overall mission and will aim to maintain a suitable mix of experienced and qualified staff. To assist Wyre Council in meeting these requirements, the internal audit service is supplemented, when necessary, by the use of an external audit provider, Lancashire Audit Service (LAS) who are part of Lancashire County Council. This organisation is required to comply with PSIAS.

Individual training needs are established and agreed through the council's Performance Appraisal process along with the most cost effective way of meeting those needs. As a professional service, staff are expected to actively participate in formal Continuing Professional Development (CPD) schemes.

Once a year, the Audit Committee will have the opportunity to attend two scheduled private discussions, one with the council's External Auditors and the other with the Head of Governance. Following on from these discussions, feedback on the Head of Governance's performance is provided by the Chairman of the Audit Committee to the Corporate Director Resources prior to the Head of Governance's annual performance appraisal taking place. (Note: the periodic private discussion with the External Auditor did not take place in 2020 and will be scheduled in 2021 asap).

### **Scope of Internal Audit Work**

Using a systematic, disciplined and risk-based approach, the scope of internal audit work covers all of the council's governance arrangements, procedures for ensuring the effective management of all significant risks and ensuring regularity in all its financial areas, including value for money.

It allows for unrestricted coverage of the authority's activities and unrestricted access to all records, personnel, property and assets deemed necessary in the course of an engagement. Such access shall be granted on demand and is not subject to advance notice. There are no limitations placed upon the scope of internal audit work. Internal audit has the right to request and receive explanations from all employees or Elected Members concerning any matter under consideration.

The scope of internal audit work extends to services provided through partnership arrangements. The Head of Governance at Wyre Council should decide, in consultation with all parties, whether internal audit staff should conduct the work to derive the required assurance or rely on the assurances provided by others.

If the Head of Governance or those charged with governance consider that the level of internal audit resources in any way limits the scope of internal audit work, or prejudices the ability of internal audit to deliver a service consistent with the definition of internal audit, they should advise the Audit Committee immediately.

Internal audits are not limited to financial systems or records, but extend to all the activities of the council as this reflects the control environment and the governance arrangements in place. The Audit and Risk Management Section will undertake the following activities as and when required:

- Promote appropriate ethics and values within the organisation;
- Assess and make appropriate recommendations to improve the organisation's governance processes and monitor progress made against governance actions;
- Review compliance with laws, regulations, council policies, the Financial Regulations and Financial Procedure Rules and contracts;
- Review compliance with the Council's Constitution;
- Undertake transaction testing to provide assurance as to the accuracy of processing;

- Perform Computer Audit and Contract Audit;
- Undertake proactive and reactive management of the council's insurance portfolio, linked to risk;
- Investigate suspected fraud, bribery and corruption (not including Benefit Fraud Investigation work);
- Embed risk management – including the identification and assessment of significant risks, risk responses and communication of relevant risk information to enable staff and management and the board to carry out their responsibilities;
- Carry out value for money studies; and
- Verify performance information and published national and local indicators.

### **Consultancy work**

Internal audit may act in a consulting role to review controls within existing systems and those under development to give advice and assistance when required, without assuming management responsibility. A contingency will be made in the internal audit plan to support management in this way.

Prior to accepting any additional consultancy work not already included in the internal audit plan, the Head of Governance will consider the effect this would have on the completion of the assurance work. In accordance with PSIAS, approval will be obtained from the Audit Committee for any consultancy work requested, prior to accepting the engagement.

### **Engagement planning**

For each engagement, a Terms of Reference (TOR) will be prepared and agreed with relevant managers. The TOR will contain details of the risks relevant to the activity under review, together with the objectives, scope and timing of the audit assignment, resource and reporting requirements.

### **Performing the engagement**

During each engagement, Internal Audit will identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives and to support the recommendations made and the overall conclusion. The draft report and supporting evidence will be reviewed by the Head of Governance to ensure objectives have been achieved and quality assured. All evidence obtained will be documented and securely retained in accordance with the council's Information Asset Register and access to this will be controlled.

## **Communicating results**

Following the conclusion of each engagement, a formal report detailing the findings and recommendations / action plan will be prepared by the Audit and Risk Management team and issued by the Head of Governance.

As part of Internal Audit's Quality Assurance and Improvement Programme, a 4:4:2 timescale is applied when conducting audit work and drafting and finalising audit reports. The timescales apply as follows;

- 4 weeks from the commencement of the audit fieldwork, a draft report will be issued;
- 4 weeks from the issue of a draft report, a management response and completed action plan will be received; and
- 2 weeks from receiving the response and action plan, the report will be issued as a 'final' version.

The reports are distributed as follows;

- Managers receive a final copy of the report with an agreed action plan, following confirmation of the draft report's factual accuracy. The action plan details responsibilities for action, the timetable and priorities. Whilst management are ultimately responsible for the implementation of agreed actions, follow up audits will be completed by Internal Audit to monitor implementation of the agreed actions and provide an updated assurance opinion where this was awarded fair or weak. The Audit Committee will receive regular updates and should the overall assurance opinion remain unchanged following the completion of two follow-up reviews, the Committee may seek explanations directly from the managers responsible for the delay or failure to implement recommendations.
- The Section 151 Officer and the appropriate Corporate Director, the Audit Committee and the council's External Auditor all receive copies of the final reports. A copy is also published on the council's SharePoint hub.
- The Audit Committee receives six-monthly updates on audit work performed and an executive summary of findings / recommendations made, highlighting any key issues arising from this work.
- At each meeting, the Committee have the opportunity to discuss any of the audit reports that have been issued since the previous meeting. Officers may be asked to attend the Audit Committee meeting to address any questions raised by the members.

## **Fraud, Bribery and Corruption**

Managing the risk of fraud, bribery and corruption is vital to the success of the council in achieving its corporate objectives. The Audit and Risk Management Section will assist management in the effective discharge of this duty. Audit procedures alone,

even when performed with due care and professionalism cannot guarantee that a system is 100% risk free, nor that all incidents of fraud, bribery and corruption will be detected and investigated.

The Audit and Risk Management Section is not solely responsible for the prevention or detection of fraud, bribery and corruption. It will, however, remain alert to risk and exposures both internal and external to the organisation. Close involvement with the national anti-fraud agencies and participation in the National Fraud Initiative will assist this process.

Any evidence or suspicion of an irregularity regarding council funds, property or any other asset or interest should be reported immediately using the Whistleblowing Policy. The council is committed to the highest possible standards of openness, probity and accountability, and encourages all its Elected Members, employees, partners and contractors to voice their concerns without fear of reprisal.

