



**Business Efficiency Board**

**Monday, 24 February 2020 at 6.30 p.m.  
Civic Suite, Town Hall, Runcorn**

A handwritten signature in black ink that reads 'David Wall'.

**Chief Executive**

**BOARD MEMBERSHIP**

Councillor Martha Lloyd Jones (Chair)	Labour
Councillor Andrea Wall (Vice-Chair)	Labour
Councillor Ellen Cargill	Labour
Councillor Alan Lowe	Labour
Councillor Andrew MacManus	Labour
Councillor Tony McDermott	Labour
Councillor Ged Philbin	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Joe Roberts	Labour
Councillor Gareth Stockton	Liberal Democrats
Councillor John Stockton	Labour

*Please contact Angela Scott on 0151 511 8670 or e-mail [angela.scott@halton.gov.uk](mailto:angela.scott@halton.gov.uk) for further information.*

**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. CORPORATE RISK REGISTER</b>	<b>1 - 34</b>
<b>4. ANNUAL GOVERNANCE STATEMENT 2018/19</b>	<b>35 - 59</b>
<b>5. INTERNAL AUDIT PLAN 2020/21</b>	<b>60 - 83</b>
<b>6. AUDIT PROGRESS 2018/19 FINAL ACCOUNTS</b>	<b>84 - 85</b>
<b>7. 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.

<b>8. INTERNAL AUDIT PROGRESS REPORT</b>	<b>86 - 150</b>
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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.*

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	24 February 2020
<b>REPORTING OFFICER:</b>	Strategic Director, Enterprise Community & Resources
<b>PORTFOLIO:</b>	Resources
<b>SUBJECT:</b>	Corporate Risk Register biannual update 2019/20
<b>WARD(S)</b>	Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 To report on the biannual update of the Corporate Risk Register for 2019/20.

2.0 **RECOMMENDATION: That**

**1) the progress of actions is noted; and**

**2) the Board reviews the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements.**

3.0 **SUPPORTING INFORMATION**

3.1 The report contains a progress commentary on the corporate risks for this year.

3.2 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance.

3.3 Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is defined as the process by which risks are identified, evaluated and controlled.

3.4 At Directorate level arrangements are in place for the high-risk mitigation measures on the Directorate Risk Registers to be reviewed and updated at mid-year in line with Directorate Business Plans. Progress on these is reported to Management Team and Policy and Performance Boards.

- 3.5 Together with consultation with internal stakeholders, Directorate Risk Registers are central to any reviews and updates of the Corporate Risk Register. This ensures that the council maximises its opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton.
- 3.6 The Risk Control Measures have been reviewed and updated in line with current changes within the Authority and as proposed by managers and internal stakeholders.
- 3.7 The risks have been grouped in order of priority and the scores relate to 'Unmitigated Risk Scores' and then to 'Mitigated Risk Scores'. As a result once the mitigation measures have been implemented, it reduces the scores and highlights the remaining 'Residual Risk Scores'.
- 3.8 In particular the risks have been reprioritised so that people, i.e. the community and staff, take priority. The headings and scores in order of priority are:
- i. European Union Exit (25:20)
  - ii. Delivery of Services to Vulnerable Adults (20:16)
  - iii. Safeguarding Children and Adults (25:16)
  - iv. Cyber Risk (25:20)
  - v. Data Security (25:15)
  - vi. Capacity and Resilience (20:16)
  - vii. Budget Reductions (25:20)
  - viii. Making Halton Community Safe (15:12)
  - ix. Changes to Government Arrangements (25:15)
  - x. Mersey Gateway (15:10)
  - xi. Community Expectations (20:16)
  - xii. Partnerships (9:4)
  - xiii. Fraud (16:6) and
  - xiv. Funding and Income Generation (16:12) and (20:16)

4.0 **POLICY IMPLICATIONS**

4.1 To provide a framework through which effectively manages the actual and potential opportunities and threats that may affect the achievement of the Council's strategic priorities and operational objectives.

5.0 **FINANCIAL IMPLICATIONS**

5.1 There are no financial implications.

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

6.1 Corporate Effectiveness and Business Efficiency

7.0 **RISK ANALYSIS**

7.1 Failure to review and monitor the performance of the Corporate Risk Management could result in service development opportunities being lost and existing service delivery being compromised.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 Within the risk register there are a number of implications for Equality and Diversity issues, e.g. Budget Reductions and Capacity and Resilience.

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

9.1 None under the meaning of the Act.

# Corporate Risk Register

Lead Strategic Director: **Ian Leivesley**

Risk Management Coordinator: **Lynn P Ramsden**

Initial Register Completion Date: **November 2011**

Register Review Date: **March 2019**

Progress update: **September 2019**

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## EUROPEAN UNION EXIT

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1	Local, sub-regional and nationwide identified and unidentified risks	5	5	<b>25</b> No Change	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Dedicated EU Exit working group dealing with arising issues on a monthly basis</li> <li>• Dedicated EU Exit SharePoint area on Council Intranet holding all relevant information</li> <li>• As part of Cheshire Resillience Forum, the Authority takes part in the Strategic Co-ordination Group Tele Conferences on a fortnightly basis</li> <li>• Tactical Co-ordination Group teleconferences take place on a weekly basis</li> <li>• Risk Assessments are submitted via the Cheshire Resillience Forum to MHCLG (Ministry of Housing, Communities and Local Government) on a weekly basis</li> <li>• Chief Executive/Strategic Directors updated on a regular basis (where appropriate) i.e. Management Team</li> </ul>	5	4	<b>20</b> No Change	6 monthly	Strategic Director Enterprise, Community & Resources (Ian Leivesley)

## DELIVERY OF SERVICES TO VULNERABLE ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
2	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing i.e. increasing complex care needs, ageing population, reduction in available funding, recruitment and provider failure	4	5	<b>20</b> No Change	A Healthy Halton / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Effectively allocating and using available finances and resources in the delivery of services</li> <li>• Integration of Health and Social Care with a view to improving the outcomes for people using the services</li> <li>• Transformation of provider markets so that responsive and sustainable markets in adult social care can be developed and supported</li> <li>• Delivery of prevention and early intervention to vulnerable adults</li> <li>• Effective use of alternative funding streams and community assets</li> <li>• Joint approach with Health to ensure efficient quality assurance</li> </ul>	4	4	<b>16</b> No Change	6 monthly	Strategic Director - People (Milorad Vasic)

## SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3	Failure to support and protect the safeguarding of children and adults could adversely impact on their health, safety and opportunity to reach their potential	5	5	<b>25</b> No Change	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		

<ul style="list-style-type: none"> <li>Halton's Children's and Young People Safeguarding Partnership Board fully operational with appropriate resources and are operating within statutory guidance and towards identified priorities</li> <li>Representatives from the Children's and Adult's Safeguarding Boards to work in partnership through attending corresponding boards</li> <li>Children's and Adult's Safeguarding Board's to work with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding</li> <li>Services regularly audit Children's and Adult's cases for quality and consistency of practices</li> <li>Comprehensive suite of performance reports for Children's and Adults are reviewed at least monthly and compared with regional and national benchmarks</li> </ul>	4	4	<b>16</b> (20 to 16)	6 monthly	Strategic Director - People (Milorad Vasic)
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<ul style="list-style-type: none"> <li>• Progress reports for Children’s and Adults are taken to the Board and Members for their attention</li> <li>• Improving the health and wellbeing of children and adults through early intervention and treatment services delivered in house and externally via a range of providers and partners</li> <li>• Providing efficient safeguards to support vulnerable adults who lack capacity and require the support of the Deprivation of Liberty Safeguards and the Court of Protection</li> <li>• Support local care home providers to drive up the quality of care within their homes to ensure positive outcomes for vulnerable adults</li> </ul>					
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## CYBER RISK

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
4	Risk of adverse business Impact as a result of the failure of key business systems brought about by cyber incidents	5	5	<b>25</b> No Change	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>The Council adopts a range of activities to manage the risk of loss of services as a result of Cyber threats, which includes risk elimination, reduction, transfer and acceptance</li> <li>A dedicated service within ICT Services that has the responsibility of managing the cyber risk facing the Council</li> <li>Clear reporting lines to senior management allowing the risk to be managed</li> <li>Numerous Compliance regimes that provide the necessary assurance frameworks to demonstrate how the Council complies with industry standards</li> <li>Ongoing education and awareness programme for key staff</li> </ul>	5	4	<b>20</b> No Change	6 monthly	All Strategic Directors

