



**Business Efficiency Board**

**Wednesday, 11 June 2014 at 6.30 p.m.  
Civic Suite, Town Hall, Runcorn**

**Chief Executive**

**BOARD MEMBERSHIP**

Councillor Joe Roberts (Chair)	Labour
Councillor Martha Lloyd Jones (Vice-Chairman)	Labour
Councillor John Bradshaw	Conservative
Councillor Arthur Cole	Labour
Councillor Mike Fry	Labour
Councillor Darren Lea	Labour
Councillor Alan Lowe	Labour
Councillor Tony McDermott	Labour
Councillor Andrew MacManus	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor John Stockton	Labour

*Please contact Michelle Simpson on 0151 511 8708 or e-mail [michelle.simpson@halton.gov.uk](mailto:michelle.simpson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 24 September 2014*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATION OF INTEREST</b>	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
<b>3. BUSINESS EFFICIENCY BOARD WORK PLAN 2014 - 15</b>	<b>4 - 7</b>
<b>4. PROCUREMENT STRATEGY 2013-16 BI-ANNUAL REPORT</b>	<b>8 - 19</b>
<b>5. EFFICIENCY PROGRAMME UPDATE</b>	<b>20 - 23</b>
<b>6. INTERNAL AUDIT ANNUAL REPORT 2013-14</b>	<b>24 - 39</b>
<b>7. ANNUAL GOVERNANCE STATEMENT 2013-14</b>	<b>40 - 58</b>
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<b>10. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</b>	

## **PART II**

In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is **RECOMMENDED** that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.

### **11. INTERNAL AUDIT PROGRESS REPORT - QUARTER 4**

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***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**REPORT TO:** Business Efficiency Board

**DATE:** 11 June 2014

**REPORTING OFFICER:** Strategic Director – Policy & Resources

**SUBJECT:** Business Efficiency Board – Work Plan 2014/15

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 This report provides a draft work plan for the Business Efficiency Board for 2014/15. The work plan is attached at Appendix 1.

**2.0 RECOMMENDATION: That the Business Efficiency Board considers and approves its work plan for 2014/15.**

### **3.0 SUPPORTING INFORMATION**

3.1 The powers and duties of the Business Efficiency Board are set out in the Council Constitution. The attached work plan outlines areas for consideration by the Board at each of its meetings over the financial year to help ensure that it meets its responsibilities.

3.2 The work plan has been prepared taking into account a practical spread of issues across the year allowing for specific items that are determined by statutory or other prescribed timescales.

3.3 The areas identified in the work plan are those known and anticipated at the current time. It is possible that issues may arise that may require additional reports to be added or the timing of reports to change.

### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

4.1 The Business Efficiency Board is responsible for approving the Council's Annual Governance Statement. It is therefore essential that the work plan of the Business Efficiency Board reflects the primary sources of assurance over the Council's governance framework. These sources of assurance include:

- The work of internal audit;
- The Council's risk management arrangements;
- The work of the Council's external auditor.

4.2 The Board also has responsibilities in respect of efficiency, improvement and procurement. Specifically, these include responsibility for:

- Monitoring the Council's performance against the Efficiency Strategy;
- Monitoring the implementation of the Council's Procurement Strategy;
- Ensuring that the Council has effective processes in place to obtain value for money from its contractual arrangements with third parties.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 Good corporate governance requires independent, effective assurance about the adequacy of financial management and reporting. CIPFA considers that these functions are best delivered by an audit committee that is independent of the executive and scrutiny functions.

5.2 The maintenance of an effective governance framework contributes to the achievement of all the Council's priorities.

## **6.0 RISK ANALYSIS**

6.1 An effective audit committee helps to raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. This can enhance the public trust and confidence in the financial governance of an authority.

6.2 By agreeing a work plan the Council is formally setting out how the Business Efficiency Board will meet its responsibilities as the Council's Audit Committee.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None identified

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None

**Appendix 1 – Business Efficiency Board Work Plan 2014/15**

	11 June 2014	16 Set 2014	18 Nov 2014	25 Feb 2015
<b>Internal Audit:</b>				
<ul style="list-style-type: none"> <li>Quarterly progress report (2014/15 Audit Plan)</li> <li>2013/14 Annual Internal Audit Report</li> <li>Approval of 2015/16 Internal Audit Plan</li> </ul>	x	x	x	x
<b>Financial Reporting:</b>				
<ul style="list-style-type: none"> <li>Approval of Abstract of Accounts (2013/14)</li> </ul>		x		
<b>External Audit:</b>				
<ul style="list-style-type: none"> <li>2014/15 Audit Fee Letter</li> <li>Audit Findings Report / Financial Resilience Report (Including audit opinion and Value For Money conclusion)</li> <li>2013/14 Grant Certification Work Plan</li> <li>External Audit Plan</li> <li>2013/14 Grant Certification Report</li> <li>External Audit Update Report</li> </ul>	x	x		x
<b>Governance:</b>				
<ul style="list-style-type: none"> <li>Approval of Annual Governance Statement (The draft Annual Governance Statement is presented at the June meeting. The final version will be presented at the September meeting)</li> </ul>	x	x		
<b>Risk Management:</b>				
<ul style="list-style-type: none"> <li>Risk Management Policy / Review of Corporate Risk Register</li> </ul>	x		x	
<b>Anti-Fraud &amp; Corruption:</b>				
<ul style="list-style-type: none"> <li>Annual Update Report</li> </ul>		x		
<b>Efficiency:</b>				
<ul style="list-style-type: none"> <li>Efficiency Programme update</li> </ul>	x		x	

	11 June 2014	16 Set 2014	18 Nov 2014	25 Feb 2015
<b>Procurement:</b>				
<ul style="list-style-type: none"> <li>• Procurement update</li> </ul>	<b>x</b>		<b>x</b>	
<b>Other matters:</b>				
<ul style="list-style-type: none"> <li>• Business Efficiency Board Work Plan</li> </ul>	<b>x</b>			

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	11 <sup>th</sup> June 2014
<b>REPORTING OFFICER:</b>	Strategic Director, Policy and Resources
<b>SUBJECT:</b>	2013-16 Procurement Strategy Update
<b>PORTFOLIO:</b>	Resources
<b>WARD(S):</b>	Borough-wide

## 1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Board with an update regarding progress with the Council's Procurement Strategy 2013-16 targets and performance measures.

## 2.0 RECOMMENDATION: It is recommended that the report and position statement, be noted;

## 3.0 SUPPORTING INFORMATION

- 3.1 The Council's Procurement Strategy provides a structured approach to procurement, in order to ensure efficient processes are followed which will deliver reduced costs whilst maintaining or improving service delivery. The Procurement Strategy was implemented from June 2013 following its approval by the Board. The first half yearly report was presented to Members on 27<sup>th</sup> November 2014.

### **Progress to Date**

- 3.2 The Council continues to deliver savings from procurement year on year. What has underpinned this success is having a centralised team working across all spend areas of the Council and utilising the Risk Based Sourcing (RBS) approach for spend below EU financial thresholds.
- 3.3 RBS brings process efficiency such as reducing officer time, speed of contract award and delivers full transparency. It also delivers benefits to the business community in terms of a quick and simplified way to market, which is open and transparent for all. This also brings identified reduction in costs, as spending decisions are fully market tested. This brings the best deal to the table, takes account of risk, assesses and evaluates on price and quality to ensure the Council maintains a high level of service excellence and doesn't compromise on price.
- 3.4 Following a successful year in 2013, with the Council's commercial procurement concept being recognised nationally by being awarded "Outstanding Achievement in Procurement" from the Society of Procurement



Officers (SOPO) and a “Good Council to do Business With” by the Cabinet Office. The Council also presented evidence at a House of Commons Select Committee in October 2013, for the inquiry into local government procurement. There has since been a published report of the findings (see link below), which references the Council on a number of occasions and shows how its concepts and improvements are being recognised as best practice nationally.

[Report: Local government procurement \(PDF\)](#)

*Extract from: House of Commons CLG Committee - Local Government Procurement (sixth report of session 2013-14) 13<sup>th</sup> March 2014;*

*Page 63: ‘Conclusion - This report makes a wide range of recommendations for improving local authority culture and processes in recognition that procurement should not be seen as a niche function conducted in silos, rather as an activity central to delivering high value cost effective services to communities’*

*‘Key areas for the sector to focus on are;*

- ‘Improving collaboration across councils;*
- Spreading best practice on how to maximise social, economic and environmental impact of procurement;*
- Developing streamlined processes to minimise costs to councils and suppliers and potential suppliers;*
- Managing complex contracts to secure better value;*
- Reduce the risks to service delivery and the likelihood of fraud; and skills development particularly of new commercial skills for an increasingly complex procurement landscape’*

- 3.5 These key areas identified by the Select Committee Inquiry confirm that the Council’s approach has been appropriate and is delivering savings as well as wider social value gains.
- 3.6 They highlighted the need to improve collaboration across the sector and the Council’s Procurement Division is already sharing knowledge, concepts and expertise by delivering consultancy support in two other Councils; Sefton MBC and Cheshire East Council as well as delivering a procurement support service to Halton Clinical Commissioning Group.
- 3.7 These three support service commissions are delivering much needed income into the Council and are growing regional relationships with partner organisations which could lead to wider collaborative procurement relationships.

## **Looking Forward**

- 3.8 Over the next two years this commercial approach to procurement will continue, underpinned by six key Building Blocks as follows;

### Organisation

Halton continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities. This will be delivered through:

- Support from Elected Members, Business Efficiency Board and Management Team

### Governance and Process

The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices. This will be delivered through:

- An Annual review of Procurement Standing Orders.
- Continuing to ensure procurement practices are efficient and remove any unnecessary activity for spend below EU value Thresholds.
- Maintaining a risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds.
- Ensuring we strive to push all spend above £1,000 via The Chest.
- Deploying a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a controlled and fully auditable environment.
- Continue with the scrutiny role performed by the Board and reporting half yearly against this strategy.

### Demand Management

The Council will continue to secure improvement in procurement engagement by securing full compliance with Standing Orders delivered through:

- Continuous review of spend analysis, which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings
- Further development of the capacity and capability of the Procurement Division through training and study Chartered Institute of Purchase and Supply (CIPS). This will ensure the Division is educated and skilled to manage procurement demand
- Continuation of a communication and education strategy to further build capacity within the wider workforce

### Market Engagement/Supplier Relationship Management (SRM)

The Council will continue to develop its relationships with the business Community and Voluntary Sector both locally and SMEs nationally in order to support local economic gains and investment into the SME market. A review will commence of current supplier relationships in order to review overall

commercial business relationships, contractual arrangements, specifications, rates and expected outputs to mutually agree benefits which may result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners. This will be delivered through:

- A work stream via the Efficiency Programme has been established to undertake a structured review of Supplier Relationships (SRR) by reviewing contracts in terms of content, terms, clauses, value, actual cost, opt out clauses etc. as a pilot. Findings will be shared with the Programme Board in order to assess the risks and opportunities as we move this forward and consider a cross-Council approach.
- Continuing with SME and Community and Voluntary Sector engagement both locally and regionally in order to train, support and develop a 2-way approach where we learn together. Working with the Halton and St Helens VCA to develop a Star Standard Foundation award to 'pre-qualify' voluntary organisations as a 'fast track' route into bidding for contracts below the EU financial thresholds.
- Progressing the Social Value agenda with partner Councils. Sefton MBC in particular wish to seek ways of using procurement methods to capture value that works within the legal boundaries. This is linking with Employment, Learning and Skills colleagues in order to support delivery of targeted improvements as well as wider supply chain gains from the local business communities.