The Audit and Risk Management Section will lead or assist in the development, maintenance and delivery of training associated with the effectiveness of policies that contribute towards sound corporate governance, as detailed in the council's Annual Governance Statement e.g. Whistle Blowing Policy, Anti-Fraud, Bribery and Corruption Policy, Officer's Gifts, Hospitality and Interests and the Anti-Money Laundering Policy and Procedures.

## **Public Sector Internal Audit Standards – Code of Ethics**

### **Introduction**

The PSIAS contain a Code of Ethics (the Code) which is mandatory for all internal auditors in the public sector. In addition, internal auditors are also required to comply with the relevant requirements of their own professional bodies and the organisation in which they are employed.

### **Purpose**

The purpose of these ethics is to promote an ethical, professional culture in internal auditing. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life'. Namely;

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The Head of Governance at Wyre Council will ensure that auditors are regularly reminded of their ethical responsibilities as part of the performance appraisal process. Auditors will be asked to declare annually any personal interests and certify that they understand and will comply with the requirements of the Code.

### **Applicability and Enforcement**

The Code applies to both individuals and entities that provide internal auditing services including the Lancashire Audit Service. For members of the Institute of Internal Auditors (IIA), breaches of the Code shall be evaluated and administered according to the IIA Disciplinary Procedures. Disciplinary procedures of other professional bodies e.g. CIPFA and employing organisations may also apply to breaches of the Code.

## **Fundamental Principles**

Internal auditors are expected to apply and uphold the following four principles:

### **1. Integrity**

**The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.**

Internal Auditors:

- Shall perform their work with honesty, diligence and responsibility;
- Shall observe the law and make disclosure as required by the law and their professions;
- Shall not knowingly be part of any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation; and
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

### **2. Objectivity**

**Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.**

Internal Auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Shall not accept anything that may impair or be presumed to impair their professional judgement; and
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

### **3. Confidentiality**

**Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.**

Internal Auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties; and
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.



#### **4. Competency**

**Internal Auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.**

Internal Auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall perform internal auditing services in accordance with the Public Sector Internal Audit Standards; and
- Shall continually improve their proficiency and effectiveness and quality of their services.

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# Agenda Item 7

## **Housing Benefit (Subsidy) Assurance Process 2019/20 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2020**

**To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ.**

**And: The Section 151 Officer of Wyre Borough Council, Clare James.**

This report is produced in accordance with the terms of our engagement letter with the Wyre Borough Council dated 21 October 2020 and the Standardised Engagement Terms in Appendix 2 of HBAP Module 1 2019/20 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Wyre Borough Council (the 'local authority') and the DWP.

Our report is prepared solely for the confidential use of the local authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit subsidy on form MPF720A dated 27 April 2020.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the Standardised Engagement Terms) or in part, without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and DWP, we acknowledge that the local authority and/or DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of local authority and DWP as described in the DWP HBAP reporting framework instruction 2019/20.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the local authority and DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

### **Respective responsibilities of the local authority and the Reporting Accountant**

We conducted our engagement in accordance with HBAP Modules 1 and 6 2019/20 issued by the DWP, which highlight the terms under which DWP has agreed to engage with Reporting Accountants.

As Section 151 Officer of the local authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are also responsible for ensuring that the local authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the local authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the local authority's accounting records, obtain relevant

information held by any officer of the local authority and complete the attached form MPF720A in accordance with the relevant framework set out by DWP.

## **Our approach**

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2019/20 dated 27 April 2020 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the **International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information**. The purpose of the engagement is to perform the specific test requirements determined by DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the local authority's form MPF720A dated 27 April 2020, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices a, b, and c.

## **Inherent limitations**

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the Local Authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the Local Authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

## **Summary of HBAP report**

### **Summary of Initial Testing**

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells.

Cell 011 Non HRA Rent Rebate Incorrect application of Non-dependant Deduction

No Claims were found to be in error.

Cell 055 HRA rent rebate

No Claims were found to be in error.

Cell 094 Rent Allowance

No claims were found to be in error.

Cell 214 Modified Schemes

No claims were found to be in error.

### **Completion of Modules**

Completion of Module 2

No issues were noted

Completion of Module 5

No issues were noted

### **Summary of testing arising from Cumulative Assurance Knowledge and Experience**

No exceptions were noted in the previous HBAP report, and therefore no CAKE testing was required or performed.

**Summary paragraph/ending of letter**

For the form MPF720A dated 27 April 2020 for the year ended 31 March 2020 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, and C)

Firm of accountants.....Deloitte LLP

Office.....Leeds

Contact details (person, phone and email) .....Sarah Anderson saanderson@deloitte.co.uk

Signature / stamp..... *Deloitte LLP*

Date.....29 January 2021

## **Appendix A Exceptions/errors found**

There are no errors to report.

## **Appendix B Observations**

There are no observations to report.

## **Appendix C Amendments**

There are no amendments to report.

**Statement of Local Authority claimed entitlement to HOUSING BENEFIT SUBSIDY for 2019/2020.**

AUTHORITY NAME	<b>WYRE</b>								<b>001</b>
AUTHORITY REFERENCE NUMBER	2	3	5	7	1	1	4	5	<b>002</b>

**IMPORTANT:**

1. Please read the guidance notes before you fill in this form.
2. Incorrectly completed forms may have to be returned and errors may result in payment being delayed.
3. Deadline for receipt is **30 APRIL 2020**; deadline for receipt of the reporting accountant-assured claim is **30 NOVEMBER 2020**.