## DATA SECURITY

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
5	Data Protection: Risk of breach of data by inadequate data handling and not adequately preventing and minimising security incidents, including ICT incidents, resulting in loss of data, unlawful sharing of data, reputational damage and significant financial penalties levied by the Information Commissioner's Office  Failure to comply with information governance requirements, eg Data Protection Act (General Data Protection Regulation); Freedom of Information Act	5	5	<b>25</b> No Change	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Policies and procedures for council staff including Data Protection</li> <li>• Policy and Information Governance Handbook.</li> <li>• Wide range of guidance about handling personal data available to council staff on the internal intranet site.</li> <li>• Mandatory training for council staff via E-Learning module</li> <li>• Reporting to internal Information Governance Group, ICT Strategy Board and senior Management Team Reviews and internal audits.</li> </ul>	5	3	<b>15</b> No Change	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> <li>• Privacy Impact Assessments for new technologies or where processing is likely to result in a high risk to individuals</li> <li>• Contractor’s compliance</li> <li>• Management controls, including effective logging and tracking, complaints and appeals procedures</li> <li>• Effective use of technology</li> <li>• The model publication scheme approved by the Information Commissioner adopted.</li> </ul>					
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## CAPACITY AND RESILIENCE

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
6	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities.	5	4	<b>20</b>	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Maintaining a supportive working environment through shared service organisational ethos, pride and value across Members, staff, management, Unions and partners</li> <li>• Focusing delivery of performance on the council’s corporate vision and key strategic priorities leading to a clearly understood and shared set of priorities</li> <li>• Emphasis on management and leadership standards with recognition of the challenges faced by the Authority leading to managers who are able to direct, inform, develop and support staff. This also enables a focus on succession planning</li> <li>• Maintaining a workforce that are skilled, informed, flexible and competent in order to ensure that they deliver efficient and effective services</li> </ul>	4	4	<b>16</b>	6 monthly	All Strategic Directors



## BUDGET REDUCTIONS

Item	Identified risk	Impact <sup>1</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7	A significant reduction in the Council's funding from Government grant and/or locally raised business rates/council tax, leads to an inability to deliver the Council's key service priorities, especially those services essential for the support of the most vulnerable members of the community	5	5	<b>25</b> No Change	Corporate Efficiency      Effectiveness      and

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Financial Planning is undertaken to compare available financial resources with spending requirements over the medium term (3 years), resulting in preparation of the Medium Term Financial Strategy which allows overall budget gaps to be identified at an early stage and appropriate plans put in place to tackle them</li> <li>Proposed developments regarding the future funding of Local Government nationally are monitored, to assess the potential impact for the Council and take account of this within the Medium Term Strategy. Responses have been submitted to the Government's consultations on "Fair Funding – a Review of Relative Needs and Resources" and "Business Rates Retention Reform" both individually and jointly with the LCR councils and Sigoma. The Government have confirmed that the Spending Review has been deferred until 2020, which will be closely monitored to assess the impact for Halton.</li> </ul>	5	4	<b>20</b> No Change	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)

<ul style="list-style-type: none"> <li>• Effective Business Planning to ensure that appropriate resources are directed towards the Councils key strategic priorities</li> <li>• Budget setting is aligned to the annual Business Planning Cycle in order to ensure that the value of financial resources are maximised</li> <li>• Budget Risk Register works in conjunction with the Budget Setting Cycle to ensure that emerging budget risks are identified together with relevant mitigating measures</li> <li>• Exploring the potential for collaboration, shared services and partnership working with neighbouring Local Authorities</li> <li>• Continue to respond to new challenges to maintain current performance</li> </ul>					
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## KEEPING HALTON COMMUNITY SAFE

Item	Identified risk	Impact <sup>ii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8	A failure to monitor and appropriately manage the risks created by global, national and local events, and how these might impact on local community tensions, could potentially lead to a threat to security and have an adverse effect on the stability of Halton's communities.	5	3	<b>15</b> No Change	A Healthy Halton / Environment and Regeneration / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>The Safer Halton Partnership (SHP) involves joint working, clear communications and information sharing across various partner agencies, including emergency services. The SHP works to ensure that there is community cohesion with safe and secure neighbourhood environments</li> <li>Multi agency Community Safety team that addresses anti-social behaviour and crime thus supporting the SHP agenda</li> <li>The Channel Panel is a multi-agency group which provides support for those who are vulnerable to be drawn into terrorism through a programme of early intervention and diversion</li> <li>Emergency Planning team have developed and tested Multi-Agency Response plans in place for all risks within the borough</li> </ul>	4	3	<b>12</b> No Change	6 monthly	Chief Executive (David Parr)

<ul style="list-style-type: none"> <li>• To respond to ‘Major Accident’ cloudburst incidents at Upper Tier COMAH sites; Emergency Planning Team have tested and validated Emergency COMAH Plans for all 9 sites</li> <li>• Emergency Planning Team work in partnership with the Cheshire Resilience Forum to provide an integrated approach for dealing with emergencies across Cheshire</li> <li>• Emergency Planning Team work with cross border organisations/agencies within Merseyside and the Liverpool City Region regarding cross border risks and resilience planning</li> <li>• Critical Incident Management procedures, including ‘lockdown’, have been developed, communicated and tested for Council buildings and schools</li> <li>• Security surveys conducted for main council buildings and schools</li> </ul>					
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## CHANGES TO GOVERNMENT ARRANGEMENTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services	5	5	<b>25</b> No Change	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton / Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Ensuring that both Members and officers from the Council plays an active role in the Combined Authority for the Liverpool City Region</li> <li>Through 'One Halton' work the Authority is ensuring a smooth interaction between Health and Halton colleagues</li> </ul>	5	3	<b>15</b> No Change	6 monthly	Chief Executive (David Parr)

## MERSEY GATEWAY

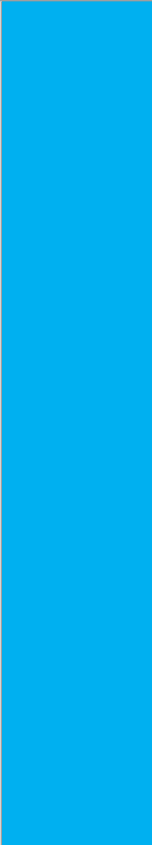
Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
10	Lack of effective management of and adherence to governance arrangements / contractual requirements or disrupted journeys could lead to increased project costs. In addition these could also lead to adverse publicity and reputational risks to the Council	5	3	<b>15</b> No Change	Environment and Regeneration / Employment, Learning and Skills

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<u>Demand Management Participation Agreement (DMPA)</u> <ul style="list-style-type: none"> <li>• Base line is realistic and achievable</li> <li>• Agreed contract is designed to incentivise an increase in volumes of traffic</li> <li>• Mersey Gateway Crossings Board has a role in managing the DMPA</li> <li>• Effective publicity around speed and reliability of bridge</li> </ul>	5	2	<b>10</b> No Change	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)
<u>Tolling Risk</u> <ul style="list-style-type: none"> <li>• In order to mitigate the risk of the project not delivering sufficient toll revenue each year to meet project costs, a liquidity reserve of £19m has been established jointly by the Department for Transport and Halton Borough Council (through borrowing funded from future toll</li> </ul>					

revenues). If necessary the reserve will be topped-up periodically by undertaking further borrowing.

Conclusion of Construction Phase to Subsequent Operating Phase

- Dedicated company (Mersey Gateway Crossings Board Ltd) now established, with suitably experienced staff and directors, both Executive and Non-executive, and supported by class leading professional advisers. The relationship between Council and MGCB is detailed within a Governance Agreement
- Routine project assurance monitored through external bodies including specialist non-executive directors and advisers on the Board of Directors of MGCB, external Gateway Reviews (4Ps) Department for Transport and HM Treasury scrutiny at specific project milestones
- Delivery within the Funding Framework agreed with Government that is reviewed at regular intervals and managed through the Mersey Gateway Crossings Board’s Risk Register, which is reviewed regularly by both the Audit Committee and the Board of Directors
- Maintenance of effective relationships with Government Departments (as co funders for MG) maintained by both Department for Transport and HM Treasury being represented on the Board of Directors of MGCB



## COMMUNITY EXPECTATIONS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
11	Failure to effectively realise community expectations could lead to damage to the Authorities reputation and credibility resulting in negative views towards the transparency of the decision making process	5	4	<b>20</b> No Change	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Consultation and community engagement embedded in the Council's constitution (local code of corporate governance)</li> <li>• Utilising recognised mediums to identify, communicate and coordinate community expectations and priorities. These include: <ul style="list-style-type: none"> <li>Surveys;</li> <li>Customer analysis;</li> <li>On line services;</li> <li>Local and social media;</li> <li>Target consultation exercises for specific projects;</li> <li>Service user groups;</li> <li>Elected member surgeries; and</li> <li>Other meetings</li> </ul> </li> <li>• Conducting Equality Impact Assessments with new and revised Policies</li> </ul>	4	4	<b>16</b> (12 to 16)	6 monthly	All Strategic Directors



