

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 24 September 2014 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Joe Roberts (Chairman), M. Lloyd Jones (Vice-Chairman), Cole, Fry, Lea, A. Lowe, McDermott, MacManus and N. Plumpton Walsh

Apologies for Absence: Councillors J. Bradshaw and J. Stockton

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, S. Baker and A. Scott

Also in attendance: None

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

BEB11 MINUTES

The Minutes of the meeting held on 11 June 2014 were taken as read and signed as a correct record.

BEB12 EXTERNAL AUDIT LETTER TO THOSE CHARGED WITH GOVERNANCE

The Board considered a report of the Strategic Director, Policy and Resources, which informed Members of the response provided to the annual letter from Grant Thornton, the Council's external auditors, as part of their year-end audit of accounts work.

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

It was reported that Appendix 1 attached to the report, presented a response to a number of questions contained in a letter from Grant Thornton to the Chair of the Board. Grant Thornton attended the meeting to discuss the questions further with the Board.

RESOLVED: That the response shown in Appendix 1 which has been provided to the Council's external auditors on behalf of the Board, be noted.

Strategic Director
- Policy &
Resources

BEB13 2013/14 STATEMENT OF ACCOUNTS, AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION

The Board considered a report of the Strategic Director, Policy and Resources, which sought approval for the Council's 2013/14 Statement of Accounts (the latest version of which was enclosed on the Agenda), to consider the report of the External Auditor (Grant Thornton) on the 2013/14 financial statements (The Audit Findings Report). The report also sought approval of the Council's Letter of Representation.

Members were informed of the Statement of Accounts, which detailed the Council's financial performance for the year in terms of revenue and capital spending and presented the year-end financial position as reflected in the balance sheet.

It was reported that the Statement for 2013/14 had been prepared in full compliance with International Financial Reporting Standards (IFRS) and as a result there had been relatively few changes in the format from last year.

The report set out key sections within the Statement and it was noted that in overall net terms the Council had underspent its 2013/14 revenue budget by £579,000. The overall outturn report was presented to Executive Board and departmental outturn reports were available on the Council's Intranet. The Board was advised that as a result, the Council's General Fund Balance would increase by £579,000 to £8,646,000.

With regard to capital expenditure, this was £38.5m compared with planned expenditure of £48.3m. This represented 80% delivery of the capital programme for which 20% slippage was anticipated throughout the year. The main areas of slippage were detailed in the report. It was further reported that School balances had increased by £0.3m to £6.6m.

The External Auditor presented the Audit Findings Report which summarised the findings from the 2013/14 external audit.

The Board wished to place on record their thanks to Ed Dawson and the Finance Team for their work in the

preparation of the accounts, and to the External Auditors for their work on the audit.

RESOLVED: That

- 1) the draft Letter of Representation in Appendix 1 be approved and any subsequent additions or amendments be approved by the Chair of the Business Efficiency Board and the Operational Director, Finance;
- 2) the External Auditor's draft 2013/14 Audit Findings Report be received and any subsequent additions or amendments be approved by the Chair of the Business Efficiency Board in conjunction with the Operational Director, Finance; and
- 3) the Council's draft 2013/14 Statement of Accounts be approved and any subsequent additions or amendments be approved by the Chair of the Business Efficiency Board and the Operational Director, Finance.

Operational
Director - Finance

BEB14 ANNUAL GOVERNANCE STATEMENT 2013/14

At its meeting on 11 June 2014, the Board considered the draft Annual Governance Statement for 2013/14. It was reported that changes had subsequently been made to the document and the report enabled Members to further review and approve the updated Annual Governance Statement (AGS) for 2013/14.

It was reported that under the Accounts and Audit Regulations 2011 the Council had to produce an Annual Governance Statement, in a format recommended by CIPFA/SOLACE, to accompany the Statement of Accounts.

Appended to the report for information was the updated 2013/14 draft AGS and a Development Plan that set out the actions agreed to further develop the Council's governance framework.

RESOLVED: That the Board

- 1) approve the updated Annual Governance Statement (AGS) for 2013/14 and confirm that it accurately reflected the corporate governance arrangements in place at the Council; and
- 2) endorse the proposed action plan.

Strategic Director
- Policy &
Resources

BEB15 VALUE FOR MONEY CONCLUSION

The Board considered a report of the Strategic Director, Policy and Resources, which sought approval for the report prepared by the Council's external auditor (Grant Thornton) to determine whether the Council had proper arrangements in place for securing value for money and financial resilience.

The Board was advised that the report on value for money considered whether the Council had robust financial systems and processes in place to manage its financial risks and opportunities, and for challenging how it secured economy, efficiency and effectiveness.

The Board was further advised that the External Auditor had reviewed the financial resilience of the Council by reviewing:-

- Key indicators of financial performance;
- The approach to strategic financial planning;
- The approach to financial governance;
- The approach to financial control;
- The approach to prioritising resources; and
- The approach to improving efficiency and productivity.

It was reported that the overall conclusion from the External Auditor was that they were satisfied in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

RESOLVED: That the report titled Value for Money for Halton Borough Council for the year ended 31 March 2014 be noted.

BEB16 2013/14 GRANT CERTIFICATION WORK PLAN

The Board considered a report of the Strategic Director, Policy and Resources, which updated members on the work the Council's External Auditor (Grant Thornton) would undertake on certification of claims for grant the Council had been in receipt of during 2013/14.