### Category Management

The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector partners in order to gain greater leverage, add value and maximise savings. This work has commenced with the alignment of procurement processes with two neighbouring Councils (Sefton MBC and Cheshire East Council) and could grow across the region and beyond. This will be delivered through:

- Reviewing relationships with other Councils and public sector organisations in order to seek opportunities to work more closely to gain economies of scale.
- Further strengthening relationships with Clinical Commissioning Groups to secure future trading relationships
- In addition, as outlined in the Strategy, the Procurement Division is leading a proactive approach to capturing all opportunities by using the Category Management concept and undertaking a full review of spend in order to secure all spend via the Division. This will highlight opportunity, bring economies of scale and allow the Council to partner with other organisations to procure together.

### Purchase to Pay/ e Procurement

The Council will continue with the development of Purchase to Pay (P2P) and e procurement solutions to control compliance within the organisation, improve payment terms in order to secure a seamless end-to-end process. This will be delivered through:

- Reviewing P2P processes to secure full compliance across the organisation
- Supporting business process improvement to enable early payments to SME's (This is currently being rolled out by our P2P team)

3.9 The Strategy contained targets and measures, in respect of which the latest position is presented in the Appendix below.

#### **4.0 POLICY IMPLICATIONS**

4.1 None.

#### **5.0 OTHER IMPLICATIONS**

5.1 None.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 The Procurement Strategy is designed to improve procurement practice across the Council, in order to reduce costs associated with procurement processes and to realise budget savings from more robust procurement activity. This supports the achievement of all of the Council's priorities.

#### **7.0 RISK ANALYSIS**

7.1 Given the financial constraints facing the Council, failure to identify and realise savings from more robust procurement practice may result in the Council not achieving budget savings targets. The Procurement Strategy and procedures surrounding it are designed to ensure that efficient procurement practices are operated across the Council.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None.

#### **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 There are no background papers under the meaning of the Act.

# Procurement Strategy 2013-2016

## Targets and Measurements

### Bi-Annual Report – June 2014

Building Block	Method	Progress as at June 2014 (end of year 1 – 2013-16)
<p><b>1. Organisation:</b> The Council continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities</p>	<p>a. Support from Elected Members, Business Efficiency Board and Management Team</p>	<p>The Council continues to fully support the Procurement Strategy and this strategic function remains at the centre of our activities. Our commercial concept has also been recognised Nationally. Examples:</p> <ol style="list-style-type: none"> <li>1. Halton BC was invited and attended the House of Commons Select Committee Public Inquiry in October 2013 to provide evidence as part of a Local Government inquiry into procurement. See the link below to the findings (issued March 2014).  <a href="#">Report: Local government procurement (PDF)</a></li> <li>2. Halton BC (Procurement Division) was awarded Outstanding Achievement in Procurement Award by Society of Procurement Officers (SOPO – National Body Public Sector). 11<sup>th</sup> November 2013.</li> </ol>
<p><b>2. Governance and Process</b> The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices</p>	<p>a. Annual review of Procurement Standing Orders</p>	<ol style="list-style-type: none"> <li>1. The Council continues to review its Constitution annually and Procurement are represented on the working group along with Legal and Audit.</li> <li>2. Executive Board has highlighted that there is an increase of waiver reports for approval and the annual Constitution review was approved in April 2014 and contains some changes to Procurement Standing Orders to support this request:</li> </ol> <p>1.8.1 Updated - Value Threshold increased from £20,000 to £50,000 – Chief Executive approval for emergencies over £50K.</p> <p>1.8.2 Updated - Value Threshold increased for Emergency and Non- Emergency Waivers from moved from: £5,000 to £50,000. (merged 1.8.2 and 1.8.3) - The Divisional Manager may take such action and elements of Standing Orders shall be waived to the extent necessary to give effect to such action. Every use of this Standing Order shall be approved in writing by the Head of Procurement, who will report annually on such waivers to the Executive Board.</p>

Building Block	Method	Progress as at June 2014 (end of year 1 – 2013-16)
	<p>b. Continue to ensure procurement practices are efficient and remove any unnecessary activity for spend below EU value Thresholds</p>	<p>The Councils Procurement Division continues to ensure practices are efficient and the removal of financial thresholds below EU thresholds has allowed in 13/14:</p> <ul style="list-style-type: none"> <li>• 22 procurement exercises to be undertaken as Requests for Quote rather than full tenders</li> <li>• This demonstrates a significant reduction of officer time as we are not bound by PCR 2006</li> <li>• 6% of tender value saved per exercise has resulted in process efficiency savings (officer time) in excess of £400k to date.</li> <li>• This streamlined process allows speed to market, simplified processes for the business community to benefit from.</li> </ul> <p>Effective from 17.04.2014 - EU member states have 2 years to implement into legislation, UK Govt have indicated they intend to aim for early adoption by the end of 2014.</p> <p><b>Key areas of change:</b></p> <ul style="list-style-type: none"> <li>• Pre-Procurement issues</li> <li>• Choice of procedures – New rules on negotiation and a new procedure for Innovation Partnerships</li> <li>• Abolition to Part A and Part B services – light-touch regime for social, health and other specified services.</li> <li>• Advertising – Mandatory requirements for notices in electronic format</li> <li>• Selection Stage – discretionary ground for exclusion have been expanded to include poor performance of previous public contracts</li> <li>• New European Single Procurement Document (ESPD) is to be introduced</li> <li>• Award Criteria – Most Economically Advantageous Tender (MEAT) price or cost, i.e life cycle costing</li> <li>• Shorter statutory time limits</li> <li>• Frameworks – specific provision for authorities to be clearly identified in the call for competition</li> <li>• Incorporation of In-house (Teckal) and Inter-Authority co-operation exemptions. Modification of contracts during their term - Material Change (presstext)</li> <li>• New class of reserved contracts – limit participation for specified health, social and cultural</li> </ul>
	<p>c. Maintain risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds.</p>	<p>The Procurement Division are continuing to drive compliance with Procurement Standing Orders to push all spend above £1K via the Chest in order to drive transparency and fair and equal opportunity to the business community. This concept is now being aligned into a couple of neighbour Councils and Halton Clinical Commissioning Group, with a number of other local public sector partners considering this award winning concept also.</p>

Building Block	Method	Progress as at June 2014 (end of year 1 – 2013-16)
	<p>d. Ensure we strive to push all spend above £1,000 via The Chest (25% represents £5M of spend via the Chest (low value spend) – this delivers approximately £500K of cost reduction)</p>	<p>Compliance has continued to improve and our final approach is to drive category management i.e. where we work across the whole Council spend in categories to capture opportunity to deliver full compliance, improvement and deliver further savings/cost avoidance. Leading to driving ALL spend above £1K via the Chest.</p> <p>This is being led as a work stream across the whole Procurement Division all team members have their own categories and we envisage an update report on its success for the next bi-annual report in November 2014.</p> <p>See 5.a. for examples.</p>
	<p>e. Deploy a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a controlled and fully auditable environment</p>	<p>BAFO has been established as part of our procurement practice and we have been monitoring the impact since May 2013 via our newly installed web based processes.</p> <p>Examples of success during 13/14:</p> <p><b>Peer Coaching Service</b> - Risk Assessment  Budget - £60,000  Lowest Quote - £65,900  BAFO - -£6,250  Final Cost - £59,650</p> <p><b>Client Caseload Information System</b> - Risk Assessment  Budget - £150,000  Lowest Quote - £115,162  BAFO - -£1,399  Final Cost - £113,763</p>
	<p>f. Continue with the scrutiny role by Business Efficiency Board (BEB) and report biannually against this strategy</p>	<p>This report evidences the bi-annual reporting of the strategy for scrutiny by BEB.</p>

Building Block	Method	Progress as at June 2014 (end of year 1 – 2013-16)
<p><b>3. Demand Management</b> The Council will continue to secure improvement in procurement in engagement by securing full compliance with Standing Orders</p>	<p>a. Continuous review of spend analysis which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings</p>	<p>The Procurement Division have invested time in cleansing data both on the Chest as well as Agresso our financial system to ensure:</p> <p>Categorisation of businesses is accurate i.e. SMEs including Micro (below 10 employees) and local suppliers via postcode. This allows us to report accurately on our data in terms of SME engagement and spend.</p> <p>Our spend data now forms a full part of work planning for the team as we have developed category management approach (see below) by using the data to show historic spend, value, supplier and category, measured against compliance with Procurement Standing Orders, in order to deliver full compliance and to capture all spend via the Chest above £1K.</p>
	<p>b. Continued development of the capacity and capability of the Procurement Division through training and study Chartered Institute of Purchase and Supply (CIPS) subject to available resources. This will ensure the division is educated and skilled to manage procurement demand</p>	<p><b>May 2014 Success:</b> <b>Two officers successfully gained CIPS level 4 (Vicky Tiernan and Kelly Black)</b></p> <p><b>Qualified - May 2014:</b> CIPS Level 6 – 1 qualified CIPS Level 5 – 0 qualified CIPS Level 4 – 3(2) qualified (KS – left employment)</p> <p><b>Studying – May 2014:</b> CIPS Level 6 - 4 working towards CIPS Level 5 - 4 working towards CIPS Level 4 - 1 working towards</p>
	<p>c. Continuation of a communication and education strategy internally to up-skill and educate the wider workforce</p>	<p>We have continued to support client departments with improving their procurement practices. This can be evidenced by further increase in activity, savings being delivered and compliance being strengthened.</p>



Building Block	Method	Progress as at June 2014 (end of year 1 – 2013-16)
<p><b>4. Market Engagement/Supplier Relationship Review (SRR)</b></p> <p>Halton will commence a review through a structured approach to developing supplier relationships in order to review overall business relationships, contractual arrangements, specifications, rates and expected outputs in order to mutually agree benefits which will result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners.</p>	<p>a. Development of a work stream to undertake a structured review of SRM across the organisation and where possible with public sector partners</p>	<p>Supplier Relationship Review has been established as a work stream as part of the Efficiency Programme. We have selected a pilot cohort of contracts; buildings maintenance; electrical and mechanical term contracts; security contracts and leisure contract. This will be conducted by the procurement team with support from the Efficiency Programme and will entail a commercial ‘root and branch’ review leading to a findings report and possible supplier negotiation. Pilot due to complete in June 2014 reporting to Business Efficiency Board for consideration of risks and opportunities and a wider commencement of contract review across the Council.</p>
	<p>b. Continuing with SME and Community and Voluntary Sector (CVS) engagement both locally and regionally in order to train, support and develop a 2-way approach where we learn together and to underpin SRM</p>	<p>New engagement has been established with Halton and St Helens VCA (Sally Yeoman) we intend reviewing their Star Standard to establish if this could be used as a PQQ substitute to quality assure and to capture local sector organisations to quote or tender. This is work in progress and St Helens MBC have expressed an interest in participating with this opportunity.</p> <p>A presentation was delivered to the regional leads of VCAs and the Halton and St Helens VCA sector in December 2013.</p> <p>There is an intention to deliver workshops possibly across Halton and St Helens VCA community in order to educate and support on Halton’s procurement, the law, the Chest, and use of the Star Standard. This project is in development.</p> <ol style="list-style-type: none"> <li>1. Chest Registration increase <ul style="list-style-type: none"> <li>July 2010: 279</li> <li>May 2013: 650</li> <li>Oct 2013: 749</li> <li>Mar 2014: 787 <b>(282% improvement since July 2010)</b></li> </ul> </li> <li>2. RFQ Activity as at May 2013: 50 – as at Oct 2013: 119 - <b>as at Mar 14: 234</b></li> <li>3. RFQ Awards as at May 2013: 22 – as at Oct 2013: 46 - <b>as at Mar 14: 123</b></li> </ol> <ul style="list-style-type: none"> <li>• <b>Demonstrates the increase of activity</b></li> </ul>