<ul style="list-style-type: none"> <li>• Honesty and integrity by the Authority in communicating with the public having regard to reducing budgets including promoting a self-help agenda</li> <li>• Any decisions to cease or amend service provision that has a significant impact on communities; early warning of intended actions through direct engagement with relevant communities to invite views</li> <li>• Continue to respond to new challenges to maintain current performance</li> </ul>					
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## PARTNERSHIPS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
12	Ineffective and poorly governed partnerships with statutory and non-statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities.	3	3	<b>9</b> No Change	A Healthy Halton / Employment Learning and Skills / Children and Young People / A Safer Halton / Environment and Regeneration

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Having efficient and effective arrangements with external partners through a shared strategic vision and action plans enables and influences partners to deliver at local levels</li> <li>• Maintaining financial probity with the pooled budgets, as appropriate, with partners through effective governance arrangements</li> <li>• Engagement with communities and partners on service priorities in order to identify and design alternative forms of delivery, as appropriate, maximising opportunities for joint working</li> <li>• Collaborating with partners to identify and address community issues</li> </ul>	2	2	<b>4</b> No Change	6 monthly	Chief Executive (David Parr)

## FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
13	Inadequate control systems lead to an increase in fraud and financial loss	4	4	<b>16</b> No Change	Corporate Effectiveness and Efficiency

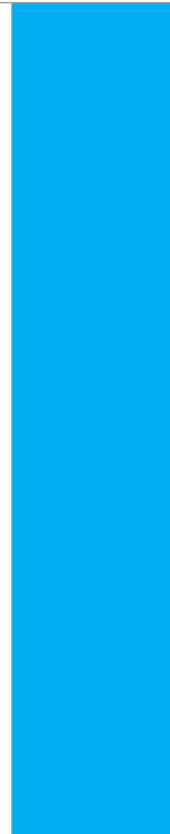
Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>The Business Efficiency Board monitors and reviews the adequacy of the Council’s anti-fraud and corruption policies and arrangements and has in place dedicated Fraud Investigation officers who focus on internal and external fraud</li> </ul> <p>External</p> <ul style="list-style-type: none"> <li>The Authority is an active participant in the National Fraud Initiative</li> <li>The Council runs regular fraud awareness campaigns encouraging members of the public and employees to raise any concerns about fraud and corruption</li> <li>The Council collaborates with other local authorities across the region and shares best practice in regard to tackling fraud and corruption</li> <li>The Council has established formal arrangements with the DWP to participate in joint criminal fraud investigations relating to the Council Tax Reduction Scheme (CTRS) and social security benefit fraud</li> </ul>	3	2	<b>6</b> No Change	6 monthly	Strategic Director – Enterprise, Community & Resources (Ian Leivesley)

- The Council is a member of the National Anti-Fraud Network (NAFN), which is the largest shared service in the country and provides data, intelligence and best practice in support of fraud and investigation work

Internal

The Council maintains an effective system of internal control, which includes:

- Relevant policies and systems, e.g. Procurement Standing Orders, Finance Standing Orders, etc.
- Rigorous pre-employment checks of new employees
- Whistleblowing arrangements
- Anti-Fraud, Bribery & Corruption Strategy
- Fraud Response Plan
- Fraud Sanction and Prosecution Policy
- Fraud and bribery awareness training
- A continuous internal audit of the Council's systems and services
- Crime insurance policy in place to indemnify the Council against significant financial loss resulting from fraud



## FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
14	Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities	4	4	<b>16</b> No Change	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Continuing to identify funding streams and income generating options through horizon scanning, alternative untapped funding opportunities and shared partnerships with 3rd sector, private sector, and other public sector bodies</li> <li>During the budget setting process Directorates identify and prioritise funding requirements biannually including ensuring that there are systems to capture and report when funding comes to an end</li> <li>Corporate External Funding Team reports to Executive Board and Management Team to highlight services the Team can offer and meets with Departments to identify funding requirements; regularly signposts Council services to specific funding streams</li> <li>Commercially focussed through establishing trading and income generation possibilities in order to protect and effectively use funds; pilot Charging Policy for bid-writing introduced September 2018 for 12 months</li> </ul>	3	4	<b>12</b> No Change	6 monthly	All Strategic Directors

<ul style="list-style-type: none"><li>Continue to work with colleagues to improve the methods of dissemination and ensure prioritisation of/submission to relevant funding streams</li></ul>					
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## FUNDING AND INCOME GENERATION

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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
14.1	<p>Uncertainty surrounding transition arrangements in respect of European Funding</p> <p>Lack of certainty regarding the length of European Programmes and Successor Funding through the 'Transformation and Prosperity Fund'</p>	4	5	20 No Change	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Work with Combined Authority to lobby Central Government for a fair and proper allocation of the 'Shared Prosperity Fund'.</li> </ul>	4	4	16 No Change	6 monthly	All Strategic Directors



## Version Control Record

Version	Date Created	Date of Amendment:	Nature of Amendment	Date of Next Review:
1.0	13.10.11			
1.1		28.8.12	Progress Commentary	
2.0		13.3.13	Reviewed and updated	13.10.13
2.1		20.9.13	Progress Commentary	
3.0		31.3.14	Reviewed and updated in line with the Corporate Peer Challenge and the revised Business Planning Process and associated guidance notes	13.10.14
3.1		15.9.14	Progress Commentary	
4.0		10.4.15	Reviewed and updated	12.10.15
4.1		10.9.15	Progress Commentary	
5.0		01.4.16	Reviewed and updated	01.4.17
5.1		10.9.16	Progress Commentary	
6.0		01.4.17	Reviewed and updated	01.9.17

<b>6.1</b>		<b>10.9.17</b>	<b>Progress Commentary</b>	
<b>7.0</b>		<b>01.4.18</b>	<b>Reviewed and updated</b>	<b>01.9.18</b>
<b>7.1</b>		<b>01.9.18</b>	<b>Progress Commentary</b>	
<b>8.0</b>		<b>01.4.19</b>	<b>Reviewed and updated</b>	<b>01.09.19</b>
<b>8.1</b>		<b>01.09.19</b>	<b>Progress Commentary</b>	

### Scoring Mechanism

Once the business risks are identified and analysed they are scored by multiplying the impact and likelihood. They will then establish a final score (or significance rating) for that risk:



I  
M  
P  
A  
C  
T

HI	5	10	15	20	25
S	4	8	12	16	20
M	3	6	9	12	15
L	2	4	6	8	10
IM	1	2	3	4	5
	H IMPROB	IMPROB	POSS	PROB	H PROB

LIKELIHOOD

Those that have been placed in the red boxes are the primary or **Top Risks** followed by lower risks leading to **improbable** risks.

Measures to control the risks are identified from the following options;

1. Reducing the likelihood; or
2. Reducing the impact; or
3. Changing the consequences of the risks by,
  - Avoidance
  - Reduction
  - Retention
  - Transference; or
4. Devising Contingencies, i.e. Business Continuity Planning

The risks are scored again to establish the effects the measures have once implemented on reducing the risks and identify a score rating for residual risks.

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<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	24 February 2020
<b>REPORTING OFFICER:</b>	Strategic Director – Enterprise, Community & Resources
<b>SUBJECT:</b>	Annual Governance Statement - 2018/19
<b>PORTFOLIO:</b>	Resources
<b>WARD(S):</b>	Borough-wide

### **1.0 PURPOSE OF REPORT**

The 2018/19 Annual Governance Statement was previously presented to the Board on 24 July 2019. A report providing an update on the latest position regarding the external audit of the Council's 2018/19 Statement of Accounts was also presented at the same meeting. The report explained that, due to a technical accounting issue, the External Auditor was unable to publish an audit certificate or opinion by 31 July 2019.

There is a statutory requirement that the Annual Governance Statement reports on the governance framework that has been in place within the Council up to the date of approval of the Statement of Accounts.

The delays in completing the audit of the 2018/19 Statement of Accounts therefore necessitate that the 2018/19 Annual Governance Statement be updated to reflect developments since the Board originally approved the document.

The purpose of this report is therefore to submit the revised 2018/19 Annual Governance Statement to the Board for review.

### **2.0 RECOMMENDATION:**

**The Board is requested to review the revised 2018/19 Annual Governance Statement and to recommend its adoption by the Leader of the Council and Chief Executive.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 The revised 2018/19 Annual Governance Statement is attached as an appendix to this report. The Action Plan relating to the governance issues for 2019/20 has been updated to reflect developments since 24 July 2019. The remainder of the document remains unchanged from the version previously approved.

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

- 4.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control (Regulation 4(3) of the Accounts and Audit Regulations 2015). Following the review an Annual Governance Statement (AGS) must be produced, approved and published.