The Board was advised that various grant paying bodies required external certification of claims for grant or subsidy and returns of financial information. The Audit Commission made certification with grant paying bodies, and Grant Thornton, acting as the Council's external auditor,

undertook the grant certification work acting as an agent for the Audit Commission.

The Board was further advised that the level of work required for certification was dependent on the value of the grant claims. It was noted that the introduction to the report gave a summary to the expected claims and returns for the year ending 31 March 2014 as identified by the Council.

It was reported that the indicative fee for the cost of works for expected claims and returns was £10,173, which was also subject to final confirmation. Where claims required an amendment, were qualified, or staff resource and working papers were not available to support the certification, the cost may be increased.

RESOLVED: That the report titled Grant Claim and Returns Certification Work Plan for Halton Borough Council be approved.

Strategic Director
- Policy &
Resources

BEB17 EXTERNAL AUDIT - UPDATE REPORT

The Board received a report of the Operational Director, Finance, which provided an update from Grant Thornton (External Auditors) regarding the following:

- the progress made in delivering their responsibilities as the Council's external auditors; and
- a summary of national issues and developments that could be relevant to the Council.

Arising from the discussion of the update, the Board sought clarification on the single fraud investigation service and the implications for Halton, and the proposals for the streamlining of local government accounts.

The Board was advised that this was the final meeting which Mike Thomas, external auditor from Grant Thornton, would attend, as audit regulations required a rotation of external audit staff. The Board wished to place on record their thanks for his work and support given to the Council and its Staff and Members over the past seven years.

RESOLVED: That the report be noted.

BEB18 EXTERNAL AUDIT PLAN

The Board considered a report of the Strategic Director, Policy and Resources, which outlined the 2013/14 Audit Plan prepared by the Council's external auditor, Grant Thornton.

The Audit Plan set out details of:-

- Grant Thornton's understanding of the challenges and opportunities that the Council faced;
- Developments relevant to the Council's business and the audit;
- The audit approach and how it complied with International Standards on Auditing;
- Any significant risks of material misstatement which Grant Thornton had identified as a result of their audit planning;
- Any other risks of material misstatement which Grant Thornton had identified as a result of their audit planning;
- The approach taken to obtain appropriate audit evidence to express an opinion on whether the group financial statements were prepared in accordance with the applicable financial reporting framework;
- How the conclusion would be reached on whether the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources;
- The findings of the interim audit work, and the impact of the findings on the accounts audit approach;
- Key dates in the audit cycle and fees for the audit;
- Grant Thornton's independence and confirmation that they were able to express an objective opinion on the financial statements; and
- How Grant Thornton would communicate with those charged with governance (the Business Efficiency Board).

RESOLVED: That the External Audit Plan be noted.

BEB19 WHISTLE-BLOWING POLICY

The Board considered a report of the Strategic Director, Policy and Resources, which sought approval for the roll out of the Council's Whistle-blowing Policy. The report also sought approval for whistle-blowing incidents to be reported as part of the annual report from Internal Audit on Fraud and Anti-Corruption Strategy. The Policy had already been approved by Council as part of the

Constitution.

The Board was advised that changes to the whistle-blowing regime had come into effect following the enactment of the Enterprise and Regulatory Reform Act 2013 (“ERRA 2013”) and ss.17 to 20 of the Enterprise and Regulatory Reform Act 2013 amended the relevant provisions of the Employment Rights Act 1996.

It was reported that the ERRA had also introduced liability for employers for the harassment or victimisation of employee whistle-blowers by their colleagues. An employer would be vicariously liable for any such acts or omissions committed by another worker or an agent. Employees who victimised whistle-blowers may also be personally liable, which meant they may become parties to a claim along with the employer and have tribunal awards made against them personally. It was also reported that the amendment included a defence for employers in tribunal proceedings if they were able to show they had taken “all reasonable steps” to prevent the detrimental treatment.

RESOLVED: That

- 1) the Policy and attached documentation be noted;
- 2) the proposed methods of raising awareness of the Policy throughout the organisation be approved; and
- 3) an update report on Whistle-blowing activity as part of the annual report on the Fraud and Anti-Corruption Strategy be presented to a future meeting of the Board.

Strategic Director
- Policy &
Resources

BEB20 BOARD TRAINING & DEVELOPMENT

The Board considered a report of the Strategic Director, Policy and Resources, which sought Members’ views on drawing up a programme of training and development events for Board members.

The Board was advised of the range of responsibilities delegated to it and contained within the Council’s Constitution. Its responsibilities could be broadly broken down into the following five areas:

- Procurement;
- Efficiency;
- Audit and Fraud;

- Governance and Annual Statement of Accounts; and
- Risk Management.

The Board was further advised that over the last couple of years the Board had carried out a significant amount of review/topic work around the Council's procurement processes. It also undertook an annual training event on the Annual Statement of Accounts. It was therefore suggested that the first two training and development events be focussed on Efficiency and Risk Management. It was also suggested that two separate training events were arranged to cover both topics. It was suggested that the training events followed the following format:-

- An outline of the Board's responsibilities in that area;
- An explanation as to how that was discharged; and
- An outline of the current priorities and how they were being delivered.

RESOLVED: That the Board agree that

- 1) two training and development events be arranged before the end of the current calendar year commencing at 5.30 pm; and
- 2) the topics for the events be the Efficiency Programme and Risk Management.

Strategic Director
- Policy &
Resources

Meeting ended at 7.45 p.m.