**FINAL SUBSIDY CLAIM FOR HOUSING BENEFIT - 2019/2020**

SUBSIDY CLAIMED FOR RENT REBATES (Cell 036S + Cell 076S)	870	<b>003</b>
SUBSIDY CLAIMED FOR RENT ALLOWANCE (Cell 129S)	24,322,699	<b>004</b>

ADMINISTRATION SUBSIDY RECEIVED	302,221	<b>005</b>
TOTAL REDUCTION FOR PRIOR YEAR UNCASHED PAYMENTS (Cell 179S)	2,467	<b>006</b>
<b>TOTAL SUBSIDY CLAIMED</b> Cells (003 + 004 + 005) - (006)	24,623,323	<b>007</b>
LESS INTERIM BENEFIT SUBSIDY	23,929,273	<b>008</b>
<b>BALANCE NOW OWED TO OR BY(-) AUTHORITY</b> (Cell 007 - Cell 008)	694,050	<b>009</b>

**PLEASE PROVIDE A LOCAL AUTHORITY CONTACT:**

Name: Richard Southall

Telephone No. (+STD) 01253 887360

Ext 7560

<b>Completed final claim should be returned by e-mail to: HBSubsidy@dw.gov.uk</b>		<b>FOR DEPARTMENT USE ONLY</b>	
<b>Department for Work and Pensions</b> HB Subsidy Team Housing Delivery Division Housing Benefit Unit (Room B120D) Warbreck House <b>BLACKPOOL</b> FY2 0UZ	<b>Telephone:</b> 01253 337972 01253 337763 01253 337975	Input by	<input type="text"/>
		Date	<input type="text"/>
		Authorised	<input type="text"/>
		Date	<input type="text"/>



**RENT REBATES (TENANTS OF NON-HRA PROPERTIES)**

**TOTAL EXPENDITURE  
(Benefit Granted)**

870	011
-----	-----

EXPENDITURE	RATE	SUBSIDY
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**BOARD AND LODGING AND NON SELF-CONTAINED LICENSED ACCOMMODATION WHERE THE LOCAL AUTHORITY IS THE LANDLORD**

Expenditure **up to** the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375).

870	012	1.00	870	012S
-----	-----	------	-----	------

Expenditure **above** the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375).

0	013	NIL	0	013S
---	-----	-----	---	------

**SHORT-TERM LEASED AND SELF-CONTAINED LICENSED ACCOMMODATION WHERE THE LOCAL AUTHORITY IS THE LANDLORD**

Expenditure **up to** the lower of 90% of the appropriate LHA rate for the property, and the upper limit (£500 or £375).

0	014	1.00	0	014S
---	-----	------	---	------

Expenditure **above** the lower of 90% of the appropriate LHA rate for the property plus the management costs element, and the upper limit (£500 or £375).

0	015	NIL	0	015S
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**Cells 016 to 020 - Spare**

**Cell 021 - Scotland only**

**EXTENDED PAYMENTS**

Total extended payments of non-HRA rent rebates.

0	022	1.00	0	022S
---	-----	------	---	------

**NON-HRA RENT REBATE EXPENDITURE ATTRACTING FULL-RATE SUBSIDY WHICH IS INCLUDED IN CELL 011 BUT NOT OTHERWISE SEPARATELY IDENTIFIED IN THIS SECTION**

0	023	1.00	0	023S
---	-----	------	---	------

**OVERPAID (NON-HRA) RENT REBATES (CURRENT YEAR)**

DWP error overpayments recovered.

0	024	NIL	0	024S
---	-----	-----	---	------

DWP error overpayments not recovered.

0	025	1.00	0	025S
---	-----	------	---	------

LA error and administrative delay overpayments.	0	026	NIL	0	026S
---	---	-----	-----	---	------

Technical overpayments.	0	027	NIL	0	027S
-------------------------	---	-----	-----	---	------

Eligible overpayments.	0	028	0.40	0	028S
------------------------	---	-----	------	---	------

**OVERPAID (NON-HRA) RENT REBATES (PRIOR YEARS)**

DWP error overpayments recovered.	0	029	NIL	0	029S
-----------------------------------	---	-----	-----	---	------

DWP error overpayments not recovered.	0	030	1.00	0	030S
---------------------------------------	---	-----	------	---	------

LA error and administrative delay overpayments.	0	031	NIL	0	031S
---	---	-----	-----	---	------

Technical overpayments.	0	032	NIL	0	032S
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Eligible overpayments.	0	033	0.40	0	033S
------------------------	---	-----	------	---	------

**TOTAL SUBSIDY CLAIMED AT FULL RATE**

Cell 034S = (012S + 014S + 022S + 023S + 025S) - (029 + 031 + 032 + 033).	870	034S
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**TOTAL SUBSIDY CLAIMED AT REDUCED RATES**

Cell 035S = 028S + 033S.	0	035S
--------------------------	---	------

**TOTAL NON-HRA RENT REBATE SUBSIDY CLAIMED**

Cell 036S = 034S + 035S + 208S. (The amount in cell 036S is added to the amount in cell 076S and entered in cell 003.)	870	036S
---	-----	------

**IN-YEAR RECONCILIATION**

Cell 037 = total of cells (012 to 015) and (022 to 028); this must equal the figure in cell 011.	870	037
--	-----	-----

**BACKDATED EXPENDITURE**

0	038
---	-----

**Cells 039 to 054 - Spare**

<b>RENT REBATES (TENANTS OF HRA PROPERTIES)</b>
---

**TOTAL EXPENDITURE (Benefit Granted)**

0	055
---	-----

(This figure minus the figure in cell 079 is transferred to cell 222.)

EXPENDITURE	RATE	SUBSIDY
-------------	------	---------

Cells 056 to 057 - Wales only  
Cell 058 - Spare

**EXTENDED PAYMENTS**

Total extended payments of HRA rent rebates.

0 059	1.00	0 059S
-------	------	--------

**EXPENDITURE ON AFFORDABLE RENTS**

Total expenditure on affordable rents for properties in the HRA.

0 060	1.00	0 060S
-------	------	--------

**HRA RENT REBATE EXPENDITURE ATTRACTING FULL-RATE SUBSIDY WHICH IS INCLUDED IN CELL 055 BUT NOT OTHERWISE SEPARATELY IDENTIFIED IN THIS SECTION**

0 061	1.00	0 061S
-------	------	--------

Cell 062 - Wales only

**OVERPAID (HRA) RENT REBATES (CURRENT YEAR)**

DWP error overpayments recovered.

0 063	NIL	0 063S
-------	-----	--------

DWP error overpayments not recovered.

0 064	1.00	0 064S
-------	------	--------

LA error and administrative delay overpayments.

0 065	NIL	0 065S
-------	-----	--------

Technical overpayments.

0 066	NIL	0 066S
-------	-----	--------

Eligible overpayments.

0 067	0.40	0 067S
-------	------	--------

**OVERPAID (HRA) RENT REBATES (PRIOR YEARS)**

DWP error overpayments recovered.

0 068	NIL	0 068S
-------	-----	--------

DWP error overpayments not recovered.

0 069	1.00	0 069S
-------	------	--------

LA error and administrative delay overpayments.

0 070	NIL	0 070S
-------	-----	--------

Technical overpayments.

0 071	NIL	0 071S
-------	-----	--------

Eligible overpayments.