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 AGS provides a commitment to address the governance challenges identified by the Council.

4.3 There are no direct financial implications arising from this report, although the AGS makes reference to the key financial challenges faced by the Council.

## **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 The AGS provides assurance that the Council has a sound system of risk management, control and governance. The document provides a public statement of how the Council directs and controls its functions and relates to its community.

## **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 (2016)	Kingsway House, Widnes	Merv Murphy
CIPFA / SOLACE - Delivering good governance in Local Government: Guidance note for English authorities (2016)		

2018/19

HALTON BOROUGH COUNCIL - ANNUAL GOVERNANCE STATEMENT





# What is Governance?

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance leads to:

- effective leadership
- good management
- good performance
- good stewardship of public money
- good public engagement, and
- good outcomes for our citizens and service users.

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Halton Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council's website.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner;
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- Has effective arrangements for the management of risk;
- Secures continuous improvements in the way that it operates.

# What is the Annual Governance Statement?

The Council is required by the Accounts & Audit (England) Regulations 2015 to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Council complies with its own code of governance.

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance;
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement;
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at Halton Borough Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

# How has the Annual Governance Statement been prepared?

The initial review of the Council's governance framework was carried out by a group of officers. This group comprised:

- **The Strategic Director – Enterprise, Community & Resources**

This post is designated as the Council's Statutory Scrutiny Officer as required under Section 31 of the Local Democracy, Economic Development and Construction Act 2009.

This role involves promoting and supporting the Council's Overview and Scrutiny Committees.

- **The Operational Director – Legal and Democratic Services**

This post is designated as the Council's Monitoring Officer under section 5 of the Local Government and Housing Act 1989, as amended by paragraph 24 of schedule 5 Local Government Act 2000.

The Monitoring Officer is responsible for ensuring that that the Council acts and operates within the law.

- **The Operational Director – Finance**

This post is designated as the s151 Officer appointed under the 1972 Local Government Act.

The Operational Director – Finance is the Council's Chief Financial Officer and carries overall responsibility for the financial administration of the Council.

- **The Divisional Manager – Audit, Procurement & Operational Finance**

This post is responsible for the Council's internal audit arrangements, including the development of the internal audit strategy and annual plan and providing an annual audit opinion on the Council's governance, risk management and control processes.

In preparing the annual governance statement the Council has:

- Reviewed the Council's existing governance arrangements against its Local Code of Corporate Governance;
- Considered any areas where the Local Code of Corporate Governance needs to be updated to reflect changes in the Council's governance arrangements and best practice guidance;
- Assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period.

Management Team, which is chaired by the Chief Executive, has also reviewed the annual governance statement and considered the significant governance issues facing the Council.

The Business Efficiency Board, which is designated as the Council's Audit Committee, provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. As part of this role the Board reviews and approves the annual governance statement.

# What are the key elements of the Council's Governance Framework?

The Council aims to achieve good standards of governance by adhering to the following key principles set out in the best practice guidance 'Delivering Good Governance in Local Government: Framework 2016':

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the Council's capacity, including capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The following pages provide a summary of key elements of the Council's governance framework and how they relate to these principles.

## Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

### SUPPORTING PRINCIPLES

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- The Council has a Constitution that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, proportionate, transparent and accountable. The Constitution was reviewed and updated in May 2018.
- The Council has a Standards Committee with co-opted independent members. The role of the Committee is to promote high standards of member conduct. No matters were brought to the attention of the Monitoring Officer during the year which required formal investigation.
- Elected members follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Monitoring Officer provides training to new elected members on the Code of Conduct.
- Officer behaviour is governed by the Employees' Code of Conduct. All new employees attending the corporate induction process were made aware of the Code.
- Roles and responsibilities relating to the Council's executive and non-executive functions are defined in the Council's Constitution. Decisions and actions taken during the year were made in accordance with these arrangements providing clear accountability.
- The Council takes fraud, corruption and maladministration seriously and has established a suite of policies and processes which aim to prevent or deal with such occurrences. On 26 September 2018 the Business Efficiency Board received an annual report summarising the operation of the Council's counter fraud and corruption arrangements.
- A corporate complaints procedure operated throughout the year to receive and respond to any complaints received.
- Arrangements exist to ensure that members and officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
  - Registers of disclosable pecuniary interests were maintained
  - Registers of gifts and hospitality were maintained
  - Opportunities to declare disclosable pecuniary interests and disclosable other interests were provided at the start of meetings
- The Operational Director – Legal and Democratic Services provided legal advice to the Council as the Council's Monitoring Officer. One of the key functions of that role is to ensure the lawfulness and fairness of decision-making.

## Ensuring openness and comprehensive stakeholder engagement

### SUPPORTING PRINCIPLES

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- Information on the Council's performance, finances and the democratic running of the Council is routinely published on the Council's website. The Council also fully complies with the reporting requirements of the Local Government Transparency Code 2015.
- The Council engages with key partners and institutional stakeholders in various ways. Formal partnerships include the Health and Wellbeing Board, the Safer Halton Partnership and the Halton Children's Trust. The Council's Management Team also holds a joint monthly meeting with the management team of Halton Clinical Commissioning Group (CCG).
- The Health and Wellbeing Board provides a key forum for public accountability of the NHS, Adult Social Care, Children's Services, Public Health and other commissioned services relating to the wider determinants of health in Halton.
- During 2018/19 work has taken place to update the Joint Working Agreement with the CCG. A Pooled Budget, including the Better Care Fund, exists as part of the agreement which is used to fund expenditure on delivering care and support services for adults with complex needs. This helps ensure that the resources available to both Health and Social Care are effectively used in the delivery of personalised, responsive and holistic care to those most in need.
- Engagement with citizens and service users is carried out using a variety of methods, including a range of survey techniques (online, paper, face to face) and sampling techniques. The Council also uses qualitative techniques, such as focus and discussion groups. During 2018/19 the Council consulted on a range of issues, which included:
  - Runcorn mainline station
  - School meals
  - How people like to find out about adult social care
  - Dog control orders
  - Child play
- In setting its budget the Council listens to the views of the public and the experience of elected members through their ward work. Individual consultations took place in respect of specific budget proposals and equality impact assessments were completed where necessary.

## Defining outcomes in terms of sustainable economic, social and environmental benefits

### SUPPORTING PRINCIPLES

- Defining outcomes
- Sustainable economic, social and environmental benefits

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- The long-term vision for Halton is set out in the Council's Corporate Plan, which defines the Council's priorities and how it hopes to achieve them. It also explains the Council's values and principles.
- The Council's Corporate Planning Framework provides the means by which the Council's activities are developed and monitored. Quarterly performance monitoring reports were produced during the year recording progress against key business plan objectives and targets. These were reported to the Council's Management Team, to the Executive Board and to the Policy and Performance Boards.
- Directorate and Departmental Business Plans were produced for 2018/19 that described key developments and emerging issues relating to each department of the Council. The plans formally set out key objectives, milestones and measures for each business area.
- The Executive Board approved the Council's Medium Term Financial Strategy (MTFS) at its meeting on 15 November 2018. The MTFS represents the "finance guidelines" that form part of the medium term corporate planning process. These guidelines identify the financial constraints which the Council will face in delivering its key objectives, and are an important influence on the development of the Corporate Plan, Service Plans and Strategies.
- The Council routinely publishes information on the Council's vision, strategy, plans, finances and performance on its website and in the Council newspaper that is distributed to all households in the borough.



## Determining the interventions necessary to optimise the achievement of the intended outcomes

### SUPPORTING PRINCIPLES

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- The Council's Corporate Planning Framework in operation during the year provided the means by which the Council's activities were developed and monitored.
- 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. Throughout the year they held the Executive to account, scrutinised performance and developed policy proposals for consideration by the Executive.
- Quarterly performance monitoring reports were produced throughout the year recording progress against key business plan objectives and targets. These reports were presented to the Council's Management Team, to the Executive Board and to the Policy and Performance Boards.
- The Council operates a corporate complaints procedure and specific complaints procedures for Adult Social Care, Children's Social Care, schools and complaints relating to elected members. These procedures allow the Council to identify areas where things may have gone wrong and to put them right and prevent them from happening again.
- The Council aims to ensure that the purchase or commissioning of goods, services or works required to deliver services is acquired under Best Value terms. The Council's procurement activity is undertaken in line with the Council's Procurement Strategy and within clearly defined rules set out in Procurement Standing Orders.
- The Council's internal audit team carries out a comprehensive programme of audits each year reviewing the Council's front line and support services. The implementation of recommendations arising from this work assists the Council in identifying and managing risks that may impact on the achievement of outcomes.