		<p>4. Spend with SMEs for 2012/13 89% of our influential spend of £74M.</p> <ul style="list-style-type: none"> <li>13/14 – 88% of our influential spend of £90M (shows that this is a constant)</li> </ul> <p><b>As at May 2014</b> - Breakdown of SME spend:  <b>Micro (0- 10 employees) - 29 (2%) Particularly of interest of the Select Committee</b>  <b>S Small (10 to 50 employees) – 1670 (67%)</b>  <b>M Medium (50 to 250 employees) – 482 (20%)</b>  <b>L Large – (above 250 employees) – 298 (12%)</b></p> <ul style="list-style-type: none"> <li>Micros are a new reporting measure from 2013/14</li> </ul>
	<p>c. Support the Liverpool City Region (LCR) Charter for Employment and Skills through Procurement</p>	<p><b>As at May 14:</b></p> <ol style="list-style-type: none"> <li>Make contracts more accessible to local suppliers especially SME's</li> <li>Encourage local Businesses to make quality submissions</li> <li>Promote use by contractors of local supply chains</li> <li>Promote apprenticeships, jobs for unemployed-training by prime contractors and their supply chain.</li> </ol> <p>The region hasn't really made collective progress here but we are striving in Halton to continue with more RBS, to consider the measurement of supply chains, Social Value gains and employment, Learning and skills that can be gained through procurement. (a, b, c, d).  This work is being developed with our Halton E,L,S colleagues as well as sharing ideas/concepts with Sefton MBC procurement and Halton into Jobs/Economic Regenerations colleagues.</p>
<p><b>5. Category Management</b>  The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector partners in order to gain greater leverage, add value and maximise savings as we are too small to do this alone.</p>	<p>a. Review our relationship with the Merseyside Procurement Partnership (MPP) – Members: Halton; Sefton; Liverpool; St Helens; Knowsley; Wirral; CW&amp;C; Mersey Travel and Mersey Fire &amp; Rescue. Re-establish with partners the commitment, purpose, accountability of this regional work stream in</p>	<p>We are continuing to review our regional relationship, particularly now we are aligning our processes and practices with Sefton MBC. Other regional partners have expressed an interest in our approach. Our future success will depend of growth of more collaborative tender exercises to gain economies of scale.</p> <p>We have commenced a whole team approach to category management by using our cleansed spend data. It has identified 936 suppliers with a contract and we are auditing this to proactively seek to create procurement exercises and to establish more contractual arrangements where they don't exist across the Council. (In relation to 2.d).</p> <p>The team have completed post accuracy checks on a number of categories which have identified future opportunities, quick wins and influenced increased visibility of existing contracts on our contract register.</p>

	order to progress a category management approach based around geography rather than organisation.	<p>Examples of quick wins identified:</p> <table border="1"> <thead> <tr> <th></th> <th>Value p/a</th> <th>Indicative Savings p/a</th> </tr> </thead> <tbody> <tr> <td>Asbestos Consultancy</td> <td>£37,000</td> <td>£10,000</td> </tr> <tr> <td>Roller Shutters</td> <td>£30,000</td> <td>£5,000</td> </tr> <tr> <td>Air Conditioning Inspections</td> <td>£3,000</td> <td>£2,000</td> </tr> </tbody> </table>		Value p/a	Indicative Savings p/a	Asbestos Consultancy	£37,000	£10,000	Roller Shutters	£30,000	£5,000	Air Conditioning Inspections	£3,000	£2,000
	Value p/a	Indicative Savings p/a												
Asbestos Consultancy	£37,000	£10,000												
Roller Shutters	£30,000	£5,000												
Air Conditioning Inspections	£3,000	£2,000												
	b. Further strengthen our relationship with Clinical Commissioning Groups to secure future trading relationships	<p>We are currently delivering a procurement pilot to Halton Clinical Commissioning Group (HCCG) which is proving highly successful and will aid wider category approach across partners to increase procurement efficiency and gain further economies of scale.</p> <p>We have secured an extension to this pilot into 14/15 and hope to secure a contract from April 2015 with HCCG.</p> <p>We do have continued interest from other CCGs and we have secured a pilot with two other CCGs in conjunction with HCCG which we hope to lead into a wider longer term contractual relationship and a possible collaborative approach across the three CCGs.</p>												
<b>6. Purchase to Pay/ e Procurement</b> Halton will continue with the development of P2P and e procurement solutions to control compliance within the organisation, improve payment terms to secure a seamless end-to-end process.	a. Review P2P processes to secure full compliance across the organisation	We work closely with the P2P team to ensure our processes support each other and drive compliance.												
	b. Support business process improvement to enable early payments to SME's	This work stream is part of the Audit and Operational Finance Division.												

**REPORT TO:** Business Efficiency Board

**DATE:** 11 June 2014

**REPORTING OFFICER:** Strategic Director, Policy & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Efficiency Programme Update

**WARDS:** All

#### **1.0 PURPOSE OF THE REPORT:**

To inform the Board of progress made to date with the Efficiency Programme (refer to Appendix 1).

#### **2.0 RECOMMENDATION: That the contents of the report be noted.**

#### **3.0 SUPPORTING INFORMATION**

Up to date workstream information is available via the Efficiency Programme Office's team site at: <http://hbc/Teams/EFFIC/Pages/Home.aspx>

#### **4.0 POLICY IMPLICATIONS**

None identified at this stage. Activity within the Efficiency Programme may result in recommendations to change policies as individual workstreams progress.

#### **5.0 OTHER IMPLICATIONS**

It should be noted that since commencing in 2009, the Efficiency Programme, and activity associated with it, has identified savings in the region of nearly £12m. This has assisted the Council in the difficult task of dealing with the budget gap.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

The Efficiency Programme is designed to improve the effectiveness of services across the authority and reduce costs associated with service delivery. This affects all of the Council's priorities.

## **7.0 RISK ANALYSIS**

Given the financial constraints facing the Council in the immediate and medium terms, failure to continue to progress Efficiency Programme workstreams into future stages may result in the Efficiency Programme not achieving its objectives – primarily cost reduction. This could result in services being underfunded, with departments unable to meet the costs of staff and other resources required to deliver to the community of Halton.

As resources become ever more restricted, the organisation should remain aware of the possibility of 'double counting' of savings. The Efficiency Programme Office and Financial Management Division have worked together, and continue to do so to manage this risk.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

There are none.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are none under the meaning of the Act.

## **Halton Council Efficiency Programme**

### **Progress update – June 2014**

Progress to date against each of the current workstreams is given below.

#### **Review of Adult Social Care (Intermediate Care) (Wave 4)**

The Efficiency Programme Office and Service Management are currently working on 'To-Be' options, with a view to assessing findings and savings potential.

Indications are that the potential for financial savings is low, but there is scope for improvement in some business processes.

#### **Review of Library Services (Wave 5)**

The development of initial 'To-Be' options for future service delivery is concluding and these will be scheduled for consideration by the Programme Board during June.

#### **Review of Learning & Achievement (Wave 5)**

The 'As-Is' report for the 0 – 19 Division was considered by the Programme Board at the end of April. There are a number of options to be followed up as a result of this review, which are now being coordinated.

The Programme Office is working with the 0 – 25 Inclusion Division on the development of an appropriate structural model to accommodate new practices and process brought about by the national reform of Special Educational Needs (SEN).

#### **Review of Halton Supported Housing Network (Wave 5)**

The 'As-Is' report for HSHN was considered by the Programme Board at the end of April. This included detail on management and staffing arrangements, service provision, rotas, costs and activity. Opportunities to generate efficiencies and savings in the service are now being considered and will be drawn up into 'To-Be' options.

#### **Supplier Relationship Review (Wave 5)**

As part of the review, a number of the Council's external contracts have been selected on a pilot basis to be examined in order to establish the potential for efficiencies within existing contracts.

This links to Procurement activity and the workstream is being delivered jointly by the Efficiency and Procurement functions.

A report on the childcare voucher scheme contract has presented to the Programme

Board and a number of actions are being followed up to attempt to secure better value for money in this area.

The Council's security contracts are currently being reviewed. The findings of this tranche of the pilot will be presented to the Programme Board at its next meeting.

**Review of Highways Services (Wave 5)**

Service areas to be in scope are Bridge & Highway Maintenance Division, Highway Development Division, and Traffic.

Baseline information is currently being compiled for this review and an Outline Business Case will be presented to the Programme Board at its next meeting.

**REPORT TO:** Business Efficiency Board

**DATE:** 11 June 2014

**REPORTING OFFICER:** Operational Director – Finance

**SUBJECT:** Internal Audit Annual Report – 2013/14

**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual audit opinion and report which can be used to inform the Annual Governance Statement. The annual report must provide:

- A conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- A summary of the work that supports the opinion;
- A statement on conformance with the Public Sector Internal Audit Standards.

1.2 The Accounts and Audit Regulations 2011 provide a requirement for local authorities to conduct a review of the effectiveness of its internal audit at least once each year. This review is intended to provide members with a basis for determining the extent to which reliance can be placed on the internal audit opinion.

## **2.0 RECOMMENDATIONS: That the Board notes and approves:**

- (1) The Head of Internal Audit's opinion on the Council's framework of governance, risk management and control;**
- (2) The summary of work that supports the opinion;**
- (3) The statement on conformance with the Public Sector Internal Audit Standards;**
- (4) That the required five-yearly external assessment of the Council's internal audit arrangements be undertaken by another local authority in the region at a date to be agreed; and**
- (5) The findings of the annual review of the effectiveness of internal audit.**



### **3.0 SUPPORTING INFORMATION**

#### **Annual Opinion on the Council's control environment**

- 3.1 Internal audit work completed during the 2013/14 financial year was carried out in accordance with the Internal Audit plan, which was approved by the Business Efficiency Board on 27 February 2013. The plan was designed in such a way to allow Internal Audit to form an overall opinion on the Council's risk management, control and governance processes.
- 3.2 In providing an overall opinion on the Council's system of internal control, it should be noted that assurance can never be absolute. Internal Audit can only provide reasonable assurance that there are no major weaknesses in the areas reviewed. In arriving at an opinion, consideration is given to:
- The findings from the audit work undertaken during the year;
  - The amount of audit work undertaken in the year compared with work planned;
  - The results of follow up action in respect of previous audit work;
  - Whether or not any significant recommendations have not been accepted by management and the consequent risks;
  - The extent to which resource constraints prevent Internal Audit from providing assurance over all key risks faced by the Council.

#### **Opinion on the Council's Control Environment**

The Head of Internal Audit is required to form an opinion on the adequacy and effectiveness of the Council's internal control environment, which includes consideration of any significant risk or governance issues and control failures that have been identified.

Although a number of high priority issues have been reported by Internal Audit during the course of the 2013/14 financial year, the actions that management has agreed to take in response to those findings will, if implemented satisfactorily, resolve them in an appropriate manner. I am therefore of the opinion that the Council continues to operate a well-established control environment.