0 072	0.40	0 072S
-------	------	--------

**TOTAL SUBSIDY CLAIMED AT FULL RATE**

Cell 073S = (059S + 060S + 061S + 064S) - (068 + 070 + 071 + 072).

0 073S
--------

**TOTAL SUBSIDY CLAIMED AT REDUCED RATES**

Cell 074S = 067S + 072S.

0 074S
--------

**SUBSIDY LIMITATION PERCENTAGE**

(This figure is taken from cell 224).

100 % 075
-----------

**TOTAL HRA RENT REBATE SUBSIDY CLAIMED**

Cell 076S = ((073S - 060S + 074S + 209S) x 075) + 060S.  
 (The amount in cell 076S is added to the amount in cell 036S  
 and entered in cell 003.)

0	<b>076S</b>
---	-------------

**IN-YEAR RECONCILIATION**

Cell 077 = total of cells (059 to 061) and  
 (063 to 067); this must equal the figure in  
 cell 055.

0	<b>077</b>
---	------------

**BACKDATED EXPENDITURE**

0	<b>078</b>
---	------------

**TOTAL EXPENDITURE ON AFFORDABLE RENTS INCLUDING AFFORDABLE RENTS OVERPAYMENTS**

0	<b>079</b>
---	------------

**Cells 080 to 093 - Spare****RENT ALLOWANCES****TOTAL EXPENDITURE (Benefit Granted)**

24,605,866	<b>094</b>
------------	------------

EXPENDITURE	RATE	SUBSIDY
-------------	------	---------

**REGULATED TENANCIES**

Total expenditure in respect of  
 "regulated tenancies" entered into before de-regulation.

76,583	<b>095</b>
--------	------------

1.00
------

76,583	<b>095S</b>
--------	-------------

**EXPENDITURE UNDER THE RENT OFFICER ARRANGEMENTS:  
 CASES REFERRED TO THE RENT OFFICER BY 30 APRIL 2020 AS REQUIRED  
 (EXCLUDING EXPENDITURE MADE UNDER PAYMENTS ON ACCOUNT UNDER  
 REG.93 OF SI 2006 No.213 OR REG.74 OF SI 2006 No.214)**

CLAIMS ADMINISTERED UNDER THE PRE-1996 RULES

Total expenditure on that part of weekly  
 eligible rent above the rent officer's  
 determination on a claim where restrictions  
 could not be made under Regs.13 or 13ZA.

90,190	<b>096</b>
--------	------------

0.60
------

54,114	<b>096S</b>
--------	-------------

Total expenditure on that part of weekly  
 eligible rent above the rent officer's  
 determination on a claim where restrictions  
 could be made under Regs.13 or 13ZA.  
 Exclude amounts in cell 096.

0	<b>097</b>
---	------------

NIL
-----

0	<b>097S</b>
---	-------------

Total expenditure on that part of weekly  
 eligible rent at or below the rent officer's  
 determination on a claim.

99,288	<b>098</b>
--------	------------

1.00
------

99,288	<b>098S</b>
--------	-------------

MAXIMUM RENT CASES

Total expenditure up to the maximum rent.

1,367,249	<b>099</b>
-----------	------------

1.00
------

1,367,249	<b>099S</b>
-----------	-------------

**EXPENDITURE UNDER THE RENT OFFICER ARRANGEMENTS:  
PAYMENTS MADE ON ACCOUNT UNDER REG.93 OF SI 2006 No. 213 OR REG.74 OF  
SI 2006 No. 214 AND REFERRAL MADE TO THE RENT OFFICER BY 30 APRIL 2020**

Total expenditure arising from payments made on account under Reg.93 of SI 2006 No. 213 or Reg.74 of SI 2006 No. 214 in which a referral was made by 30 April 2020.	2,127	100	1.00	2,127	100S
---	-------	-----	------	-------	------

**EXPENDITURE UNDER THE RENT OFFICER ARRANGEMENTS:  
CASES REQUIRING REFERRAL BUT NO REFFERAL MADE BY 30 APRIL 2020**

Expenditure where there is no current determination and no referral made by 30 April 2020.	0	101	NIL	0	101S
--	---	-----	-----	---	------

**EXPENDITURE UNDER THE RENT OFFICER ARRANGEMENTS:  
CASES EXCLUDED FROM REQUIREMENT TO REFER TO THE RENT OFFICER**

Total expenditure related to cases not requiring referral to the rent officer.	11,041,073	102	1.00	11,041,073	102S
--	------------	-----	------	------------	------

**LHA EXPENDITURE**

Total expenditure in claims administered under LHA rules.	11,631,459	103	1.00	11,631,459	103S
---	------------	-----	------	------------	------

**EXPENDITURE ON BOARD AND LODGING AND NON SELF-CONTAINED LICENSED ACCOMMODATION PROVIDED AS TEMPORARY OR SHORT TERM ACCOMMODATION WHERE A REGISTERED HOUSING ASSOCIATION IS THE LANDLORD**

Expenditure <b>up to</b> the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375).	0	104	1.00	0	104S
---	---	-----	------	---	------

Expenditure <b>above</b> the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375).	0	105	NIL	0	105S
---	---	-----	-----	---	------

**EXPENDITURE ON SELF-CONTAINED LICENSED ACCOMMODATION AND ACCOMMODATION OWNED OR LEASED BY A REGISTERED HOUSING ASSOCIATION PROVIDED AS TEMPORARY OR SHORT TERM ACCOMMODATION WHERE A REGISTERED HOUSING ASSOCIATION IS THE LANDLORD**

Expenditure <b>up to</b> the lower of 90% of the appropriate LHA rate for the property, and the upper limit (£500 or £375).	0	106	1.00	0	106S
---	---	-----	------	---	------

Expenditure <b>above</b> the lower of 90% of the appropriate LHA rate for the property plus the management costs element, and the upper limit (£500 or £375).	0	107	NIL	0	107S
---	---	-----	-----	---	------

**SUPPORTED RENT EXPENDITURE**

Total expenditure for any claims or awards that have had their eligible rent calculated within the rules that have replaced the use of the pre 1996 rules for "exempt accommodation".

0	108	1.00	0	108S
---	-----	------	---	------

**EXTENDED PAYMENTS**

Total extended payments of rent allowance.