## Developing the Council's capacity, including capability of its leadership and the individuals within it

### SUPPORTING PRINCIPLES

- Developing capacity
- Developing leadership
- Developing the capability of individuals

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- The Council retained the NW Charter for Elected Member Development Exemplar Level status. Newly elected members attend a two-day induction programme with follow-up mentoring. Elected members were also provided with the opportunity for an annual review to identify their development requirements, which are set out in a Member Action Plan.
- A comprehensive elected member development programme provided a wide range of learning and development opportunities.
- Members of the Business Efficiency Board received regular training throughout the year to assist them in their role as the Council's Audit Committee.
- The Council's Organisational Development Strategy (2016 – 2020), includes an Organisational Development Charter. The Strategy confirms the Council's commitment to the ethos that its workforce will be part of the solution to providing excellent services.
- The Council operates ongoing processes to identify the personal development needs of employees. The information gained from these processes is used to inform the design of the corporate training programme and to source specialised professional training.
- The Council's Learning & Development Team offers continuous leadership development through its accreditation with ILM (City & Guilds). Specific qualifications have been delivered during 2018/19, such as Level 3 in Leadership and Management and Level 3 in Coaching. As a result, 19 employees continue to develop skills and knowledge regarding leadership and gain recognised qualifications.
- The Council has introduced Leadership and Management Masterclasses during 2018/19 to ensure continuous development of those employees that don't require a recognised leadership qualification, but have identified specific learning needs to ensure contemporary approaches are utilised.
- The Council offer its employees the opportunity to apply for funding to support their academic development that is linked to the Council's priorities thereby increasing individual capacity and supporting succession planning. During 2018/19, the Council supported 26 employees to gain a variety of academic qualifications, such as Masters Degrees, BA Degrees and Diplomas.
- The Council is maximising the Apprenticeship Levy by commissioning 10 Masters in Business Administration (MBA) qualifications to employees that will support leadership succession planning as identified in the Organisational Development Strategy.

## Managing risks and performance through robust internal control and strong public financial management

### SUPPORTING PRINCIPLES

- Managing risk
- Managing performance
- Robust Internal Control
- Managing data
- Strong Public Financial Management

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

- The Council provides decision-makers with full and timely access to relevant information. The executive report template requires information to be provided explaining the policy, financial and risk implications of decisions, as well as implications for each of the corporate priorities and any equality and diversity implications.
- The Council has embedded risk management arrangements. 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. The risk registers are also used to inform the internal audit planning process and are regularly reviewed by the Business Efficiency Board.
- The Council has a well-established Audit Committee (the Business Efficiency Board), which met regularly during 2018/19. The Board has clearly defined responsibilities and provides oversight and challenge in regard to the Council's governance, risk management, audit, procurement and counter fraud and corruption arrangements.
- The Council has a Head of Internal Audit and a continuous internal audit service, which was assessed during the year as conforming to the Public Sector Internal Audit Standards. Internal audit plays a key role in reviewing and improving the effectiveness of the Council's risk management, governance and control arrangements.
- The Council's External Auditor provided an unqualified opinion on the 2017/18 accounts and reported their findings to the Business Efficiency Board in September 2018. They also completed a review of the overall control environment relevant to the preparation of the Council's financial statements and concluded that their work had identified no material weaknesses.
- Despite significant funding reductions and increasing demand for services the Council managed to set a balanced budget for 2019/20 via a robust process led by the Members' Budget Working Group. Outturn spending was higher than the 2018/19 revenue budget, primarily due to continuing pressures within Childrens Services and Community & Environment. The position was monitored throughout the year through reports to Management Team, the relevant Policy and Performance Boards and Executive Board. Effective action was taken to mitigate the level of overspend.

## Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### SUPPORTING PRINCIPLES

- Implementing good practice in transparency
- Implementing good practice in reporting
- Assurance and effective accountability

### EXAMPLES OF HOW WE DID THIS IN 2018/19:

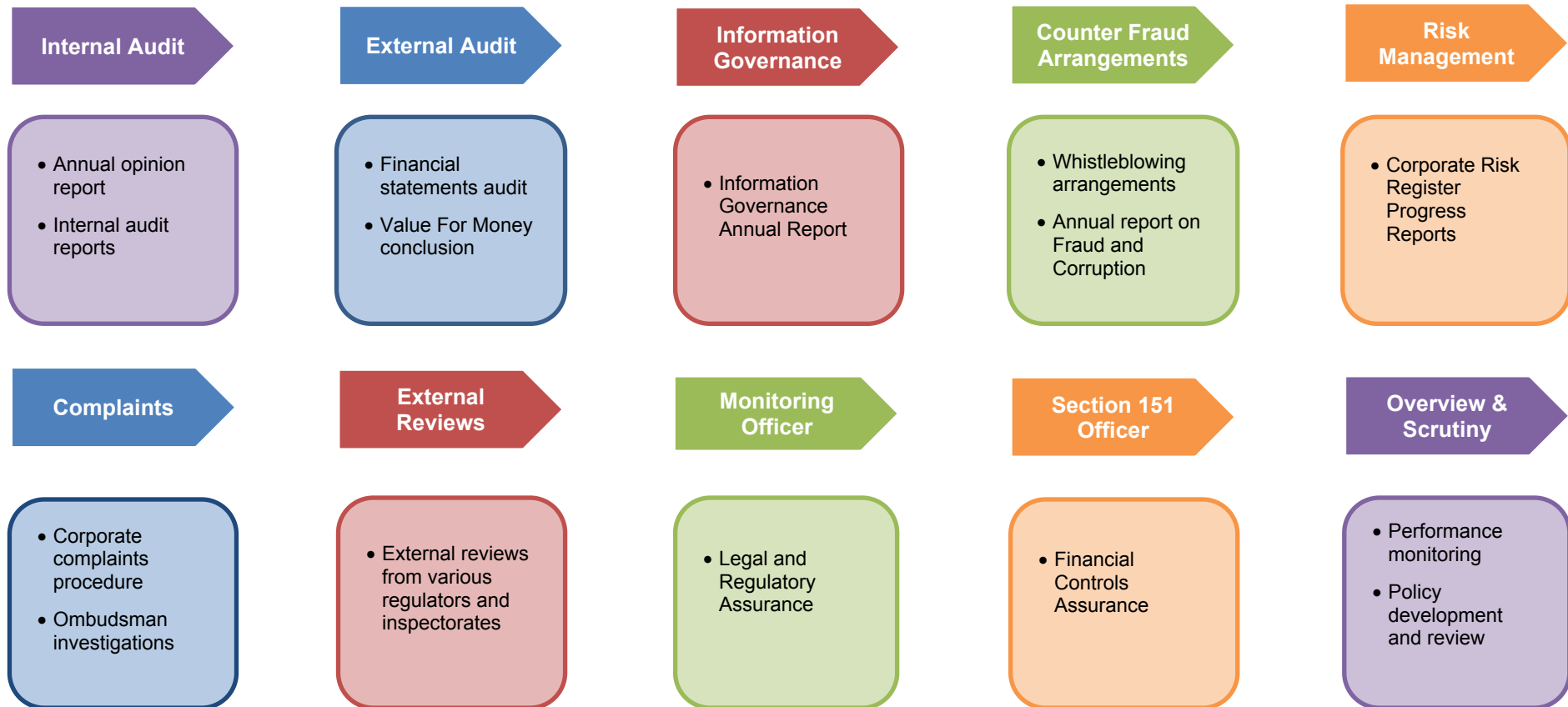
- The Council fully complies with the Local Government Transparency Code 2015 and publishes a wide range of information on its website. This includes details of meetings, minutes and agendas, policies and plans, the Council Constitution, the Statement of Accounts, details of members' allowances and expenses (including the outcome of the independent triennial review of the Members' Allowance Scheme which took place during the year), details of senior staff pay, contract awards, and details of land and building assets.
- The Council operates clear and effective processes for dealing with Freedom of Information (FOI) requests and Subject Access Requests (SAR).
- All Council meetings are open and can be attended by members of the public with the exception of those where confidential or personal matters may be disclosed.
- The Council's external auditor provides an annual assessment on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. In September 2018, the external auditor concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.
- The Council has developed robust procedures to respond positively to the findings and recommendations of external auditors and statutory inspectors. Action plans are developed in response to external inspections and their implementation monitored.
- The Council has established various ongoing arrangements that provide effective assurance. These include the work of internal audit, the Council's risk and performance management arrangements, the work of the Information Governance Group, the work of the Policy and Performance Boards and the work of the Standards Committee.
- The Council operates a whistleblowing procedure and has well-publicised arrangements for employees and the wider community to raise any concerns.

