

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 10 March 2010 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Leadbetter (Chairman), Lloyd Jones (Vice-Chairman), D. Inch, Jones, A. Lowe, Murray, Norddahl, Osborne, Philbin and Swift

Apologies for Absence: Councillor Worrall

Absence declared on Council business: None

Officers present: I. Leivesley, C. Halpin, L. Boyle and B. Dodd

Also in attendance: C. Williams and M. Thomas

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

BEB25 MINUTES

The minutes of the meeting held on 20th January 2010 having been printed and circulated were agreed as a correct record.

BEB26 RISK MANAGEMENT POLICY DOCUMENT AND CORPORATE RISK REGISTER 2010-11

The Board received a report of the Strategic Director, Corporate and Policy which set out the Risk Management Policy Document and Corporate Risk Register.

The Board was advised that the purpose of the Risk Management Policy Document and Corporate Risk Register was to ensure that the Council maximised its opportunities whilst minimising and controlling the associated risks in delivering the Council's vision and services for Halton. The Policy Document outlined the framework in which the Council operated Risk Management, linked to performance management.

The Board was further advised that the Council's Executive Board, Management Team and Corporate Risk Management Group had recently reviewed the current

Corporate Risk Register. As a result of this review the structure of the Register had been amended and also the corporate risks which had been identified under each heading. The risks had been grouped together under a number of headings, as set out in the report.

It was noted that Risk Management training had been provided to ensure that there was understanding of Officers' and Members' roles in the risk management process. In addition, a similar risk management programme had also been developed for schools, which would commence in early 2010.

RESOLVED: That the Risk Management Policy Document and the Corporate Risk Register 2010-11 be noted.

BEB27 COUNTER FRAUD MEASURES 2009/10 UPDATE

The Board received a report of the Strategic Director, Corporate and Policy which provided an update on the measures the Council had established to counter the risk of fraud.

It was noted that the Council had, traditionally, encountered low levels of fraud and corruption. However, it was important that the Council remained vigilant and maintained a robust anti fraud and corruption culture. Consequently, the report set out details of further proposed developments in this area.

It was further noted that the Council had a well-established framework of policies, procedures and functions that collectively helped to manage the risk of fraud and corruption. Key elements of this framework were set out in the report.

The Board was advised that in 2009/10 a number of measures had been undertaken to further develop the Council's counter fraud measures, as set out in the report. The Board was further advised that, nationally, the biggest risk of fraud facing local authorities was considered to be in respect of claims for Housing Benefit and Council Tax Benefit. The Council's Benefits Investigation Unit (BIU) therefore had an important role to play in the Council's overall counter fraud arrangements.

It was noted that during year the BIU had continued to raise awareness of benefit fraud through a range of initiatives, which were set out in the report. The BIU had also

continued to work closely with the Department for Work and Pensions (DWP) Fraud Investigation Service and had successfully prosecuted 15 joint working cases together since April 2009.

The Board was also advised that the Council had recently participated in the Audit Commission's National Fraud Initiative (NFI), which took place every two years. The datasets that were examined as part of NFI were set out in the report. The Council had been required to submit Council and Tax and electoral roll data for the first time this year. The inclusion of these datasets was intended to help identify instances where individuals were fraudulently claiming the 25 per cent single person discount (SPD) on their Council Tax bill. The output from NFI identified 586 cases where there was potential for DPS to have been claimed dishonestly. Investigations had resulted in action being taken on 122 cases, resulting in £27,000 awarded in SPD being reclaimed.

The Board was advised of planned future developments to maintain and strengthen the Council's counter fraud arrangements and these were set out in detail in the report.

Arising from Members comments and question the following was noted:

- that fraud was a notable risk within the Council and therefore Members requested it be added to the Risk Register;
- that data matching across national datasets was to highlight anomalies which required further investigation; and
- the excellent work undertaken by the Benefits Investigation Unit.

RESOLVED: That

- (1) the update on the Council's counter fraud measures be noted and the further developments proposed be endorsed; and
- (2) the risk register be amended to include fraud.

Strategic Director,
Corporate and
Policy

BEB28 ANNUAL GRANT CLAIMS - AUDIT 2008/9

The Board received a report on the findings from the Audit Commissions assessment of the control environment established by the Council to ensure that grant claims were

properly supported by the required documentation.

The Board was advised that Audit testing of grant claims was carried out on a risk based approach. The assessment of the control environment included the consideration of a number of factors before the level of testing was decided and these were set out in detail in the report.

The Board was advised of the main conclusions of the report and the following issues had been highlighted:

- that the standard of working paper files provided had improved for 2008/9, however, there were some instances where a complete set of working papers were not provided at the time the claim was submitted for certification; and
- that there was a risk to the Council that grant paying bodies would withhold funding if claims were not certified in accordance with the required deadlines; and
- incomplete and/or inadequate working papers supporting grant claims could lead to increased audit time being spent on certification.

It was further noted that, in total, 13 claims (including Housing Benefits) had been submitted for certification. From these, three claims required amendment, six were qualified, and two were amended and qualified. Many of the amendments related to arithmetical errors and issues with the initial completion of the claim such as omitted figures. This situation could be improved by an effective, independent review of the completed claims and supporting working papers prior to submission for certification.