9,025	109	1.00	9,025	109S
-------	-----	------	-------	------

**RENT ALLOWANCE EXPENDITURE ATTRACTING FULL-RATE SUBSIDY WHICH IS INCLUDED IN CELL 094 BUT NOT OTHERWISE SEPARATELY IDENTIFIED IN THIS SECTION**

0	110	1.00	0	110S
---	-----	------	---	------

**OVERPAID RENT ALLOWANCES (CURRENT YEAR)**

DWP error overpayments recovered.

0	111	NIL	0	111S
---	-----	-----	---	------

DWP overpayments not recovered.

2,721	112	1.00	2,721	112S
-------	-----	------	-------	------

LA error and administrative delay overpayments.

14,958	113	NIL	0	113S
--------	-----	-----	---	------

Eligible overpayments.

271,193	114	0.40	108,477	114S
---------	-----	------	---------	------

Duplicate payments.

0	115	0.25	0	115S
---	-----	------	---	------

Recovered overpayments resulting from the use of payments on account made under Reg.93 of SI 2006 No. 213 or Reg.74 of SI 2006 No.214.

-4	116	NIL	0	116S
----	-----	-----	---	------

Overpayments resulting from the use of payments on account made under Reg.93 of SI 2006 No. 213 or Reg.74 of SI 2006 No.214 which have not been recovered.

4	117	1.00	4	117S
---	-----	------	---	------

**OVERPAID RENT ALLOWANCES (PRIOR YEARS)**

DWP error overpayments recovered.

0	118	NIL	0	118S
---	-----	-----	---	------

DWP overpayments not recovered.

540	119	1.00	540	119S
-----	-----	------	-----	------

LA error and administrative delay overpayments.

24,793	120	NIL	0	120S
--------	-----	-----	---	------

Eligible overpayments.

184,806	121	0.40	73,922	121S
---------	-----	------	--------	------

Duplicate payments.

0	122	0.25	0	122S
---	-----	------	---	------

Recovered overpayments resulting from the use of payments on account made under Reg.93 of SI 2006 No. 213 or Reg.74 of SI 2006 No.214.

0	123	NIL	0	123S
---	-----	-----	---	------

Overpayments resulting from the use of payments on account made under Reg.93 of SI 2006 No. 213 or Reg.74 of SI 2006 No.214 which have not been recovered.

0	124	1.00	0	124S
---	-----	------	---	------

**TOTAL SUBSIDY CLAIMED AT FULL RATE**

Cell 125S = (095S + 098S + 099S + 100S + 102S + 103S + 104S + 106S + 108S + 109S + 110S + 112S + 117S) - (118 + 120 + 121 + 122 + 123).

24,019,930	125S
------------	------

**TOTAL SUBSIDY CLAIMED AT REDUCED RATES**

Cell 126S = 096S + 114S + 115S + 121S + 122S.

236,513	126S
---------	------

**TOTAL RENT ALLOWANCE SUBSIDY CLAIMED**

Cell 127S = 125S + 126S + 210S.

24,296,194	127S
------------	------

**MODIFIED SCHEME SUBSIDY**

(This figure to be transferred from cell 216S.)

26,505	128S
--------	------

**TOTAL SUBSIDY**

Cell 129S = 127S + 128S  
(The amount in cell 129S is entered in cell 004.)

24,322,699	129S
------------	------

**IN-YEAR RECONCILIATION**

Cell 130 = total of cells 095 to 117;  
this must equal the figure in cell 094.

24,605,866	130
------------	-----

**BACKDATED EXPENDITURE**

15,709	131
--------	-----

Cells 132 to 178 - Spare

**SUBSIDY ADDITIONS AND DEDUCTIONS**

**UNCASHED PAYMENTS**

Subsidy reduction in respect of uncashed payments prior to 2019/2020  
(The amount in cell 179S is entered in cell 006.)

2,467	179S
-------	------

Cells 180 to 190 - Scotland and Wales

Cells 191 to 200 - Spare

**LOCAL AUTHORITY ERROR AND ADMINISTRATIVE DELAY SUBSIDY**

**TOTAL EXPENDITURE ATTRACTING FULL SUBSIDY**

(Cells 034S + 073S + 125S)

24,020,800	<b>201</b>
------------	------------

Lower threshold (cell 201 x 0.48%).

115,300	<b>202</b>
---------	------------

Upper threshold (cell 201 x 0.54%).

129,712	<b>203</b>
---------	------------

**TOTAL LA ERROR AND ADMINISTRATIVE DELAY OVERPAYMENTS**

(Cells 026 + 031 + 065 + 070 + 113 + 120)

39,751	<b>204</b>
--------	------------

**SUBSIDY CALCULATION**

Enter the figure from cell 204 if less than or equal to cell 202.

Otherwise enter "0".

39,751	<b>205</b>
--------	------------

Enter the figure from cell 204 if more than cell 202 but less than or equal to cell 203. Otherwise enter "0".

0	<b>206</b>
---	------------

**LA error and administrative delay subsidy due**

(cell 205 + (cell 206 x 0.40)).

39,751	<b>207S</b>
--------	-------------

**LA ERROR AND ADMINISTRATIVE DELAY SUBSIDY APPORTIONMENTS**

Rebates for non-HRA properties (cell 207S x ((cell 026 + 031) divided by cell 204)). This figure to be included in cell 036S.

0	<b>208S</b>
---	-------------

Rebates for HRA properties (cell 207S x ((cell 065 + 070) divided by cell 204)). This figure to be included in cell 076S.

0	<b>209S</b>
---	-------------

Rent Allowances (cell 207S x ((cell 113 + 120) divided by cell 204)). This figure to be included in cell 127S.

39,751	<b>210S</b>
--------	-------------

**Cell 211 - Spare**

**MODIFIED SCHEMES SUBSIDY**

Total subsidy claimed before any addition in respect of the operation of a local scheme. (Cells 036S + 076S + 127S)

24,297,064	<b>212</b>
------------	------------

Enter 0.2% of cell 212.

48,594	<b>213</b>
--------	------------

Expenditure due to the **voluntary** disregarding of War Disablement Pensions or War Widows Pensions.

35,340	<b>214</b>
--------	------------

Enter 75% of cell 214.

26,505	<b>215</b>
--------	------------

Enter the lower of cells 213 and 215. This figure to be transferred to cell 128S.

26,505	<b>216S</b>
--------	-------------



**RENT REBATE SUBSIDY LIMITATION SCHEME**

2019/20 weekly rent limit.

0.0	<b>217</b>
-----	------------

Derogation from Rent Rebate subsidy limitation, if granted.

0.0	<b>218</b>
-----	------------

Average weekly rent for 2019/20 **excluding affordable rents** (rent for Rent Rebate subsidy limitation purposes).