# What are the roles of those responsible for developing and maintaining the Governance Framework?

<p><b>Council</b></p>	<ul style="list-style-type: none"> <li>- Approves the Corporate Plan</li> <li>- Approves the Constitution</li> <li>- Approves the policy and budgetary framework</li> </ul>
<p><b>Executive Board</b></p>	<ul style="list-style-type: none"> <li>- The main decision-making body of the Council</li> <li>- Comprises ten members who have responsibility for particular portfolios</li> </ul>
<p><b>Business Efficiency Board</b></p>	<ul style="list-style-type: none"> <li>- Designated as the Council's Audit Committee</li> <li>- Provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, procurement strategy and internal control environment.</li> </ul>
<p><b>Standards Committee</b></p>	<ul style="list-style-type: none"> <li>- Promotes high standards of member conduct</li> <li>- Assists members and co-opted members to observe the Council's Member Code of Conduct</li> </ul>
<p><b>Policy &amp; Performance Boards</b></p>	<ul style="list-style-type: none"> <li>- There are six Policy &amp; Performance Boards aligned to the Council's six Corporate Plan priorities</li> <li>- They hold the Executive to account, scrutinise performance and develop policy proposals for consideration by the Executive</li> </ul>
<p><b>Management Team</b></p>	<ul style="list-style-type: none"> <li>- Implements the policy and budgetary framework set by the Council and provides advice to the Executive Board and the Council on the development of future policy and budgetary issues</li> </ul>
<p><b>Internal Audit</b></p>	<ul style="list-style-type: none"> <li>- Provides assurance over the Council's governance, risk management and control framework</li> <li>- Delivers an annual programme of audits</li> <li>- Makes recommendations for improvements in the management of risk and value for money</li> </ul>
<p><b>Managers</b></p>	<ul style="list-style-type: none"> <li>- Responsible for maintaining and developing the Council's governance and control framework</li> <li>- Contribute to the effective corporate management and governance of the Council</li> </ul>

# How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance framework including the system of internal control. The key sources of assurance that inform this review are outlined below:



# How has the Council addressed the governance issues from 2017/18?

The 2017/18 annual governance statement contained three key governance issues. Details of these issues and how they were addressed are provided below:

## What the issue was:

### Funding

The Council continued to face significant funding reductions whilst demand for Council services is increasing. The Medium Term Financial Strategy forecasted that the Council needed to identify £9m of budget savings in order to set a balanced budget for 2019/20.

In light of these financial pressures, it was recognised that a key challenge for the Council was to maintain sufficient front-line and support service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2019/20 and beyond.

## What we did:

Despite significant funding constraints and increasing demand for services, resulting in the need to make significant budget savings, the Council managed to set a balanced budget for 2019/20.

Throughout 2018/19, reports to Management Team, Policy and Performance Boards and Executive Board highlighted forecasts that by year-end spending may have been up to £4.2m above budget. Action was therefore implemented across the Council to restrict spending wherever possible to absolutely essential items only. This resulted in actual spending being only £2.4m above budget by year-end.

Given the Council's challenging financial position during the year, it has been essential to maintain sufficient capacity within support services such as Finance, Legal, ICT, Administration, Property and HR to ensure that correct procedures continue to be followed and that adequate control is maintained over the Council's financial and non-financial resources.

This has also assisted with supporting a robust governance framework and enabled the Council to continue to deliver its corporate objectives and strategic priorities.

### What the issue was:

#### Liverpool City Region Combined Authority

The Council recognised that it needed to continue to play a proactive role within the City Region in order to review and influence LCR policy to ensure that Halton's interests are well represented.

It was also acknowledged that the Council needed to review, comment and decide on its position in relation to any further developing devolution 'asks' of the City Region as they emerge. The Council recognised that it remained important to be fully engaged in the development of future LCR policies.

### What we did:

The Council continues to play a proactive role within the Liverpool City Region. The Leader sits on the Combined Authority and the Council has three representatives on both the Transport Committee and the Scrutiny Committee. Members are supported by officers and regular briefings are provided by officers on the respective agendas of those committees. The Council is also represented at Member and Officer level at the more informal meetings of the Combined Authority. Attendance by both members and officers is good. The Council continues to attract resources from the Combined Authority to support, in particular, its regeneration, transport and learning and skills objectives.



### What the issue was:

#### Local Code of Corporate Governance

The Council recognises that the guidance document 'Delivering Good Governance in Local Government: Framework 2016' defines the principles that should underpin the governance of each local government organisation.

The production of the 2017/18 annual governance statement identified the need for the Council to update its Local Code of Corporate Governance to better demonstrate that its governance structures comply with the core and sub-principles contained in the Framework.

### What we did:

During the 2018/19 the Council's Local Code of Corporate Governance was reviewed and updated to better align with the core and sub-principles contained in that the guidance document 'Delivering Good Governance in Local Government: Framework 2016'.

The Local Code of Corporate Governance forms part of the Council Constitution which is reviewed annually. On 14 March 2019, Executive Board considered the proposed changes to the Constitution and recommended to Council that they be approved. Formal approval of the changes to the Constitution was subsequently made by the Council on 17 May 2019.

## What are the governance issues for 2019/20?

The following Action Plan sets out key areas of focus for the Council in maintaining and developing its governance arrangements to meet the challenges ahead.

Issue	Lead Officer	Timescale
<p><b><u>Funding</u></b></p> <p>The Council continues to face significant funding reductions whilst demand for Council services is increasing. Forecasting the Council's funding for over the medium term from 2021/22 onwards is extremely difficult. This is due to the uncertain impact of a number of national funding and other changes, including: the Public Sector Spending Review, Local Government Fair Funding Review, 75% Business Rates Retention, Business Rates Baseline Reset and the Social Care Green Paper.</p> <p>Government reported the provisional Local Government Finance Settlement in December 2019 which as expected detailed additional grant funding for social care services together with a small uplift to the general Settlement Funding Assessment. Together with the utilisation of reserve funding this has resulted in a 2020/21 budget gap of approximately £4.4m. Proposed budget savings will be presented to Council in March 2020 to provide a balanced budget position.</p> <p>The Council recognises that maintenance of effective governance arrangements is critically important in an era of financial pressures, increasing demand for services and rapid change. A key challenge for the Council is therefore to maintain both sufficient front-line and support service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2020/21 and beyond.</p>	<p>Strategic Director – Enterprise, Community &amp; Resources</p>	<p>Ongoing</p>

Issue	Lead Officer	Timescale
<p><b><u>Peer Review</u></b></p> <p>The Council invited the Local Government Association to undertake a Corporate Peer Challenge of the Council in September 2019. The process involved a small team of senior local government officers and councillors spending time at the Council as peers to provide challenge and share learning. The focus of the Peer Challenge was on improvement.</p> <p>The core components of the Peer Challenge examined the Council's:</p> <ul style="list-style-type: none"> <li>• Understanding of its local context and place and how that informs a clear vision and set of priorities;</li> <li>• Leadership through its elected members, officers and partnerships with external stakeholders;</li> <li>• Financial planning and viability;</li> <li>• Organisational leadership and governance;</li> <li>• Organisational capacity to deliver the Council's priorities;</li> </ul> <p>The feedback report issued following the Peer Review was positive and noted that the Council's achievements have been and continue to be significant. However, the report also recognised the challenges faced by the Council in terms of increasing service demand and the difficult financial context. The report contained eleven recommendations aimed to help the Council develop so that it can continue to operate and deliver in a sustainable way.</p> <p>In response to the report the Council is developing an action plan setting out how the issues raised will be addressed.</p>	<p>Strategic Director – Enterprise, Community &amp; Resources</p>	<p>Ongoing</p>

Issue	Lead Officer	Timescale
<p><b><u>Corporate Priorities</u></b></p> <p>The Council is reviewing both its Corporate Plan and priorities with support and challenge from the Local Government Association. It is doing this in the light of the financial challenges it continues to face. It will test whether its existing Corporate Plan is still fit for purpose and whether it still reflects the political priorities of the Council.</p>	Chief Executive	March 2020
<p><b><u>Ward Boundary Review</u></b></p> <p>The Local Government Boundary Commission for England has recently undertaken an Electoral Review of the Council. The review was triggered by the fact that the electorate in the Farnworth Ward in Widnes is 33% higher than the average electorate across each of the wards in the Borough. Significant divergence in the size of one ward from the average electorate in other wards of the Borough is one of the Commission's criteria that triggers a review.</p> <p>Following consultation with the public, the Commission recommended that the Council should consist of 54 councillors - a reduction from the current 56. It also recommended that the 54 councillors should represent 18 wards rather than the current 21. The Commission proposed that there would be nine wards in Runcorn and nine wards in Widnes with each ward having three members representing it.</p> <p>These new arrangements have now been approved by Parliament. This means that all 54 Council seats will be contested in an election that will take place on 7 May 2020 based on the new boundaries.</p>	Strategic Director – Enterprise, Community & Resources	May 2020

# Certification

We have been advised on the implications of the review of the effectiveness of the governance framework by the Business Efficiency Board. The review provides good overall assurance that the Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Specific opportunities to maintain or develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Halton Borough Council:

**David Parr - Chief Executive**

**Rob Polhill - Leader of the Council**

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	24 February 2020
<b>REPORTING OFFICER:</b>	Divisional Manager – Audit, Procurement & Operational Finance
<b>SUBJECT:</b>	Internal Audit Plan – 2020/21
<b>WARDS:</b>	Borough-wide

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

This report seeks the Board's approval for the planned programme of internal audit work for 2020/21.