The Board was advised that the audit of Housing Benefit claims, the Council's most significant claim, were straight forward with only one very minor error identified, and of the Action Plan which set out the priorities which had been agreed for over the forthcoming year.

RESOLVED: That

- (1) the report be noted and the action plan at Appendix 2 of the report be endorsed; and
- (2) the Boards thanks to Audit and Benefit Teams be noted.

Strategic Director,
Corporate and
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BEB29 AUDIT COMMISSION - AUDIT OPINION PLAN 2009/10

The Board received a report which provided the Board with details of the work the Council's External Auditors proposed to carry out in relation to the audit of the Council's Financial Statements 2009/10.

It was noted that the Council's 2009/10 Statement of Accounts was prepared in accordance with the CIPSA Statement of Recommended Practice (SORP). The SORP set out the proper accounting practices required for Statement of Accounts, by section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003.

The Board was advised that the initial audit fees letter for 2009/10 had been sent on the 27th April 2009 and presented to the Business Efficiency Board on 3rd June 2009. The letter set out the work that the External Auditors proposed to undertake in order to satisfy their responsibilities under the Audit Commissions Code of Audit Practice.

It was noted that External Audit were required by Professional Auditing Standards to specify the detailed risks that needed to be considered as part of opinion planning work. As the initial audit plan was produced at the start of the financial year for fee purposes, it was not possible to specify these risks. As the opinion work was about to commence, it was noted that External Audit were required to identify the risk as material mis-statement in the accounts, plan audit procedures to address these risks and ensure that the audit complied with all relevant auditing standards.

The Board was further advised that the indicative fee for the audit for 2009/10 financial statement and the value for money conclusion was £239,408. The Audit Commission scale fee for a Council of this size was £256,860. The fee proposed for 2009/10 was 6.8% below the scale fee. It was noted that the report set out the identification of specific risks, the testing strategy and key milestones and deadlines.

Arising from Member's comments and questions the following was noted:

- that many of the issues raised in the report were reflected in the Council's Risk Register;
- that fees were set by the Audit Commission and that Halton's was lower than the indicative fee set,

although it was still within the normal level of variation specified by the Commission;

- that the value for money and audit assurance scores were contributing factors in the level of settlement the Council received from the Government but that there was a formula behind this and many other factors were taken into account as well.

RESOLVED: That the Audit Opinion Plan for 2009/10 be noted.

BEB30 2010/11 INTERNAL AUDIT PLAN

The Board received a report of the Operational Director, Financial Services which provided details of the proposed Internal Audit Plan for 2010/11. The Audit Plan outlined the likely programme of work to be completed by Internal Audit during the year.

The Board was advised that the Audit Plan should be designed to provide sufficient coverage across the organisation to enable Internal Audit to deliver an overall opinion on the Council's Risk Management, Control and Governance arrangements.

It was noted that the Council's Internal Audit Strategy had been approved by the Business Efficiency Board in February 2009. The 2010/11 plan had been developed in accordance with that strategy.

The draft 2010/11 Internal Audit Plan was included with the report for Members' consideration. It was noted that the implementation of Phase 1 of the Council's Efficiency Programme was not expected to have a material impact on the coverage provided by Internal Audit.

The key developments affecting Internal Audit at present were:-

- the number of operational audit staff had reduced from 9 full time equivalent to 7.52 FTEs. However, the posts that had been deleted had been vacant for over 12 months therefore, the total number of audit days to be delivered in 2010/11 was broadly consistent with that planned in 2009/10; and
- a new post of Divisional Manager, Audit and Operational Finance would assume responsibility for managing the Internal Audit service.

It was noted that as internal audit resources were not sufficient to provide assurance over all areas of Council activity, a risk-based approach was adopted to prioritise coverage. In compiling the programme of work for 2010/11, account had been taken of a number of key areas, as set out in detail in the report.

The Board was advised that the Audit Plan would be kept under review throughout the year and quarterly progress reports would be provided to the Board.

It was noted that although the new working arrangements for the Audit and Operational Finance departments was not ideal, that in an authority of Halton's size and with the limited resources available that the Council had been careful to ensure that new working arrangements would be as robust as possible.

RESOLVED: That the proposed Internal Audit Plan for 2010/11 be approved.

BEB31 BEB WORK PROGRAMME

The Board received a report of the Strategic Director, Corporate and Policy which provided the indicative core workplan for the Business Efficiency Board in its role as the Council's Audit Committee for 2010/11.

The workplan appended to the report outlined areas for consideration by the Board at each of its meetings over the financial year to help ensure that it met its responsibilities.

It was noted that the workplan had been prepared taking into account a practical spread of issues across the year allowing for specific items that were determined by statutory or other prescribed timescales. The areas identified in the workplan were those known and anticipated at the current time and it was possible that issues may arise that may require additional reports to be added.

As the Business Efficiency Board was responsible for approving the Council's Annual Governance Statement it was therefore essential that the workplan of the Board reflected the primary sources of assurance over the Council's governance framework. These sources of assurance included:

- the work of Internal Audit;

- the Council's risk management arrangements;
- the results of corporate assessment; and
- the work of the Council's external auditor

RESOLVED: That

- (1) the workplan for 2010/11 be approved; and
- (2) the Procurement Strategy Review be added to the Workplan.

Strategic Director,
Corporate and
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Meeting ended at 7.47 p.m.