0	<b>219</b>
---	------------

Rental income for 2019/20 **excluding affordable rents**.

0	<b>220</b>
---	------------

Enter zero if not subject to limitation, otherwise enter the amount in cell 220.

0.00	<b>221</b>
------	------------

Amount of rebates paid in 2019/20 (this is the figure entered in cell 055 minus the figure entered in cell 079).

0	<b>222</b>
---	------------

Proportion of rental income rebated in 2019/20.  
(Cell 223 = cell 222/cell 220)

0.0000	<b>223</b>
--------	------------

Rent Rebate subsidy limitation percentage.  
If cell 219 is less than or equal to cells 217 + 218, cell 224 = 100%;

100.00	<b>224</b>
--------	------------

If cell 219 is greater than cells 217 + 218 and if cell 223 is less than or equal to 0.726, cell 224 = (cells 217 + 218)/cell 219;

If cell 219 is greater than cells 217 + 218 and if cell 223 is greater than 0.726, cell 224 = 1 - (((cell 219 - (cells 217 + 218))/cell 219) x (0.726/cell 223)).

(The percentage is transferred to cell 075.)

**MODIFIED SCHEMES**

Total paid on increase in benefit arising from local schemes which allow some or all of a war disablement or war widow's pension to be disregarded.

Non-HRA Rent Rebate	HRA Rent Rebate	Rent Allowance	Total HB	
0	0	35,340	35,340	<b>225</b>

**LOCAL AUTHORITY CERTIFICATE**

\* **I APPLY** on behalf of the authority for payment, in advance of certification by the Reporting Accountant, of the amount shown at cell 009.

\* ~~**I UNDERTAKE** on behalf of the authority to pay on demand to the Secretary of State the amount shown at cell 009.~~

**I CERTIFY** that I have examined the entries within this form and that to the best of my knowledge and belief -

the entries are accurate;

the expenditure, on which the claim is based, has been properly incurred in accordance with the Social Security Contributions and Benefits Act 1992 and the instructions made or having force thereunder, in particular the Housing Benefit Regulations 2006;

this claim for subsidy is on the form required by the Secretary of State and the information given on it is in accordance with that Act and the instruments made or having force thereunder, in particular the Income-related Benefits (Subsidy to Authorities) Order 1998;

no amounts in this claim have been included in any claim by an authority or authorities\* acting as an agent or agents\* of this authority; and

the authority's administrative systems, procedures and key controls for awarding benefits operate effectively and the authority has taken reasonable steps to prevent and detect fraud.

**SIGNED :**

*Clare James*

**DATE :** 27/04/2020

**This signature, certifying this claim, must be that of the officer responsible pursuant to Section 151 of the Local Government Act 1972 (Responsible Finance Officer)**

**Name (block)** CLARE JAMES

**Position held :** Head of Resources/151 Officer

\* *Delete as necessary*

**REPORTING ACCOUNTANT: HBAP RECORD**

Further to the attached reporting accountant's report dated .....29 January 2021.....  
I confirm that this claim form:

- remains as the original\*
- replaces the original\*
- amends the original submitted\*

(\* please tick as appropriate)

Signature *Deloitte LLP*

Name (block capitals): SARAH ANDERSON

Date: 29 January 2021

Contact details: saanderson@deloitte.co.uk

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Report of:	Meeting	Date	Item no.
Corporate Director Resources (Section 151 Officer)	Audit Committee	2 March 2021	8

**REVIEW OF THE COUNCIL'S ANTI-MONEY LAUNDERING POLICY AND PROCEDURE**

**1. Purpose of report**

1.1 Approval of the Council's Anti-Money Laundering Policy and Procedure.

**2. Outcomes**

2.1 The ability to demonstrate that the council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

**3. Recommendation**

3.1 Members are asked to approve the refreshed policy at Appendix 1.

**4. Background**

4.1 The Council's Anti-Money Laundering Policy and Procedure was first introduced in 2007 to comply with the new 'Money Laundering Regulations (MLR) 2007 Act', which came into effect in December 2007. In June 2017 the MLR were superseded by the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017. In 2019 further changes to the regulations came into force updating the UK's anti-money laundering regime to incorporate international standards set by the Financial Action Task Force (FATF) and to transpose the EU's 5<sup>th</sup> Money Laundering Directive.

## 5. Key Issues and proposals

- 5.1** The general aim of all the council's Anti-Money Laundering Policy and Procedure is to put in place a number of controls across the organisation to help prevent, detect and report suspected money laundering.
- 5.2** The Council's Policy and Procedure attached at Appendix 1 has now been updated to ensure it complies with the new legislation.
- 5.3** The draft policy can be viewed by using the following link. Tracked changes have been used to identify the minor changes to the council's policy which was last approved by the Audit Committee in November 2019.

<https://wyregovuk.sharepoint.com/sites/Governance/SitePages/Counter-fraud-and-corruption.aspx>

<b>Financial and legal implications</b>	
Finance	There are no specific financial implications arising from the adoption of this policy.
Legal	The Council's Anti-Money Laundering Policy and Procedure is one of the council's counter-fraud policies which assists in good governance and probity of council actions and decision-making.

### **Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	X
equality and diversity	X
sustainability	X
health and safety	X

<b>risks/implications</b>	<b>✓ / x</b>
asset management	X
climate change	X
ICT	X
Data protection	X

### **Processing Personal Data**

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed

and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018

report author	telephone no.	email	date
Joanne Billington	01253 887372	<a href="mailto:joanne.billington@wyre.gov.uk">joanne.billington@wyre.gov.uk</a>	22 February 2021

<b>List of background papers:</b>		
name of document	date	where available for inspection
None		

**List of appendices**

Appendix 1 – Anti-Money Laundering Policy and Procedure

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# Anti-Money Laundering Policy and Procedures

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde  
Lancashire  
FY6 7PU

-Approved by Audit Committee ~~19 November 2019~~ [March 2021](#)

## 1 Introduction

- 1.1 Historically, legislation seeking to prevent the laundering of the proceeds of criminal activity was aimed at professionals in the financial and investment sector. However, more recently it has been recognised that those involved in criminal and terrorist conduct were able to 'clean' the proceeds of crime through a wider range of businesses and professional activities, including Local Authorities.
- 1.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), ~~which transposed the Fourth EU Money Laundering Directive into UK Law, were laid before Parliament on 22 June 2017 and commenced on 26 June 2017. These obligations~~ impact on certain areas of local authority business and, as under the previous regulations of 2007, require local authorities to maintain internal procedures to prevent the use of their services for money laundering. A key difference of the 2017 Regulations is to require relevant persons to adopt a more risk-based approach towards anti-money laundering, particularly in the conduct of due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in the MLR 2017.