### **2.0 RECOMMENDATION:**

**That the Board considers and approves the proposed Internal Audit Plan for 2020/21.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 A risk-based Audit Plan has been prepared in accordance with relevant professional guidance, i.e. the Public Sector Internal Audit Standards (PSIAS). The plan sets out the proposed internal audit activity for 2020/21.
- 3.2 The plan is designed to enable internal audit to deliver an overall opinion on the Council's risk management, control and governance arrangements.
- 3.3 The Annual Internal Audit Plan must ultimately be agreed with the Operational Director - Finance as the s151 Officer to the Council, who needs to be assured that the planned audit coverage is sufficient to discharge the s151 officer's statutory role. However, it is also important that the Business Efficiency Board, as the Council's Audit Committee, is consulted and provided with the opportunity to comment on the proposed coverage.
- 3.4 In developing the plan consultation has taken place with a wide range of stakeholders including:
  - Operational Director – Finance
  - Senior management
  - Key managers from across the Council
- 3.5 Account has also been taken of the following:
  - The Council's existing assurance framework
  - Cumulative audit knowledge and experience
  - Known budgetary pressures

- New developments and projects
- Issues reported in key documents such as:
  - The Corporate Risk Register
  - The Annual Governance Statement
  - The LGA Peer Review
  - Medium Term Financial Strategy

- 3.6 The draft Audit Plan for 2020/21 is attached as an appendix to this report. It should be noted that the plan has incorporated four reviews originally included in the 2019/20 Audit Plan that could not be completed during the year due to capacity issues.
- 3.7 A total of 1,125 days of audit work is planned for 2020/21. This level of resource is based on a forecast staffing establishment of approximately 6.0 FTE staff. Overall capacity has increased slightly from 2019/20 due to the team now being fully staffed.
- 3.8 Performance against the Audit Plan will be kept under review throughout the year and quarterly progress reports will be provided to the Business Efficiency Board.
- 3.9 As in previous years, it is important to note that the Audit Plan will need to remain flexible and changes may be required in order to respond to risks that emerge during the year. Similarly it may be necessary to prioritise planned work if there are any in-year changes to the resourcing of Internal Audit.
- 3.10 Internal Audit will continue to work closely with the Council's external auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

#### **4.0 POLICY IMPLICATIONS**

Delivery of the Audit Plan will provide assurance that the policies and procedures established by the Council are implemented and remain appropriate.

#### **5.0 OTHER IMPLICATIONS**

- 5.1 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its "arrangements to 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".
- 5.2 Internal audit work supports the Operational Director – Finance in discharging his statutory responsibilities as Section 151 Officer in terms of ensuring the proper administration of the Council's financial affairs.
- 5.3 Internal audit work provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to

declare the extent to which the Council complies with the principles of good governance.

5.4 There are no additional resource implications arising from this report.

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

6.1 Internal audit work supports the delivery of all the Council's priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds.

6.2 The Audit Plan has been designed to provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council's priorities.

## **7.0 RISK ANALYSIS**

7.1 The work of Internal Audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems and controls.

7.3 Changes to planned work may therefore become necessary during the year. Minor changes will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to the Board.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

None identified

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

Public Sector Internal Audit Standards



2020/21

## Internal Audit Plan



- 1.1 This document summarises the results of Internal Audit’s planning work. It sets out details of the:
- Responsibilities and scope of internal audit
  - Resourcing and delivery of the Council’s internal audit service
  - Arrangements for reporting internal audit work
  - Proposed programme of work for 2020/21 (the Audit Plan)
- 1.2 The Audit Plan for 2020/21 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector.
- 1.3 The Council has adopted the PSIAS definition of internal auditing:
- ‘Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.
- 1.4 In accordance with PSIAS, the mission of internal audit is to ‘enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.
- 1.5 The work of internal audit is a key element in delivering the Council’s strategic priority of corporate effectiveness and business efficiency, but also supports the Council in achieving all the aims and objectives set out in the Corporate Plan.
- 1.6 The PSIAS require that the internal audit service is delivered and developed in accordance with the internal audit charter. The Council has formally agreed that the provisions relating to internal audit set out in section 6.2 of Finance Standing Orders constitute the Council’s internal audit charter.

# INTERNAL AUDIT – RESPONSIBILITIES AND SCOPE

## 2.1 Responsibilities of internal audit

The internal audit function is responsible for:

- Reviewing and developing the Council’s governance processes. Specifically, this includes:
  - Promoting appropriate ethics and values within the Council
  - Supporting effective organisational performance management and accountability
  - Communicating risk and control information to appropriate areas of the organisation
  - Coordinating the activities of, and communicating information among, the Business Efficiency Board, external audit, internal audit and management
- Evaluating the effectiveness of the Council’s risk management processes and contributing to their improvement
- Assisting in the maintenance and development of an effective control environment by providing robust independent assurance over its operation.

## 2.2 Responsibilities of management

The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by internal audit can reduce risk and improve systems of control. However, the implementation of audit recommendations cannot eliminate risk entirely.

## 2.3 Responsibilities of the Business Efficiency Board

In regard to internal audit, the Business Efficiency Board is responsible for:

- Approving, but not directing, internal audit’s strategy and plan
- Monitoring the performance of internal audit
- Reviewing summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where necessary

### INTERNAL AUDIT – RESPONSIBILITIES AND SCOPE

- Receiving and considering the Head of Internal Audit’s annual report.

#### 2.4 Responsibilities for fraud prevention and detection

The primary responsibility for the prevention and detection of fraud rests with management. Management’s responsibilities include creating an environment where fraud is not tolerated, identifying fraud risks, and taking appropriate actions to ensure that controls are in place to prevent and detect fraud.

It is not the role or responsibility of internal audit to detect fraud. However, internal audit will evaluate the potential for the occurrence of fraud in each assignment and review how the Council manages the risk of fraud.

The Council operates a dedicated Investigations Team that works alongside internal audit. The team is responsible for all fraud-related work and HR investigatory work. As such, this work does not form part of the Internal Audit Plan and the results of this work are reported separately to the Business Efficiency Board.

#### 2.5 Scope of internal audit activities

The scope of internal audit work includes:

- The entire control environment of the Council, comprising financial and non-financial systems.
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an involvement.

Internal audit may also provide assurance services to parties outside the Council with the prior agreement of the Business Efficiency Board.

### INTERNAL AUDIT – RESOURCING

#### 3.1 Resource requirements

The level of resource required to deliver an effective internal audit service to the Council has been assessed based on the need to provide adequate audit coverage of the Council's:

- Key financial systems
- Risk management and governance arrangements
- Front line services
- Support services
- Procurement and contract management activity
- Information management arrangements
- Schools

Account has also been taken of the need to be able to resource:

- Unplanned work which may arise during the year
- Follow up work to provide assurance that previously agreed recommendations are implemented
- Provision of advice and consultancy to internal customers

#### 3.2 Delivery of the internal audit service

The 2020/21 Internal Audit Plan will be delivered predominantly by an experienced and suitably qualified in-house team of approximately 6.0 FTE auditors. This is a slight increase in capacity from 2019/20 due to the team now being fully staffed. The level of available resource is considered sufficient to deliver a robust annual internal audit opinion to the Board.

As in recent years, external support to assist the audit of information management systems will be provided by Salford City Council. Additional external support may also be sought to assist with the completion of planned audit work if required.

Where opportunity arises, the internal audit team will also collaborate with internal audit colleagues from other local authorities in regard to the approach and delivery of particular audit assignments.

### INTERNAL AUDIT – RESOURCING

#### 3.3 Mitigation of any potential impairment to independence and objectivity

The internal audit team is managed by the Divisional Manager – Audit, Procurement & Operational Finance, who also has management responsibility for the following functions:

- Purchase to Pay
- Procurement
- Income control (collection and reconciliation of income)
- Insurance
- Corporate appointeeships and deputyships
- Direct Payments
- Income & Assessment
- Debtors

The arrangements to mitigate any potential impairment to independence and objectivity regarding the audit of these areas that were previously approved by the Business Efficiency Board remain in place.

