

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 7 June 2017 at the Civic Suite, Town Hall, Runcorn

Present: Councillors M. Lloyd Jones (Chair), Joe Roberts (Vice-Chair), Cole, MacManus, McDermott, Philbin and J. Stockton

Apologies for Absence: Councillors J. Bradshaw, N. Plumpton Walsh and Wall

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, M. Murphy, A. Scott and T. Dean

Also in attendance: Mark Heap and Georgia Jones, Grant Thornton (External Auditor)

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

BEB1 MINUTES

The Minutes of the meeting held on 1 February 2017 were taken as read and signed as a correct record.

BEB2 HOUSING BENEFIT SUBSIDY CLAIM CERTIFICATION

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided an update on the certification of the external audit of the Council's Housing Benefit Subsidy Claim for 2015/16.

Representatives from Grant Thornton, the Council's external auditors, presented their certification letter to the Board. A copy of this was attached to the report at Appendix 1.

RESOLVED: That the report be noted.

BEB3 EXTERNAL AUDIT FEE 2017/18

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided Members with details of the scale of fees for the external audit work for 2017/18.

The Board was advised that the Local Audit

Accountability Act 2014 provided a new framework for local public audit. As a result, the Secretary of State for Communities and Local Government had delegated some statutory functions to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

The letter attached to the report set out the details of the audit fee proposed by the PSAA, along with the scope and timing of external audit work and the team that would be working on the audit.

RESOLVED: That the 2017/18 audit fee and the scope and timing of the planned external audit work be noted.

Strategic Director
- Enterprise,
Community &
Resources

BEB4 EXTERNAL AUDIT LETTER TO THOSE CHARGED WITH GOVERNANCE

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided Members with a proposed response to the annual letter to the Board from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

The Board was advised that International Auditing Standards required the Council's external auditors, Grant Thornton, to raise those charged with governance (i.e. the Business Efficiency Board), matters that may affect the Council's financial statements and to document the Board's response.

The Board was further advised that Appendix 1 attached to the report, presented a proposed response to a number of questions contained in the letters from Grant Thornton to the Chair of the Board. Grant Thornton representatives attended the meeting to discuss further questions with Board Members.

RESOLVED: That the proposed response to the Council's external auditors, shown in Appendix 1 attached to the report, be approved.

Strategic Director
- Enterprise,
Community &
Resources

BEB5 EXTERNAL AUDIT PLAN 2016-17 YEAR END

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which sought approval of the External Audit Plan for the year end 2016/17.

The Board was advised that the report set out details of Grant Thornton's strategy and plan to deliver the 2016/17 audit of the Council's financial statements. It also provided details of their approach to the value for money conclusion.

RESOLVED: That the contents of the External Audit Plan for 2016/17 year end be noted.

BEB6 SAFEGUARDING INTERNAL AUDIT INDEPENDENCE

The Board considered a report of the Operational Director, Finance, on the safeguards put in place to ensure internal auditor independence and objectivity in the light of recent changes to management structures.

The Board was advised that the Council's internal audit function sat within the Audit, Procurement and Operational Finance Division. It was noted that the Divisional Manager post was recognised in the Council's Constitution as being the Head of Internal Audit. Following restructuring and rationalisation of the Council's management structures, the Council's Head of Internal Audit now assumed responsibility for a number of other finance-related functions, as set out in the report. In addition, further proposed restructuring would result in this post assuming management responsibility for Income and Assessment; and Debtors and Fraud Investigation.

It was reported that the Public Sector Internal Audit Standards (PSIAS) provided the standards for the Professional Practice of Internal Auditing and were mandatory for all principal local authorities, which were subject to the Accounts and Audit (England) Regulations. There were a number of specific provisions within the PSIAS which addressed the issues of independence and objectivity and the independence of the internal audit function. Appendix A set out how the Council had responded to the requirements of the PSIAS which established a range of safeguards to limit any impairment to independence or objectivity of the Council's internal audit function.

RESOLVED: That the Business Efficiency Board notes and endorses the safeguards established to limit any impairment to independence or objectivity of the internal audit function.

Operational
Director - Finance

BEB7 INTERNAL AUDIT ANNUAL REPORT - 2016/17

The Board considered a report of the Operational Director, Finance, which summarised the work of Internal

Audit during 2016/17 and presented an opinion on the effectiveness of the Council's overall risk management, control and governance processes.

It was noted that the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report which could be used to inform the Annual Governance Statement.

The Board noted information set out in the report relating to:-

- The Annual Opinion on the Council's framework of governance, risk management and control;
- A summary of work supporting the Annual Opinion;
- A statement on conformance with the Public Sector Internal Audit Standards;
- The Internal Audit Quality Assurance and Improvement Programme; and
- The Annual Review of the effectiveness of Internal Audit.

The Chair thanked all staff that had been involved in the preparation of the internal audit.

RESOLVED: That the Board notes and approves the Internal Audit Annual report 2016/17.

BEB8 DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

The Board considered a report of the Strategic Director, Enterprise, Community and Strategy, which sought approval of the draft Annual Governance Statement (AGS) for 2016/17.

The Board was advised that under the Accounts and Audit Regulations 2015, the Council must produce an AGS which must be approved by resolution of a Committee or Members of the authority as a whole. The AGS must also be approved in advance of the Council approving the statement of accounts.

The Council's Constitution delegated the responsibility to review and approve the AGS to the Business Efficiency Board. Once approved, the AGS would be signed by the Leader and Chief Executive and published on the Council's website.

The Board was further advised that the AGS was intended to identify any areas where the Council's governance arrangements needed to be developed and to set out any action that was proposed to strengthen those arrangements.

The draft AGS for 2016/17 was attached to the report. It was noted that the document identified two significant governance challenges for the Council; Funding Pressures and the Liverpool City Region Combined Authority, as detailed in the report.

RESOLVED: That, subject to the inclusion of an additional challenge relating to the need to maintain a robust IT governance framework,

- 1) the draft Annual Governance Statement be confirmed that it accurately reflects the Council's governance arrangements and governance challenges; and
- 2) the draft Annual Governance Statement be approved.

Strategic Director
- Enterprise,
Community &
Resources

BEB9 CORPORATE RISK REGISTER 2017/18

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the updated Corporate Risk Register for 2016/17.

The Board was advised that the Council recognised its responsibility to manage both internal and external risks as a key component of good corporate governance. At Directorate level, arrangements were in place for the high risk mitigation measures on the Directorate Risk Registers to be reviewed and updated mid-year, in line with Directorate Business Plans. Progress was then reported to Management Team and Policy and Performance Boards.

It was reported that the Risk Control Measures had been reviewed and updated in line with current changes within the Authority. The risks had been grouped in order of priority, as set out in the report. It was noted that the risks had been reprioritised so that people (community and staff), took priority. Therefore, two new risks had been included; 'Delivery of Services to Vulnerable Adults' and 'Making Halton Community Safe'.

RESOLVED: That

- 1) the progress of actions and comments raised be noted; and
- 2) the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements be noted.

BEB10 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- 1) Whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- 2) Whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighed that in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

BEB11 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Operational Director, Finance, which provided Members with a summary of internal audit work completed since the last progress report in February 2017. The report also provided details of

progress against the 2016/17 Internal Audit Plan.

It was noted that a total of eleven Internal Audit reports had been finalised since the last progress report. An overall assurance opinion was provided for each audit engagement. In addition, it was anticipated that a number of audits that were not completed from 2016/17 would be carried forward and undertaken in the 2017/18 first quarter period.

RESOLVED: That the update on progress against the 2016/17 Internal Audit Plan be received.

Meeting ended at 7.30 p.m.