The MLR 2017 have been amended by the Money Laundering and Terrorist Financing (-Amendment) Regulations 2019 (-the MLR 2019) by extending existing customer due diligence (CDD) obligations and increasing reporting requirements for many businesses. They have also introduced more onerous enhanced due diligence (-EDD) requirements. -The UK's Financial Conduct Authority (FCA) identified in its annual report on anti-money laundering that effective customer risk assessment and customer due diligence are key to reducing opportunities for money laundering and the new CDD requirements brought in by MLR 2019 support this. A summary of the MLR 2019 is available at [WWW.GOV.UK](http://WWW.GOV.UK) (see table at the end of this policy).

- 1.3 The council will ensure that it adheres to the relevant legislation and in particular:
- Ensure those staff most likely to be exposed to or suspicious of money laundering are aware of the requirements and obligations placed on the council and on them as individuals;
  - Provide targeted training for those staff considered to be most likely to encounter money laundering; and
  - Make arrangements to receive and manage the concerns of staff about money laundering reporting as necessary to the National Crime Agency (NCA) and potentially other bodies including Her Majesty's Revenue and Customs (HMRC).
- 1.4 This policy applies to all employees of the council, elected members, agency staff and consultants and should be read in conjunction with the Council's Anti-Fraud, Corruption and Bribery Policy.

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## 2 Definitions

## 2.1 What is Money Laundering?

Money Laundering means:

- Concealing, disguising, converting, transferring or removing criminal or terrorist property;
- Entering into or becoming concerned in an arrangement that a person knows or suspects is facilitating the acquisition, retention, use or control of property purchased through the proceeds of crime or terrorism; or
- Acquiring, using or possessing criminal or terrorist property.

## 2.2 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended by the MLR 2019 (the Money Laundering Regulations).

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The Money Laundering Regulations ~~LR 2017~~ and the Proceeds of Crime Act 2002 require organisations in the “regulated sector” and those conducting what is referred to as “relevant business” to adopt certain procedures to help control the transfer of money and assets. Under legislation there are two main types of offences that may be committed by anyone:

- Money laundering offences
- Failure to report money laundering offences

## 2.3 Definition of a Relevant Business

“Relevant business” is defined with reference to the activities undertaken. Not all of the Council’s business is “relevant” and it will mainly be those officers conducting accountancy, audit, legal and property transactions who will be carrying out relevant business. Examples at Wyre Council could include the following:

- Accepting deposits in advance of a service being provided;
- Arranging / managing investments and loans;
- Legal services involvement with financial or property transactions;
- Collection or refund of money from debtors or rate payers including both Council Tax and Non-Domestic rates;
- Business services in relation to the formation and management of Companies or Trusts and;
- Dealing in goods of any description by way of business wherever a transaction involves accepting a total cash payment in excess of £5,000.

## **3 The Obligations of The Council**

### 3.1 The following elements represent the main requirements of an Anti-Money Laundering Policy:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from staff of suspected money laundering activity;

- Implement a procedure that requires staff to report suspicions of money laundering;
- Have procedures for staff in checking and verifying the identity of clients and others dealing with the Council; (i.e we must '*know our customers*');
- Maintain adequate records; and
- Train relevant staff.

3.2

Not all of the Council's business is 'relevant' for the purposes of the legislation. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council, therefore all employees are required to comply with the Council's Anti Money Laundering Policy in terms of reporting concerns regarding money laundering.

3.3

It is a requirement of the MLR 2017 that appropriate systems of internal control are in place to prevent activities relating to money laundering and terrorist financing. There must be management controls in place to identify the possibility that criminals may be attempting to launder money or fund terrorism, so as to enable appropriate action to prevent or report it to be taken. MLR 2017 ends "automatic" due diligence. Instead, a relevant person needs to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate. Another change is the creation of a "black list" of high risk jurisdictions which, if involved in a transaction, makes enhanced due diligence and additional risk assessment compulsory. [A summary of the MLR 2019 is available at WWW.GOV.UK \(see table at the end of this policy\)](#). Guidance is available on the HMRC website (refer to table at the end of this policy).

3.4

It is management's responsibility to implement systems of internal control capable of identifying unusual or suspicious transactions or customer activity and quickly report the details to the MLRO indicated in paragraph 4.1 below. Systems of internal control should include the following:

- Identification of senior management responsibilities.
- Provision of information to senior management on money laundering and terrorist financing risks.
- Training of relevant employees on the legal and regulatory responsibilities for money laundering and terrorist financing controls and measures.
- Documentation of the Council's risk management policies and procedures.
- Measures to ensure that money laundering and terrorist financing risks are taken into account in the day to day operations of the organisation.

#### 4 The Council's Procedures

4.1 The Council's MLRO is the [Head of Finance](#) [Director of Resources](#) (Section 151 Officer), and can be contacted as follows;

**Clare James**  
[Head of Finance](#) [Director of Resources](#)  
 -(Section 151 Officer)  
 Civic Centre, Breck Road  
 Poulton le Fylde

Telephone 01253 887308 Email <a href="mailto:clare.james@wyre.gov.uk">clare.james@wyre.gov.uk</a>
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4.2 In the absence of the MLRO, contact the Deputy MLRO

**Mary Grimshaw**  
**Senior Solicitor Legal Services Manager**  
**Address as above**

Telephone 01253 887610  
Email mary.grimshaw@wyre.gov.uk

4.3 Reporting Procedure

Where a member of staff knows or suspects that money is being laundered or is concerned about their involvement in such activity, this must be disclosed to the MLRO or Deputy. This disclosure should be within hours of it coming to the attention of the member of staff as opposed to days or weeks later. A member of staff who fails to make such a disclosure **MAY BE LIABLE TO PROSECUTION**.

The report to the MLRO should be made using the pro-formas which are located on the Councils Intranet.

Even if you have not reported the matter to the MLRO, if you know or suspect that such a disclosure has been made and you mention it to someone else, this could amount to a tipping off offence. Be very careful what you say and to whom, in these circumstances. Any person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum five years), a fine or both.