There are no significant control issues identified through the work of Internal Audit that remain outstanding and require disclosure in the Council's 2013/14 Annual Governance Statement.

#### **Summary of work supporting the Annual Opinion**

- 3.3 The 2013/14 Internal Audit Plan comprised 1,086 audit days based on an establishment of 6.5 FTE auditors. By year end, Internal Audit had delivered 1,005 audit days (92.5% of the total planned days for the

year). The shortfall in the number of audit days delivered was a result of a staffing vacancy that arose during the year.

- 3.4 The reduction in available resources was managed by prioritising audit coverage and some planned work being deferred until the 2014/15 financial year.
- 3.5 The level of audit coverage achieved during the year is considered sufficient to ensure that a confident and evidence-based annual opinion can be provided.
- 3.6 A summary of the audit reviews finalised during the year is included in Appendix 1. Each audit is graded in terms of how well risks are managed in the area under review. Three different assurance levels are used: substantial, adequate and limited.
- 3.7 68 audit reports were finalised and reported to the Board during the year:
  - 32 areas received substantial assurance opinions;
  - 33 areas received adequate assurance opinions;
  - Three audits received limited assurance opinions.
- 3.8 Eight 'follow up' audits were completed in the year and these are detailed in Appendix 2. Follow up audits are graded in terms of the progress made in addressing the issues raised in the original audit report:
  - Six areas received substantial assurance opinions;
  - One area received an adequate assurance opinion;
  - One area received a limited assurance opinion.

### **Statement on conformance with the Public Sector Internal Audit Standards**

- 3.9 A common set of Public Sector Internal Audit Standards was introduced in April 2013. The standards apply to all public sector internal audit providers and supersede the CIPFA Code of Practice for Internal Audit in Local Government.
- 3.10 A self-assessment has been completed against the new standards, which demonstrates that the Council's internal audit arrangements are substantially compliant. An action plan has been developed to address those areas where compliance can be strengthened further (see Appendix 3).
- 3.11 It is a requirement that each internal audit provider is externally assessed against the standards at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.
- 3.12 The North West region's Chief Internal Auditors' Group is proposing that the external assessments be co-ordinated through the Group with

the Head of Internal Audit in each local authority undertaking the review of another authority in the region. This will provide a cost-effective means of complying with the external assessment requirement.

### **Annual review of the effectiveness of internal audit**

- 3.13 The Accounts and Audit Regulations 2011 provide a requirement for local authorities to conduct a review of the effectiveness of its internal audit arrangements. This should be completed at least once each year and to report the findings of the review alongside the annual opinion on the system of internal control.
- 3.14 The Operational Director – Finance has reviewed the Council’s internal audit arrangements and considers them to be effective and fit for purpose. The following evidence supports this conclusion:
- The Council has designated the Business Efficiency Board as its Audit Committee. The Board:
    - Approves the Internal Audit plan;
    - Receives quarterly progress reports against the Audit Plan;
    - Provides robust challenge on issues identified through the work of internal audit and seeks explanations from officers, when considered necessary, on risk and control issues.
  - The Council’s internal audit arrangements substantially comply with the new Public Sector Internal Audit Standards and the CIPFA Statement on the role of the Head of Internal Audit in public service organisations. An action plan has been developed to address any areas where compliance can be further strengthened.
  - All employees within the Internal Audit team hold a recognised accountancy and / or internal audit qualification.
  - The Council’s external auditors (Grant Thornton) place reliance where possible on the work of internal audit in regards the systems that compile the material disclosures for the statement of accounts.
  - Internal Audit seeks feedback on the quality of service it provides by issuing an ‘Internal Audit Satisfaction Questionnaire’ at the end of each audit. The responses received from the questionnaires issued in 2013/14 demonstrated a high level of client satisfaction with the audit service provided.

## **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

- 4.1 Under Regulation 6 of the Accounts & Audit Regulations 2011, the Council ‘must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’. This responsibility is delegated to the Operational Director – Finance.

4.2 The Head of Internal Audit's opinion on the Council's control environment is one of the key sources of assurance that supports the Council's Annual Governance Statement.

4.3 The internal audit work carried out during the year provides assurance that the Council's main financial systems are operating effectively.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 The Public Sector Internal Audit Standards define internal auditing as being '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'.

5.2 Internal Audit therefore supports the Council in achieving all the aims and objectives set out in the Sustainable Community Strategy and the Corporate Plan.

## **6.0 RISK ANALYSIS**

6.1 The work of Internal Audit is part of the overall framework that provides assurance that significant risks to the achievement of the Council's objectives are being managed effectively.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None arising directly from this report.

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact
Internal Audit Plan 2013/14 Internal Audit reports	1 <sup>st</sup> Floor, Kingsway House, Kingsway, Widnes	Merv Murphy

Internal Audit reports issued in 2013/14

Audit Area		Level of Assurance		
		Substantial	Adequate	Limited
<b>Children &amp; Enterprise Directorate</b>				
1.	16-19 Bursary Fund			
2.	Halebank CEVC Primary School			
3.	St Berteline's CE Primary School			
4.	Pewithall Primary School			
5.	Fairfield Junior School			
6.	St Augustine's RC Primary School			
7.	Brookvale Primary School			
8.	Hale CE Primary School			
9.	Daresbury Primary School			
10.	Ashley School			
11.	The Bankfield			
12.	Saints Peter and Paul Catholic College			
13.	Ditton Nursery School			
14.	The Park Primary School			
15.	Ditton Primary School			
16.	St. Mary's CE Primary School			
17.	Westfield Primary School			
18.	Brookfields Special School			
19.	Astmoor Primary School			

Audit Area		Level of Assurance		
		Substantial	Adequate	Limited
20.	Out of School Clubs			
21.	Special Educational Needs			
22.	Early Years Grants			
23.	Holy Spirit Catholic Primary School			
24.	Cavendish High School			
25.	St. Chad's Catholic & Church of England High School			
26.	Weston Point Community Primary School			
27.	Synergy – Children's Management Information System			
28.	Lunts Heath & Windmill Hill Primary School Refurbishment Projects			
29.	Birchfield Nursery School			
30.	Simms Cross Primary School			
31.	Hallwood Park Primary School			
32.	Spinney Avenue Primary School			
33.	Fairfield Infants & Junior Schools			
34.	Our Lady of Perpetual Succour Primary School			
35.	The Bridge School			
36.	The Brow Community Primary School			
37.	Troubled Families			
<b>Communities Directorate</b>				
38.	Oakmeadow Resource Centre			
39.	School Meals Income – Cash Cafeterias			
40.	Halton Stadium – Counterfeit Notes			

Audit Area		Level of Assurance		
		Substantial	Adequate	Limited
41.	Halton Day Services			
42.	Trade Waste			
43.	Parks & Sports Grounds			
44.	Halton Supported Housing Network			
45.	Libraries			
<b>Policy &amp; Resources Directorate</b>				
46.	Loans & Investments (2012/13)			
47.	Housing Benefit & Council Tax Benefit (2012/13)			
48.	Sundry Debtors (2012/13)			
49.	Main Accounting System – Journals (2012/13)			
50.	Construction Industry Tax Deduction Scheme			
51.	Central Electronic Storage			
52.	NNDR			
53.	Accounts Payable			
54.	Income Control			
55.	Internal Charging			
56.	Council Tax			
57.	Car Allowances, Mileage Claims & Expenses			
58.	Control of vehicles			
59.	Carefirst			
60.	Schools' Information Management System			
61.	Roadbase Fleet Management System			

Audit Area		Level of Assurance		
		Substantial	Adequate	Limited
62.	Mersey Gateway Procurement Process			
63.	Fixed Assets			
64.	Payroll			
65.	Use of Volunteers			
66.	Salary Sacrifice Schemes			
67.	Housing Benefit			
68.	Loans & Investments			
<b>Total</b>		<b>32</b>	<b>33</b>	<b>3</b>

**Key**

Assurance Opinion	Explanation
● Limited	A number of key risks are not managed effectively. The control systems in operation are in need of significant improvement.
● Adequate	The control systems in operation are generally sound. However, opportunities exist to improve the management of some risks.
● Substantial	There is a sound system of control in operation to manage risks effectively.



**Internal Audit 'follow up' reviews - 2013/14**

Audit Area		Level of Assurance		
		Substantial	Adequate	Limited
<b>Children &amp; Enterprise Directorate</b>				
1.	Children with Disabilities			
2.	Building Cleaning			
3.	Westfield Primary School			
4.	Warrington Road Nursery School			
5.	Murdishaw West Primary School			
6.	Beechwood Primary School			
<b>Policy &amp; Resources Directorate</b>				
7.	Capital Programme			
8.	Mayor's Fund Raising Account			
<b>Total</b>		<b>6</b>	<b>1</b>	<b>1</b>

**Key**

Assurance Rating	Explanation
● Limited	Little progress made in implementing the agreed recommendations.
● Adequate	Good progress made in implementing the agreed recommendations.
● Substantial	Substantial progress made in implementing the agreed recommendations.

**Public Sector Internal Audit Standards – Action Plan**

PSIAS Ref.	Standard	Status	Comments	Action
<b>Independence and Objectivity, Impairment to Independence or Objectivity</b>				
1130 3.2	Assurance engagements in areas over which the Head of Audit also has operational responsibility, have been overseen by someone outside of the internal audit activity.	Partially Compliant	<p>The Head of Internal Audit has operational responsibility for other finance functions. When one of these functions is audited the engagement is overseen by the Principal Auditor, who has no operational responsibilities.</p> <p>The Principal Auditor reports directly to the Operational Director – Finance in regard to these engagements.</p> <p>The responses to any issues raised in the audit report will be agreed by the Operational Director – Finance in consultation with the manager responsible for the service area.</p>	<p><b>Action:</b> No further action required at this present time. However, this arrangement will be kept under review.</p> <p><b>Responsible:</b> Operational Director - Finance</p> <p><b>Timescale:</b> Ongoing</p>

PSIAS Ref.	Standard	Status	Comments	Action
Proficiency and Due Professional Care Continuing Professional Development				
1230 3.3	The Head of Audit periodically assesses individual auditors against the predetermined skills and competencies.	Partially Compliant	<p>Auditors’ skills and abilities are assessed through the internal audit team’s quality assurance arrangements for each audit assignment.</p> <p>Each post in the internal audit team has a person specification that details the skills and qualifications required for the post. Essential criteria must be met by applicants before an appointment can be made.</p> <p>However, a full skills and competency matrix for the different posts in the internal audit team has not yet been developed.</p>	<p><b>Action:</b> A skills and competency matrix will be developed to enable an annual assessment to be completed. The results of the assessment will be used to identify any training requirements for the individual auditors.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> April 2015</p>

PSIAS Ref.	Standard	Status	Comments	Action
Proficiency and Due Professional Care Continuing Professional Development				
1230 3.3	Internal auditors maintain a record of their professional development and training activities.	Partially Compliant	There is currently no formal system to record training received, as internal auditors are responsible for maintaining their own training records for CPD purposes.	<p><b>Action:</b> A formal method of recording training received will be developed to help ensure training requirements identified are being fulfilled for the individual auditor.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> July 2014</p>
Quality Assurance and Improvement Programme				
1300 3.4	The Head of Audit has developed a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated.	Partially Compliant	Whilst the Internal Audit team operates quality control procedures over audit engagements and audit reporting, a formal Quality Assurance and Improvement Programme has not yet been developed.	<p><b>Action:</b> A Quality Assurance and Improvement Programme will be developed that fully complies with all the requirements of the Public Sector Internal Audit Standards.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> October 2014</p>

PSIAS Ref.	Standard	Status	Comments	Action
Quality Assurance and Improvement Programme, Internal Assessments				
1300 3.4	On-going performance monitoring includes comprehensive performance targets	Partially Compliant	<p>The performance of the Internal Audit Service is monitored and reported to the Business Efficiency Board in terms of the delivery of the Audit Plan.</p> <p>A range of milestones / performance targets relating to the work of Internal Audit are also included in the Quarterly Monitoring reports.</p>	<p><b>Action:</b> Performance targets relating to Internal Audit to be reviewed.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> March 2015</p>
Performance Standards, Planning				
2010 4.1	<p>The internal audit activity's plan of engagements is based on a documented risk assessment</p> <p>The risk assessment is used to develop the plan of engagements at least annually.</p>	Partially Compliant	<p>The audit planning process is informed by:</p> <ul style="list-style-type: none"> <li>• Consultation with Strategic Directors and Operational Director regarding priorities for audit coverage;</li> <li>• Review of the Council's risk registers;</li> <li>• Consideration of new and emerging risks, both nationally and specific to the Council.</li> </ul>	<p><b>Action:</b> During the planning stages of the 2015/16 Audit Plan an efficient method of documenting the risk assessment process will be developed.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> March 2015</p>

PSIAS Ref.	Standard	Status	Comments	Action
Managing the Internal Audit Activity Coordination				
2050	The Head of Audit has carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance.	Partially Compliant	An assurance mapping exercise is not completed on an annual basis. However, a review of the reliance that can be placed upon other assurance providers is completed where relevant for each audit engagement.	<p><b>Action:</b></p> <p>The benefits that will be gained in completing an assurance mapping exercise will be explored as part of the preparation of the 2015/16 Audit Plan.</p> <p><b>Responsible:</b></p> <p>Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b></p> <p>March 2015</p>
Managing the Internal Audit Activity , Engagement Objectives				
2210	<p>Objectives have been agreed for each engagement and Internal Auditors carried out a preliminary risk assessment of the activity under review.</p> <p>The engagement objectives reflect the results of the preliminary risk assessment that has been carried out.</p>	Partially Compliant	<p>Risk assessments are completed for each audit and used to inform the audit objectives.</p> <p>However, the risk assessment results are not always fully documented within a terms of reference that is issued to the client.</p>	<p><b>Action:</b></p> <p>Procedures have been introduced to ensure that a terms of reference is developed and agreed for each audit assignment.</p> <p>Each terms of reference will document the audit objectives that are set from the results of a risk assessment.</p> <p><b>Responsible:</b></p> <p>Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b></p> <p>May 2014</p>

PSIAS Ref.	Standard	Status	Comments	Action
Performing the Engagement, Documenting Information				
2330	The Head of Audit has developed and implemented retention requirements for all types of engagement records.	Non-compliant	<p>A document retention policy has not been specifically developed for Internal Audit.</p> <p>Internal Audit reports are currently retained indefinitely.</p> <p>Audit working papers are held electronically for an indefinite period.</p>	<p><b>Action:</b> A document retention policy will be developed and implemented for all types of internal audit engagement records.</p> <p><b>Responsible:</b> Divisional Manager – Audit &amp; Operational Finance</p> <p><b>Timescale:</b> October 2014</p>

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	11 June 2014
<b>REPORTING OFFICER:</b>	Strategic Director – Policy & Resources
<b>SUBJECT:</b>	Draft Annual Governance Statement 2013/14
<b>PORTFOLIO:</b>	Resources
<b>WARD(S):</b>	Borough-wide

### **1.0 PURPOSE OF REPORT**

The purpose of this report is to enable Members of the Board to consider and approve the draft Annual Governance Statement for 2013/14.

### **2.0 RECOMMENDATIONS:**

**The Board is asked to review the draft Annual Governance Statement (AGS) and:**

- (i) Confirm that it accurately reflects the corporate governance arrangements in place at the Council;**
- (ii) Consider the key governance issues identified in the document and endorse the action proposed to address them;**
- (iii) Approve the draft Annual Governance Statement.**

### **3.0 SUPPORTING INFORMATION**

#### **Background to the Annual Governance Statement**

- 3.1 Under the Accounts and Audit Regulations 2011 the Council must produce an AGS, in a format recommended by CIPFA/SOLACE, to accompany the Statement of Accounts.
- 3.2 The AGS is intended to identify any areas where the Council's governance arrangements need to be developed and to set out any action that is proposed to strengthen those arrangements.
- 3.3 The Council's Constitution delegates the responsibility to review and approve the AGS to the Business Efficiency Board. Once approved,



the AGS is signed by the Council Leader and Chief Executive and published on the Council's website.

### **Preparation of the 2013/14 Annual Governance Statement**

3.4 The production of the AGS is co-ordinated by a group of officers who have key roles in the maintenance and development of the Council's governance framework:

- Strategic Director - Policy & Resources;
- Operational Director - Finance,
- Operational Director - Legal & Democratic Services,
- Divisional Manager - Audit & Operational Finance.

3.5 The statement is developed by evaluating various sources of assurance over the Council's governance arrangements and identifying any areas where these arrangements require further development. A flowchart summarising the Council's governance framework is shown in Appendix 1.

3.6 In preparing the AGS, assurances have been considered from a number of sources, including:

- Issues raised by the Council's external auditor;
- reports from other inspection bodies;
- The Council's risk and performance management frameworks;
- The work of internal audit;
- The work of the Information Governance Group.

3.7 The draft AGS for 2013/14 is attached at Appendix 2. The document contains a Development Plan that sets out the actions agreed to further develop the Council's governance framework.

### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

4.1 The Accounts and Audit Regulations 2011 include a statutory requirement to prepare a statement on internal control in accordance with 'proper practice'. Proper practice is defined by the CIPFA/SOLACE Framework as an Annual Governance Statement.

4.2 The powers and duties of the Business Efficiency Board include responsibility for considering the Council's corporate governance arrangements and agreeing necessary actions to ensure compliance with best practice. The draft AGS contains an action plan setting out how the Council intends to strengthen its overall governance arrangements.

- 4.3 There are no direct financial implications arising from this report. However, the AGS does make reference to the key financial challenges faced by the Council and how they are being managed.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **5.1 Children and Young People in Halton**

Good governance leads to good management, good performance and good stewardship of public money. It therefore enables the Council to implement its vision in accordance with its values and to engage effectively with its citizens and service users and ensure good outcomes for them.

### **5.2 Employment, Learning and Skills in Halton**

See 5.1 above.

### **5.3 A Healthy Halton**

See 5.1 above.

### **5.4 A Safer Halton**

See 5.1 above.

### **5.5 Halton's Urban Renewal**

See 5.1 above.

## **6.0 RISK ANALYSIS**

- 6.1 Under the Accounts and Audit Regulations 2011 the Council is legally required to 'conduct a review at least once a year of the effectiveness of its system of internal control'. Following the review, the Council must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

- 6.2 The processes followed in reviewing the system of internal control aim to ensure that an accurate statement can be produced in line with the requirements of the Act. Part of the review process includes consultation with the Business Efficiency Board, which is responsible for ensuring that the Council's governance arrangements comply with best practice.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

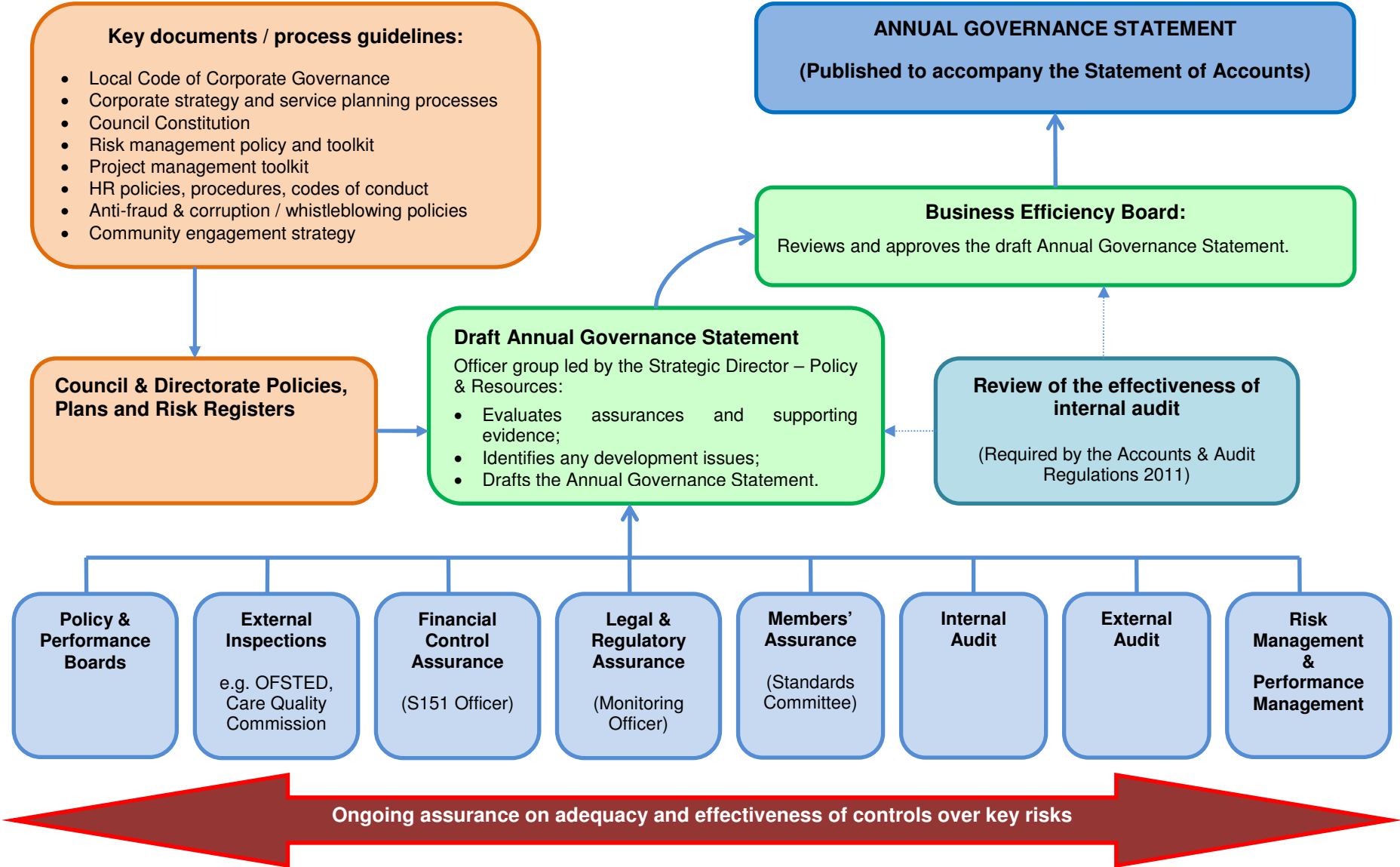
- 7.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the

Equalities Act 2010 and related statutes. Proper governance arrangements will ensure that equality and diversity issues are appropriately addressed.