4.4 Procedure following the Report

Once a report has been made to the MLRO the member of staff must comply with the following:

- The member of staff will need to follow any directions given by the MLRO or by the NCA. This may include continuing with the transaction in order to avoid raising suspicion that the laundering has been detected;
- The member of staff will cooperate with the MLRO and NCA during any subsequent investigation;
- The Member of staff must not make any further enquiries or investigate the matter themselves, as there may be a danger that the investigation by NCA could be compromised by alerting those engaged in the money laundering;
- The member of staff should not voice any suspicions to persons suspected of money laundering, as this may constitute the criminal offence of "Tipping Off"; and
- The member of staff shall not make any reference on a client file to a report having been made to the MLRO. Under Data Protection legislation a client

may exercise their right to see their file and therefore would see any note of the report thereby 'tipping them off'.

#### 4.5 Duties of the MLRO

The MLRO will follow the procedures below upon receiving a report from a member of staff:

- Enter the date of receipt of the report in the relevant section of the report;
- Acknowledge receipt of the report and advise the member of staff of the timescale in which a response will be made as well as giving any immediate instruction as deemed appropriate;
- Consider the report and undertake any other reasonable enquiries in order to decide whether a report to NCA is required. Guidance from the NCA was produced in October 2010 relating to the information required (<http://www.nationalcrimeagency.gov.uk/publications/732-guidance-on-submitting-better-quality-sars/file>);
- If the MLRO concludes there are reasonable grounds to suspect money-laundering activity may be taking place but has a good reason for non-disclosure then a note must be made. Consent may then be given for an on-going or imminent transaction to proceed. -A reasonable excuse could include matters such as legal professional privilege (the MLRO must liaise with the Council's Legal Services to decide if legal professional privilege applies in any particular case);
- If the MLRO concludes there are reasonable grounds to suspect money laundering activity may be taking place or that consent from NCA is required before a transaction can proceed, the standard NCA report form will be completed. -Note: the transaction in question cannot proceed until either NCA has given specific consent or else consent is deemed through the expiry of a relevant time limit without objection from NCA;
- If the MLRO concludes there are no reasonable grounds for suspecting or knowing money-laundering activity may be taking place this will be noted on the report and approval will be given for the transaction to proceed accordingly; and
- The MLRO must ensure that all reports received from members of staff and all reports subsequently made to NCA are retained for a minimum of six years in a confidential file kept specifically for that purpose.

#### 4.6 Client Identification Process

This procedure must be followed by members of staff under the following circumstances.

Where the council is carrying out relevant business

**AND....**An on-going business relationship is formed with a client/third party

**OR....**Is engaged in a one-off transaction involving payment by, or to the client/third party of £5,000 or more

**OR....**Is engaged in a series of linked transactions involving total payment by, or to the client/third party of £5,000 or more

**OR....**It is known or suspected that a one-off transaction (or a series of them) involves money laundering.

***Before any business is undertaken the client identification procedure set out below must be adhered to.***

#### Identification Procedure

Satisfactory evidence of identity of the client/third party must be obtained upon taking instructions or as soon as practicable thereafter.

For inter departmental transactions, documentation must be retained that constitutes evidence that the client identification procedure has been followed. For dealings with external clients, evidence will be in the form of written instructions on the organisations letterhead at the outset of the matter. If it is a new client then further evidence may be necessary such as a company search via Companies House. In either case the documentation that constitutes evidence of compliance with the client identification procedure should be clearly marked on the client's records.

Suitable documentary evidence in the case of transactions with individuals would be a copy of a passport or driving licence with a photograph together with correspondence showing the individual's name and address.

In every case evidence of compliance with the client identification procedure shall be retained on file for at least five years from the end of the business relationship.

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or transaction **CANNOT PROCEED**.

#### 4.7 Record Keeping Procedure

Each section of the Council conducting relevant business must maintain for five years records of:

- client identification evidence obtained; and
- details of all relevant business transactions carried out for clients.

This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation. An example may be distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In reality, staff will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

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There are various levels of 'due diligence', the regulations require due diligence to be carried out on a risk sensitive basis (taking account of customer and geographical risk factors), ~~so that:~~

- Under MLR 2017 simplified due diligence is only permitted where it is determined that the business relationship or transaction presents a low risk of money laundering or terrorist funding, taking into account the risk assessment
- 'Enhanced due diligence' (Regulation 33) for those with a high-risk status, for example remote transactions where the customer is not physically present to be identified would require additional appropriate documents to be requested.
- The 'beneficial owner', the individual that ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, should be identified. Regulation 28 sets out the requirements for measures to be taken to understand the ownership and control structure of persons, trusts and companies as a customer and to verify the identity of senior managing officials responsible for managing corporate bodies, particularly when the beneficial owner cannot be identified.- Regulation 30(a) sets out a requirement to check trust and company beneficial ownership registers before establishing a business relationship and to report any discrepancies found to Companies House.
- The business relationship should be scrutinised throughout its existence and not just at the beginning.

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The council may rely on due diligence undertaken by those regulated by the FSA or supervised by a listed professional regulator e.g. the Solicitors' Regulation Authority. Any information obtained may be used as evidence in any subsequent investigation by the relevant enforcement authorities into money laundering.

#### 4.8 Measuring the Effectiveness of the Policy

The Council will carry out regular training / refresher training to provide assurance that the policy is known and understood by the Council's employees, elected members, agency staff and consultants.

#### 4.9 Additional Guidance

The Proceeds of Crime Act 2002	<a href="http://www.legislation.gov.uk/ukpga/2002/29/contents">http://www.legislation.gov.uk/ukpga/2002/29/contents</a>
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The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 <del>2017</del>	<a href="http://www.legislation.gov.uk/ukxi/2017/692/contents/made">http://www.legislation.gov.uk/ukxi/2017/692/contents/made</a>
The Terrorism Act 2000	<a href="http://www.legislation.gov.uk/ukpga/2000/11/contents">http://www.legislation.gov.uk/ukpga/2000/11/contents</a>
National Crime Agency (NCA)	<a href="http://www.nationalcrimeagency.co.uk">http://www.nationalcrimeagency.co.uk</a>
HMRC Guidance  <a href="http://www.gov.uk">WWW.GOV.UK</a>	<a href="https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities">https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities</a>  <a href="https://www.gov.uk/government/publications/money-laundering-and-terrorist-financing-amendment-regulations-2019/money-laundering-and-terrorist-financing-amendment-regulations-2019">https://www.gov.uk/government/publications/money-laundering-and-terrorist-financing-amendment-regulations-2019/money-laundering-and-terrorist-financing-amendment-regulations-2019</a>

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