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact
CIPFA / SOLACE – Delivering good governance in Local Government: Framework (2007)	Kingsway House, Widnes	Merv Murphy
CIPFA / SOLACE - Delivering good governance in Local Government: Guidance note for English authorities (2007)		
The Accounts and Audit (England) Regulations 2011		

**ANNUAL GOVERNANCE STATEMENT – ASSURANCE FRAMEWORK**



## HALTON BOROUGH COUNCIL 2013/14 ANNUAL GOVERNANCE STATEMENT

### 1. Scope of Responsibility

- 1.1 Halton Borough Council is responsible for ensuring that:
- its business is conducted in accordance with the law and proper standards;
  - public money is safeguarded and properly accounted for; and
  - public money is used economically, efficiently and effectively.
- 1.2 Halton Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure 'Best Value' in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In meeting this obligation, Halton Borough Council has a responsibility for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The Council has adopted a local code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework '*Delivering Good Governance in Local Government*'.
- 1.5 This Statement explains how Halton Borough Council has complied with the principles of good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

## **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and therefore can only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Halton Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Halton Borough Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

## **3. The Council's Governance Framework**

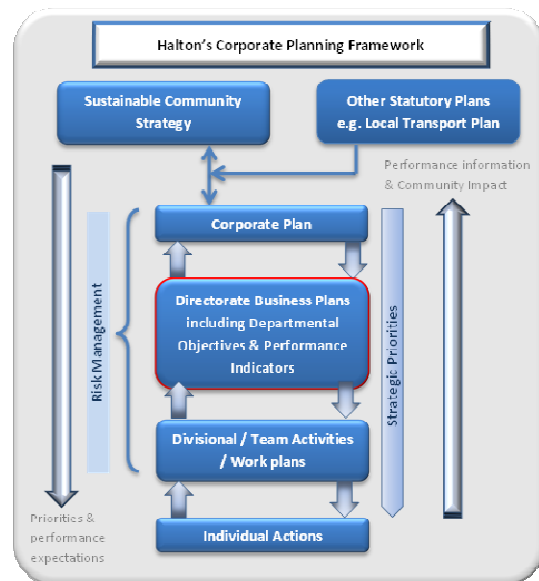
A brief description of the key elements of the Council's governance framework is described below. Documents referred to may be viewed on the Council's website and are available from the Council on request.

### **3.1 Communicating the Council's vision**

- a) The long-term vision for Halton is set out in the Sustainable Community Strategy and the Council's own Corporate Plan.
- b) The Sustainable Community Strategy outlines how the Halton Strategic Partnership intends to transform Halton.
- c) The Council's Corporate Plan sets out how the Council will deliver its contribution to achieving the Sustainable Community Strategy. It sets out the following strategic priorities and key themes that underpin all aspects of the Council's work:
  - A Healthy Halton
  - Environment & Regeneration in Halton
  - Children & Young People in Halton
  - Employment, Learning and Skills in Halton

- A Safer Halton
- Corporate Effectiveness & Business Efficiency

d) The Council's Corporate Planning Framework (illustrated opposite), is the primary means by which the Council's activities are developed and monitored. It consists of a hierarchy of plans that are directly aligned to ensure that the corporate priorities and strategic objectives of the Council are cascaded down the organisation through properly outcome-focused targets. Effective risk management forms an integral element of the annual cycle of Business Plan development.



e) The Council has a range of performance indicators used to measure progress against its key priorities in the Corporate Plan. Quarterly performance monitoring reports record progress against key business plan objectives and targets. These are reported to the Management Team, to the Executive Board and to the Policy and Performance Boards.

f) The Council seeks to use its resources efficiently and obtains value for money via a number of arrangements. These include:

- A medium term financial strategy, capital programme and annual budget process that ensures that financial resources are directed to the Council's priorities;
- A co-ordinated and structured approach to procurement across the Council;
- The delivery of a well-established Efficiency Programme to identify and implement efficiency savings across the organisation in a systematic and considered manner;
- Partnership working with a range of organisations where there are shared objectives and clear economic benefits from joint working.

### 3.2 Members and officers working together to achieve a common purpose with clearly defined roles and functions

a) Roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. The Executive Board is the main decision-making body of the Council and is made up of ten members who have responsibility for particular portfolios.

- b) The Council also appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These arrangements, and the delegated responsibilities of officers, are set out in the Council's Constitution.
- c) The Constitution also includes a Member/Officer protocol which describes and regulates the way in which members and officers should interact to work effectively together.
- d) There is a well-established overview and scrutiny framework with six Policy and Performance Boards (PPBs) aligned to the Council's six corporate plan priorities. They hold the Executive to account, scrutinise performance and develop policy proposals for consideration by the Executive.
- e) The Business Efficiency Board is designated as the Council's Audit Committee. Its core functions are consistent with those identified in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'. It provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. The Board regularly reviews the resourcing of the internal audit function, the internal audit work programme, the results of internal audit work and management's implementation of audit recommendations.
- f) The Chief Executive (and Head of Paid Service) is accountable for the delivery of the Council's diverse services, its budget, the work of the Council's employees and the work done for the Council by a variety of agencies and contractors who deliver a wide range of services to the community. The Chief Executive represents the Council and the borough on local and regional partnerships and at regional and national levels. The role of Chief Executive is a permanent appointment, which requires the approval of the full Council following the recommendation of a candidate for the role by the Appointments Committee.
- g) The Operational Director – Finance, as the s151 Officer appointed under the 1972 Local Government Act, is the Council's Chief Financial Officer and carries overall responsibility for the financial administration of the Council. The Council's governance arrangements relating to the role of the CFO overall comply with those arrangements set out in the CIPFA statement on the role of the Chief Financial Officer (CFO) in Local Government (2010).
- h) Section 5 of the Local Government and Housing Act 1989, as amended by paragraph 24 of schedule 5 Local Government Act 2000, requires the Council to designate one of its senior officers as the Monitoring Officer. This role is undertaken by the Operational Director – Legal and Democratic Services, who is responsible for:
  - Ensuring that the Council acts and operates within the law. He or she has a duty to report to the whole Council if the Council has broken or may have broken the law;



- Maintaining arrangements to support the Council's functions and activities, including regular reviews of the Council's Constitution;
  - Supporting the Council's Standards Committee and helping promote and maintain high standards of conduct by Council members, officers, partners and contractors;
  - Establishing and maintaining a register of interests (including receipts of gifts and hospitality) for elected and co-opted members;
  - Receiving reports and taking action under the Council's Confidential Reporting Code, which supports whistleblowing by staff.
- i) The Operational Director – Finance and the Operational Director – Legal and Democratic Services are both members of the Council's Management Team. Both officers also have explicit direct access to the Chief Executive.
- j) The Children Act 2004 requires every upper tier local authority to appoint a Director of Children's Services and designate a Lead Member for Children's Services. The Strategic Director – Children and Enterprise is designated as the Council's Director of Children's Services. He or she works together with the Lead Member for Children's Services, who is a member of the Council's Executive Board, to provide strategic leadership for local authority education and social care services for children. The responsibilities of the Director of Children's Services and Lead Member extend to all children receiving services in the borough, irrespective of the type of school they attend, or their home local authority area.
- k) All local authorities with social services responsibility in England are required to appoint an officer as the Director of Adult Social Services. This role has been designated to The Strategic Director – Communities. This statutory role is accountable for the delivery of local authority social services functions listed in Schedule 1 of the Local Authority Social Services Act 1970 (as amended) in respect of adults (other than those services for which the Director of Children's Services is responsible).
- l) The Strategic Director – Policy and Resources is designated as the Council's Statutory Scrutiny Officer as required under Section 31 of the Local Democracy, Economic Development and Construction Act 2009. The functions of the Statutory Scrutiny Officer are to:
- Promote the role of the authority's Overview & Scrutiny Committees;
  - Provide support to the authority's Overview & Scrutiny Committees and the members of those committees;
  - Provide support and guidance to Members of the authority, members of the Executive and officers in relation to the functions of the authority's Overview & Scrutiny Committees.
- m) The role of Head of Internal Audit is assigned to the post of the Divisional Manager – Audit & Operational Finance. This role is responsible for the

Council's internal audit service, including drawing up the internal audit strategy and annual plan and giving the annual audit opinion. The Council's arrangements substantially comply with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2010). The post of Divisional Manager – Audit & Operational Finance does however have operational responsibilities assigned to it. To address this issue, alternative assurance and reporting arrangements have been agreed with the Operational Director – Finance for those non-audit functions for which the Divisional Manager – Audit & Operational Finance has managerial responsibility.

- n) All employees have clear conditions of employment and job descriptions which set out their roles and responsibilities.
- o) The Council has clearly set out terms and conditions for the remuneration of members and officers and there is an effective structure for managing the process. A Scheme of Members' Allowances has been set by the Council having regard to a report of an Independent Panel made up of non-Councillors. The Council published its first 'Pay Policy Statement' in March 2012, which provides transparency with regard to the Council's approach to setting the pay of its employees. The 'Pay Policy Statement' is reviewed annually.

### **3.3 Promoting values and upholding high standards of conduct and behaviour**

- a) The Council has a Standards Committee to promote high standards of member conduct. Elected members have to agree to follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Standards Committee trains and advises them on the Code of Conduct.
- b) Officer behaviour is governed by the Employees' Code of Conduct. The Code has been formulated to provide a set of standards of conduct expected of employees at work and the link between that work and their private lives.
- c) The Council takes fraud, corruption and maladministration seriously and has established policies and processes which aim to prevent or deal with such occurrences. These include:
  - Anti-Fraud and Anti-Corruption Strategy;
  - Fraud Response Plan;
  - Confidential Reporting Code (Whistleblowing Policy);
  - HR policies regarding discipline of staff involved in such incidents.
- d) The Business Efficiency Board is assigned with responsibility to monitor and review the adequacy of the Council's anti-fraud and corruption policies and arrangements. This responsibility is met by the Board receiving regular

reports providing details of developments relating to the Council's counter fraud and corruption arrangements.

- e) A corporate complaints procedure exists to receive and respond to any complaints received.
- f) Arrangements exist to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
  - Registers of disclosable pecuniary interests and disclosable other interests;
  - Declarations of disclosable pecuniary interests and disclosable other interests at the start of each meeting in which discussions involve a matter in which a member has an interest;
  - Registers of gifts and hospitality, which are available for public inspection;
  - Equal opportunities policy.

### **3.4 Taking informed and transparent decisions and managing risk**

- a) The Council's decision-making processes are clear, open and transparent. The Council's Constitution sets out how the Council operates and the processes for policy and decision-making. Key decisions are published in the Council's Forward Plan. Agendas and minutes of all meetings are published on the Council's website.
- b) The Council provides decision-makers with full and timely access to relevant information. The executive report template requires information to be provided explaining the legal, financial and risk implications of decisions, as well as implications for each of the corporate priorities and any equality and diversity implications.
- c) The Council has a Risk Management Policy and Toolkit and regularly reviews its corporate and directorate risk registers. The management of risk is monitored by each of the Council's three Directorates and through the provision of a mid-year monitoring report for all high risks. The Business Efficiency Board also reviews the risk management process and corporate risk register twice yearly. The directorate and corporate risk registers outline the key risks faced by the Council, including their impact and likelihood, along with the relevant mitigating controls and actions, and they form the basis of the internal audit planning process.
- d) The Business Efficiency Board approves and reviews the internal audit work programme and oversees management's implementation of audit recommendations.

### **3.5 Developing the capacity and capability of Members and Officers**

- a) The Council recognises that the success of its business is built upon the knowledge, expertise and commitment of its workforce. Development and retention of staff therefore remains a priority for the Council.
- b) The Council has developed a People Plan (2012-2015) to assist the organisation in addressing leadership, skills development and recruitment and retention, in a structured and coordinated way. This will also help the Council plan for the future by providing a framework to assess its current workforce and people management activity and to identify any gaps that need to be filled.
- c) The Council's training and development programme stretches right across the organisation to include members and employees. The Council holds the NW Charter for Elected Member Development Exemplar Level status.
- d) Newly elected members attend a three-day induction programme with follow-up mentoring and all members are offered a personal development interview.
- e) All new employees attend an induction programme with a more detailed programme for new managers.
- f) The Council has an annual Employee Development Review (EDR) process to identify key tasks and personal development needs linked to delivering our priorities. Training needs identified in this way are used to design the corporate training programme. They are also used to identify specialised professional training needs.

### **3.6 Engagement with local people and other stakeholders to ensure robust public accountability**

- a) The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.
- b) Arrangements for consultation and for gauging local views include both formal and informal arrangements:
  - Formal arrangements include the Halton 2000 Citizens' Panel, the seven Area Forums, and the Youth Forums;
  - Informal arrangements include contact via our website, Halton Direct Link and magazine based customer surveys.
- c) The Executive Board has adopted an approach to locality working, which each Local Area Forum is using to encourage greater participation and involvement.

- d) Information on the democratic running of the Council is routinely published via the Council's website and includes
- The Council's Constitution and agendas and minutes of Council meetings;
  - Allowances and expenses paid to elected members;
  - The Council's senior officer structure including post titles and salary ranges;
  - Council contracts and tenders awarded over £50,000;
  - All financial payments made by the Council that are equal to or greater than £500;
  - Copies of Council contracts and tenders in line with Procurement Standing Order Value thresholds;
  - Quarterly Directorate and Priority Based Performance Reports through Executive and Policy and Performance Board agendas.
- e) The community and voluntary sector are represented on the Halton Strategic Partnership Board and on all its Specialist Strategic Partnerships (SSPs).
- f) The Halton Strategic Partnership Board (HSPB) brings together key partners to develop and deliver Halton's Sustainable Community Strategy. The Board is supported by five SSPs each of which takes responsibility for delivering on one of the strategic priority areas that comprise the Sustainable Community Strategy. Each SSP manages and monitors progress against key actions and performance measures for their specific area. Each SSP Chair is a Board Member and provides regular feedback on progress during Board meetings.
- g) An annual Performance Report which tracks progress against key performance measures is provided to the Board and wider partners is published via the Halton Strategic Partnership website.

## 4. Review of Effectiveness

- 4.1 Halton Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of internal audit and by comments made by the external auditors and other inspection agencies.
- 4.2 The processes applied in maintaining and reviewing the effectiveness of the system of governance include:
- The work of the Business Efficiency Board as the Council's Audit Committee;
  - The work of the Standards Committee;

- The role of the Policy and Performance Boards in holding the Executive to account;
- The operation of the Council's risk management and performance management frameworks;
- The work of internal audit as an assurance function that provides an independent and objective opinion to the Council on its control environment;
- The external auditor's opinion report on the Council's financial statements and conclusion on whether the Council has put in place proper arrangements to secure efficiency and effectiveness in its use of resources (the Value for Money conclusion);
- The corporate complaints procedure;
- The roles of the Council's Statutory Officers;
- The work of the Information Governance Group, which provides overall strategic guidance and direction to information governance, security, risks and incidents;
- The anti-fraud and corruption and whistleblowing framework;
- The results of inspections by independent review bodies, including the Corporate Peer Challenge by the Local Government Association, which included a review of the Council's governance arrangements.

4.3 The Council has implemented the actions agreed in the 2012/13 Annual Governance Statement. A summary of action taken is listed below:

- Funding pressures

Engagement of elected Members to facilitate early budget planning in order to provide additional time to develop budget proposals and ensure delivery of a balanced budget for 2013/14. Spending in year was contained within budget.

- Resilience

The Efficiency Programme continues to be important in examining new ways of working and coupled with the Council's continuing investment in ICT both are helping the Council to reduce its costs.

The budget process and its involvement of elected members has again provided the opportunity for the Council to continually review its priorities based on the resources available to it. This inevitably means that, over time, it will have to concentrate its resources on the things it has to do.

Corporate and directorate risk registers and business continuity plans have been reviewed during the year providing further focus to the direction of resources to the Council's priorities. These are important tools in ensuring the Council's continued resilience.

The Council's corporate training programme continues to provide training opportunities for managers to help identify stress in the workplace and also provided courses to help staff cope with the changes the organisation is facing and will continue to face over the coming years.

- Information Governance

The Council continues to strengthen its information governance arrangements:

- A corporate roll out of an E-learning training module was undertaken in 2013 to raise employee awareness of information governance and security issues. The training module is to be reviewed and the exercise repeated.
- A Data and Quality Strategy is being developed to set out the Council's approach to managing data quality. The strategy will be designed to help secure improvement in the way the Council collects, collates, reports and uses data, maintaining the highest possible standards throughout.
- The Electronic Social Record Project went live in 2014 in respect of the children's records. This will be extended to adults later this year.
- The annual NHS Information Governance Toolkit exercise has been undertaken and approved.
- The corporate Freedom Of Information Act request tracking system has been reviewed and now incorporates Subject Access Requests and Section 29 Third Party Data Protection Requests.
- An awareness week for information governance and IT Security took place to further raise employee awareness of the importance of safeguarding personal data.
- All current information sharing agreements across the Council have been reviewed.

- Complex Care Pooled Budget

The Council and Halton Clinical Commissioning Group (HCCG) have continued to work in collaboration to provide an integrated approach to the delivery of health and adult care related services. A Complex Care Pooled Budget of over £30m has been in operation since April 2013.

The Operational Director - Integration has been in post since the inception of the Complex Care Pooled Budget to drive the development of an integrated approach to the delivery of health and adult care services across the Borough.

Governance arrangements have been agreed between the partners to address the issues of clinical governance, public accountability and probity as well as satisfy the Council's and HCCG's Standing Orders and Standing Financial Instructions. The Executive Commissioning Board discharges these duties on behalf of the Partners and reports to the Executive Boards of the respective partners

- Mersey Gateway Crossings Board (MGCB)

In 2013/14, the MGCB structure was established and a governance agreement between the Council and the MGCB was finalised prior to Financial Close being reached. The agreement sets out the rights, obligations, payment terms and approval processes in regard to the Mersey Gateway Project. The agreement also provides for the Council to appoint executive and non-executive directors to MGCB.

- 4.4 The Business Efficiency Board has been advised on the implications of the review of the effectiveness of the governance framework and a plan to further develop the Council's governance framework is in place.
- 4.5 The Council proposes over the coming year to take the steps identified in the Development Plan at the end of this document to further enhance its governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**David Parr - Chief Executive**

**Rob Polhill - Leader of the Council**



## Governance Arrangements – Development Plan

Issue	Actions	Responsible Officer
<p>1. <b><u>Funding pressures</u></b></p> <p>Despite the slight improvement beginning to emerge for the UK economy, the financial settlements for local government look likely to remain very challenging for the coming years, particularly given the backdrop of increasing demand for council services. The Council’s finances will therefore continue to need to be kept under close review. As reflected in the LGA Peer Review, appropriate action will be taken to ensure that the Council maintains its record of achieving a balanced budget and aligns its resources to corporate objectives and strategic priorities.</p>	<ul style="list-style-type: none"> <li>• Maintain a robust overview of statutory obligations and prioritise accordingly;</li> <li>• Review the Corporate Priorities/Community Plan;</li> <li>• Communicate priorities to staff/Members/managers to achieve buy-in;</li> <li>• Maintain the Medium Term Financial Strategy;</li> <li>• Link the budget process to service planning;</li> <li>• Maintain a budget risk register;</li> <li>• Utilise procurement practices to generate budget savings;</li> <li>• Continue the Efficiency Programme to drive efficiencies within all services;</li> <li>• Explore the potential for collaboration with neighbouring local authorities and external partners;</li> <li>• Focus upon opportunities for income generation where appropriate</li> <li>• Undertake equality impact assessments</li> </ul>	Strategic Director – Policy & Resources
<p>2. <b><u>Combined Authority</u></b></p> <p>The Liverpool City Region Combined Authority was established with effect from 1 April 2014. The Authority comprises the Constituent Councils of Halton, Knowsley, Liverpool, St. Helens, Sefton and Wirral along with Merseytravel and the LEP. It is envisaged that it will deliver transport and economic benefits to the region.</p>	<ul style="list-style-type: none"> <li>• The Order was made by Parliament to create the Combined Authority with effect from 1 April 2014.</li> <li>• The Constituent Councils and Merseytravel worked together to agree a Constitution and Operating Agreement.</li> <li>• The Constitution was adopted by the new Authority at its first meeting on 1 April 2014, and the Operating Agreement and Protocols have since been agreed and executed.</li> <li>• The Order abolishes the former Merseyside Integrated Transport Authority and its powers and duties transferred to the Combined Authority.</li> <li>• Certain Halton Borough Council transport powers contained in the Transport Act 1985 (Local Passenger Transport Services and Financial Provisions) and the Transport Act 2000 (Local Transport) transferred to the Combined Authority. Halton Council must no later than 1 April 2018 submit to the Secretary of State proposals for making a Scheme to transfer to the Combined Authority specified property rights and liabilities in respect of those statutory functions. The Secretary of State will then make such a</li> </ul>	Strategic Director – Policy & Resources

## Governance Arrangements – Development Plan

Issue	Actions	Responsible Officer
	Scheme as he or she sees fit.	
<p>3. <b><u>Local Government Transparency Code 2014</u></b></p> <p>In May 2014 the Government formally issued the Local Government Transparency Code 2014 under section 2 of the Local Government, Planning and Land Act 1980 (the Act).</p> <p>The Code has been issued to meet the Government’s desire to place more power into citizens’ hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.</p> <p>The Code sets out the minimum data that local authorities should be publishing, the frequency it should be published and how it should be published. The Government has also decided to make regulations to make compliance with aspects of the Code a legal requirement for local authorities.</p>	<ul style="list-style-type: none"> <li>• The Council will review the information it already publishes against the requirements of the new Code and will make arrangements to address any areas where it is not presently fully compliant.</li> </ul>	Strategic Director – Policy and Resources

**REPORT TO:** Business Efficiency Board

**DATE:** 11 June 2014

**REPORTING OFFICER:** Strategic Director - Policy & Resources

**SUBJECT:** Planned External Audit Fee Letter - 2014/15

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 The letter sets out the scale fee, set by the Audit Commission, for the 2014/15 audit. The letter is brought to the Board for information.

**2.0 RECOMMENDATION: That the 2014/15 audit fee and the scope and timing of the planned external audit work be noted.**

### **3.0 SUPPORTING INFORMATION**

3.1 International Standards on Auditing (ISA) 260 requires auditors to communicate to those charged with governance (i.e. the Business Efficiency Board). One of the requirements is for the Auditor to set out the fees to be charged for the audit and the factors considered in setting those fees.

3.2 The Council's external auditor, Grant Thornton, will attend the meeting to present the audit fee letter, which is attached to this report.

3.3 The scale fee for the audit remains unchanged from 2013/14 at £139,322.

### **4.0 POLICY AND OTHER IMPLICATIONS**

None

### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

None

### **6.0 RISK ANALYSIS**

None

### **7.0 EQUALITY AND DIVERSITY ISSUES**

None

### **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.



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24 April 2014

Dear Ian

### **Planned audit fee for 2014/15**

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

### **Scale fee**

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2014/15 has been set by the Audit Commission at £139,322 which compares to the audit fee of £139,322 for 2013/14.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: [www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415](http://www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415)

The audit planning process for 2014/15, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### **Scope of the audit fee**

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

#### **Chartered Accountants**

Member firm within Grant Thornton International Ltd  
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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

**Value for Money conclusion**

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

**Certification of grant claims and returns**

The Council's composite indicative grant certification fee has been set by the Audit Commission at £10,300.

**Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2014	34,831
December 2014	34,831
March 2015	34,830
June 2015	34,830
<b>Grant Certification</b>	
December 2015	10,300
<b>Total</b>	<b>149,622</b>

**Outline audit timetable**

We will undertake our audit planning and interim audit procedures in December 2014 to February 2015. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in September 2015. Work on the whole of government accounts return will be completed in September 2015.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	December 2015 to March 2015	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to Sept 2015	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2015	Audit Findings (Report to those charged with governance)	As above
Financial resilience	Jan to Sept 2015	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2015	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2015	Grant certification report	A report summarising the findings of our grant certification work

### **Our team**

The key members of the audit team for 2014/15 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Mike Thomas *	0161 214 6368	<a href="mailto:mike.thomas@uk.gt.com">mike.thomas@uk.gt.com</a>
Engagement Manager	Liz Temple-Murray	07880 456 171	<a href="mailto:liz.m.temple-murray@uk.gt.com">liz.m.temple-murray@uk.gt.com</a>
Audit Executive	John Padfield	0161 2146378	<a href="mailto:john.padfield@uk.gt.com">john.padfield@uk.gt.com</a>

\*Please note that, due to ethical standards requirements to rotate senior members of the audit team, the Engagement Lead will change before the commencement of the 2014/15 audit.

**Additional work**

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

**Other matters**

**Quality assurance**

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Head of Public Sector Assurance at [Sarah.Howard@uk.gt.com](mailto:Sarah.Howard@uk.gt.com)

Yours sincerely

Michael Thomas  
Director  
For Grant Thornton UK LLP

**REPORT TO:** Business Efficiency Board

**DATE:** 11 June 2014

**REPORTING OFFICER:** Operational Director – Finance

**SUBJECT:** External Audit - Update Report

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of this paper is for Grant Thornton to update the Board in regards to:

- The progress made in delivering their responsibilities as the Council's external auditors;
- A summary of national issues and developments that may be relevant to Halton as a Unitary Council;
- A number of challenge questions in respect of these emerging issues, which the Board may wish to consider.

**2.0 RECOMMENDATION: That the Board notes the report.**

## **3.0 SUPPORTING INFORMATION**

3.1 Please see attached report.

## **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

4.1 There are no direct implications.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 There are no direct implications.

## **6.0 RISK ANALYSIS**

6.1 This report is for information only. There are no risks arising from it.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None



# Business Efficiency Board Update for Halton Borough Council

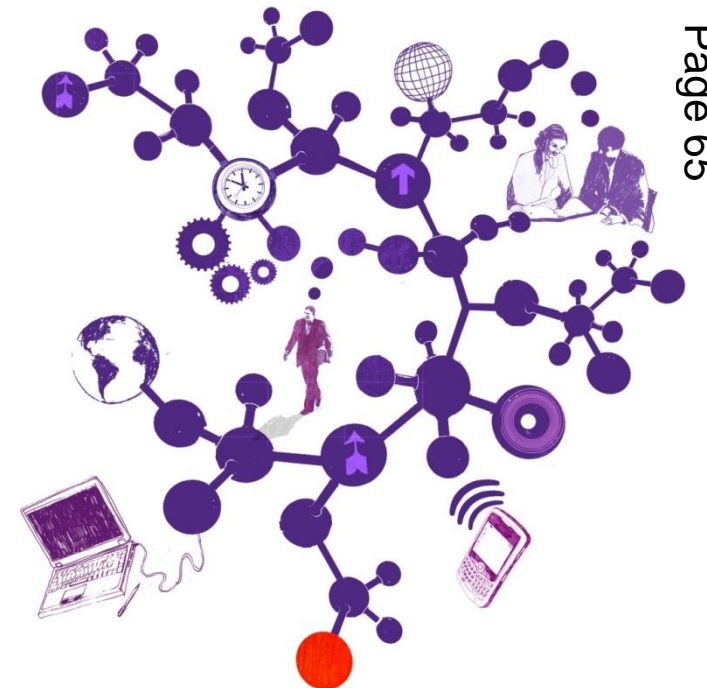
**Year ended 31 March 2014**

May 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority
- includes a number of challenge questions in respect of these emerging issues which the Board may wish to consider.

Members of the Business Efficiency Board can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Reaping the Benefits': Welfare reform changes; 'Responding to the challenge: alternative delivery models in local government', '2016 tipping point?', 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Mike Thomas, Engagement Lead T 0161 214 6368 M 07880 456 173 E [mike.thomas@uk.gt.com](mailto:mike.thomas@uk.gt.com)

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# Progress at May 2014

Work	Planned date	Complete?	Comments
<p><b>2013-14 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion your 2013-14 financial statements.</p>	April 2014	In progress	The Audit Plan that summarises the findings of our audit planning and our approach to the audit of the Council's accounts and Value for Money (VfM) was presented to the last Board.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• developing our risk assessment for our Value for Money conclusion work.</li> </ul>	November 2013 to April 2014	In progress	Our interim fieldwork is complete. Our findings were included in the Audit Plan presented to the last Board.
<p><b>2013-14 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2013-14 financial statements</li> <li>• proposed opinion the Council's accounts</li> <li>• considering the impact of the final accounts audit work for our VFM Conclusion</li> <li>• Whole of Government Accounts</li> </ul>	June to September 2014	Not started	We will issue our Audit Findings (Report to those charged with governance). This will set out the findings of our accounts audit and VfM work for the consideration of those charged with governance.

# Progress at May 2014

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b>            The scope of our work to inform the 2013/14 VfM conclusion comprises the consideration of two criteria:</p> <ul style="list-style-type: none"> <li>• proper arrangements in place for securing financial resilience.</li> <li>• proper arrangements for challenging how it secures economy, efficiency and effectiveness.</li> </ul>	January to September 2014	In progress	We are finalising our risk assessment and our detailed work has started.
<p><b>Other areas of work – certification of government grant claims under the Audit Commission regime.</b>            We will certify your 2013-14 government grant claims under the arrangements prescribed by the Audit Commission.</p>	February to November 2014	Not started	
<p><b>Other areas of work – independent report on RGF claim</b>            You asked us to provide a report on your Regional Growth Fund claim</p>	February 2014	Yes	Unqualified report given
<p><b>Other activity undertaken</b>            Other service lines within Grant Thornton UK LLP have undertaken VAT advice and Employee Solutions work for the Council.</p>	On-going	In Progress	

# Councils choosing their auditors one step closer

## Local government guidance

### Local Audit and Accountability Act

The Local Audit and Accountability Act received Royal Assent on 30 January 2014.

#### Key points

Amongst other things:

- the Act makes provision for the closure of the Audit Commission on 31 March 2015;
- arrangements are being worked through to transfer residual Audit Commission responsibilities to new organisations;
- there will be a new framework for local public audit due to start when the Commission's current contracts with audit suppliers end in 2016/17, or potentially 2019/20 if all the contracts are extended;
- the National Audit Office will be responsible for the codes of audit practice and guidance, which set out the way in which auditors are to carry out their functions;
- Local Authority's will take responsibilities for choosing their own external auditors;
- recognised supervisory bodies (accountancy professional bodies) will register audit firms and auditors and will be required to have rules and practices in place that cover the eligibility of firms to be appointed as local auditors;
- Local Authority's will be required to establish an auditor panel which must advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- existing rights around inspection of documents, the right to make an objection at audit and for declaring an item of account unlawful are in line with current arrangements;
- transparency measures give citizens the right to film and tweet from any local government body meeting.

# Councils keep New Homes Bonus

## Local government guidance

### Help for housing building

In the Autumn statement (5 December 2013) the government announced plans to secure a £1 billion 6 year investment in house building, to simplify the local authority planning process and help to achieve the stated objective of delivering 250,000 new homes.

Key objectives:

- nationally to increase the housing supply in England through a £1 billion 6 year investment programme;
- at a local level helping councils to increase the supply of affordable social housing supply in their area by allowing them to bid for up to £300 million of additional borrowing against their housing revenue account;
- improving labour market mobility by introducing a Right to Move for those needing to move to take up a job or training ;
- Allowing councils outside London to keep all of their **New Homes Bonus** and have full control over how they use it to support new homes in their area – the New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use, is paid each year for 6 years and is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use



# Governance practice needs to move forward to keep pace with the increasing risks that local authorities face

Grant Thornton

## Local government governance review 2014 - Working in tandem

This is Grant Thornton's third annual review of governance in local government'. It is based on a detailed review of the 2012/13 annual governance statements and explanatory forewords of 150 English councils, fire and rescue authorities, and police bodies, comparing them to our best practice criteria, responses from 80 senior council officers and members to our survey and a range of case studies illustrating good practice. The report focuses on three areas:

- Risk leadership - authorities need to develop a risk appetite that allows new ideas to be explored, and ensure this appetite is transmitted to all levels of the organisation. It is encouraging that more than 90% of our survey respondents felt their organisation encouraged well-managed risk taking and innovation. Other responses struck a more cautionary note as almost one third of respondents had concerns about the blame culture in their organisation and almost two fifths of respondents felt there was a lack of clear leadership from members about risk appetite. Good risk leadership entails delivering assurance on the areas where local authorities face the greatest risk. In some local authorities, risk management needs to step up a gear to provide full assurance about critical areas of responsibility and satisfy the ever-increasing level of scrutiny and regulation.
- Partnerships and alternative delivery models - The range of partnerships and alternative delivery models (ADMs) now being adopted by councils and fire authorities shows how much change and innovation there is in the local government sector, but these new arrangements bring new risks. Also, the increased fragmentation of public service delivery is raising concerns about the level of transparency and accountability for service delivery. The challenge for local authorities is to implement robust and proportionate governance arrangements in new delivery models without stifling innovation.
- Public communication - The duty to communicate with the public on finance and governance continues to be treated largely as a compliance exercise, rather than as an opportunity to engage meaningfully on these important areas. Our review of explanatory forewords to the accounts and AGSs for 150 councils, fire authorities and police bodies found that, despite achieving an overall improvement in quality over the previous years, most only met minimum standards rather than providing genuine insight. We have seen some moves towards improving the presentation of the accounts, but they continue to be long and impenetrable.

Governance practice needs to move forward to keep pace with the increasing risks that local authorities face, and the rapidly evolving relationships and delivery methods the sector is now entering into. In parallel, greater clarity is required in public reporting to give greater transparency and to address the demands of the interactive expectations of the public.

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# Understanding and challenging the accounts

## Grant Thornton

### A guide to local authority accounts

Local authority audit committee (or equivalent) members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. They also play a key role in ensuring accountability and value for money are demonstrated to the public.

However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. IFRS provides a comprehensive framework (over 3,000 pages of mandatory requirements) for the production of financial statements in the public and private sector. This framework is continually being refined.

Grant Thornton has prepared this guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position.



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