#### 3.4 Approach to placing reliance on other sources of assurance

When planning specific audit assignments, other sources of assurance may be taken into consideration in order to ensure the best use of the audit resource. Any work that is necessary in order to place reliance on other sources of assurance will be determined as required for each assignment and reference made to it in the resulting audit report.

#### 3.5 Assurance services to other organisations

The only planned assurance service to be provided to an external party is an annual audit provided to Manchester Port Health Authority (MPHA), which is the governing body for the Manchester Ship Canal and River Weaver. Halton Borough Council is one of the funding authorities of MPHA. 2020/21 is the second year of the current three year SLA. This work has only a minimal impact on the audit work undertaken for the Council.

**INTERNAL AUDIT – REPORTING**

4.1 Distribution of internal audit reports

At the conclusion of each audit assignment, a draft report is issued to the manager responsible for the area which has been audited. A final report containing management responses to any issues identified is subsequently distributed to:

- The Chief Executive
- The Strategic Director – Enterprise, Community & Resources
- The Operational Director – Finance (s151 officer)
- The Strategic Director, Operational Director and Divisional Manager responsible for the area reviewed
- The Council’s external auditor

4.2 Overall assurance opinion

In each audit report, an overall assurance opinion is provided on the area audited. The opinion is based on the information obtained in the course of the audit and represents an assessment of the effectiveness of the risk management, control and governance processes in the area audited.

The range of opinions provided in audit reports is set out in the following table:

Assurance Opinion	Explanation
● Limited	Improvements in procedures and controls are required to strengthen the management of risk(s) fundamental or material to the activities reviewed.
● Adequate	In the main there are appropriate procedures and controls in place to mitigate the key risks to the activities reviewed. However, some opportunities were identified to improve the management of some risks.
● Substantial	Effective procedures and controls in place to mitigate the key risks to the activities reviewed.

## Section Four

# INTERNAL AUDIT – REPORTING

### 4.3 Grading of Recommendations

Recommendations made in individual internal audit assignments are categorised according to the following priorities:

Priority	Definition
High	Deficiencies in control where the potential risk impact is fundamental or material to the activity audited
Medium	Deficiencies in control where the potential risk impact is of lesser significance and not material to the activity audited.
Low	Opportunities to improve practice, efficiency or further reduce exposure to risk.

### 4.4 Reporting to elected members

Throughout the year regular internal audit progress reports are presented to the Business Efficiency Board summarising the outcomes of internal audit work and any significant matters identified. Such matters may include risk exposures, governance weaknesses, performance improvement opportunities and value for money issues.

### 4.5 Annual Audit Opinion

An annual report is presented to the Business Efficiency Board which includes the Head of Internal Audit's overall opinion on the Council's risk management, control and governance processes. This opinion forms one of the sources of assurance in support of the Council's Annual Governance Statement. The opinion is based upon the collective findings from the internal audit work completed during the year.



### INTERNAL AUDIT – PLANNING METHODOLOGY

#### 5.1 Requirements of the Public Sector Internal Audit Standards

The PSIAS state that the ‘chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals’.

#### 5.2 Development of the Audit Plan

In developing the Audit Plan, account has been taken of:

- Senior management’s views on risk in their areas of responsibility
- The results of previous internal audit work
- The Council’s assurance framework, including the work of external audit
- New or emerging risks affecting the Council or local government as a whole
- Known changes to the Council’s business, operations, programs, systems, and controls
- Issues identified in the Corporate Risk Register, Annual Governance Statement and the LGA Peer Review
- The requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion
- Planned work deferred from the 2019/20 Audit Plan that is still considered important

#### 5.3 Links to the Council’s Corporate Priorities

The Internal Audit Plan supports the delivery of all the Council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds. The achievement of corporate priorities is dependent on the Council making efficient and effective use of its resources and in operating robust and transparent governance arrangements.

The Audit Plan sets out a series of risk-based assignments that will provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council’s priorities.

### INTERNAL AUDIT – PLANNING METHODOLOGY

#### 5.4 Budgeted time allocations

A budgeted time allocation has been set for each assignment included in the Audit Plan. It is recognised that the exact resource requirement for each assignment cannot be forecast with certainty, as the time required will be influenced by the scope of the audit agreed with management.

The plan therefore represents the best estimate of the way in which the Council's internal audit resources will be deployed. It may therefore be necessary to adjust the budgeted allocations for specific assignments during the year.

#### 5.5 Timing and prioritisation of audit work

The intention is to complete all planned work within the year. However, the timing and respective prioritisation of work will take account of:

- The need to finalise any work from 2019/20 that remains incomplete at year-end
- The need to prioritise the reviews deferred from the 2019/20 Audit Plan
- The views of management of the service areas in regard to the timing of work
- Any other factors that may be relevant to the timing of a particular piece of work
- Any urgent unplanned work arising
- Changes in the level of audit resources available

#### 5.6 Significant interim changes to planned work

The Audit Plan will be kept under review during the year and it may be necessary to make revisions to planned work in order to respond to changes in priorities or changes in the level of internal audit resources. As in previous years, minor changes will be agreed with the Operational Director – Finance. Any significant interim changes will be reported to the Business Efficiency Board.

## SUMMARY INTERNAL AUDIT PLAN – 2020/21

Planned coverage	Days
<b>Use of Resources</b>	<b>385</b>
Finance	165
People	55
Land and Property	50
Information	20
Commercial and Regulatory Activities	95
<b>Governance Arrangements</b>	<b>80</b>
<b>Children &amp; Young People</b>	<b>250</b>
<b>Adult Services</b>	<b>245</b>
<b><u>Other:</u></b>	<b>165</b>
Completion of outstanding 2019/20 audits	60
Contingency	100
Manchester Port Health Authority	5
<b>Total Planned Days</b>	<b>1,125</b>

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Grant claims	50	A general provision is included for a range of grant claims for which the Head of Audit is required to sign a declaration confirming that the amounts claimed are eligible and in accordance with the conditions of grant.	Grant claims audits	Audit report for each claim
Housing Benefit and Council Tax Reduction	25	Housing Benefit and Council Tax Reduction are a material area of expenditure. Changes have been introduced to the system following the introduction of an online application process in 2019/20.	Full system review	Audit report
Corporate Card Programme	20	The Council's corporate credit and debit card has been expanded with a significant increase in the number of supplier payments being made by card rather than BACS. The reason for this is to take advantage of the rebate on total expenditure across the card programme.	The review will focus upon the controls relating to the use of corporate debit and credit cards and reconciliation procedures.	Audit report
VAT	20	As a result of Making Tax Digital there have been recent changes in the way in which the Council's VAT return is submitted. There is also an expectation from HMRC that local authorities' VAT arrangements are subject to regular internal audit.	The audit review the procedures and controls relating to the submission of the Council's VAT return. It will also involve testing across a wide range of income and expenditure to provide assurance as to whether VAT is being calculated correctly.	Audit report

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Reconciliation of bank accounts	25	Regular reconciliation of the Council’s main banks accounts is a key control that helps in the identification of errors in the accounting records and assists cash flow forecasting.	The audit will review and test the procedures relating to the reconciliation of the Council’s main bank accounts.	Audit report
Emergency payments to members of the public	25	The Council makes emergency payments to members of the public through the Discretionary Support Scheme. Emergency financial support is however also provided in other areas of the Council. The purpose of the audit would be to provide assurance that a consistent and effective approach is in operation.	The audit will involve reviewing all areas of the Council that provide emergency financial support to individuals and families and review the efficiency, effectiveness and consistency of the arrangements in place.	Audit report
Recruitment and selection procedures	25	Effective recruitment and selection procedures are essential in ensuring that the Council recruits the right people with the right skills to deliver its corporate priorities. The Council’s recruitment and selection processes have recently been reviewed and subject to significant change to address previous backlogs in the process.	Full review and testing of the recruitment and selection process.	Audit report
Agency workers	30	The employment of agency staff is a significant cost for the Council and there has been a recent increase in usage in some areas of the Council.	The audit will review usage of agency staff and seek to provide assurance that placements are made through the Council’s approved arrangements and that effective procedures are in place in regard to control costs.	Audit report

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Term maintenance contracts	25	The existing maintenance and minor works term contracts for mechanical, electrical and building elements are due to end on 31 May 2020. The total annual value of the contracts is likely to be up to £2m.	The audit will review the procurement processes followed relating to the award of the new contracts. It will also examine the arrangements in place to manage those contracts.	Audit report
Leisure Centre development	25	In September 2019, Executive Board approved the funding of the development of a new Leisure Centre at Moor Lane, Widnes. This is a major and significant investment for the Council forecast to cost in the region of £20m.	A current contract audit approach will be adopted to the audit and will examine the arrangements relating to funding, risk management, procurement and forecast revenue implications.	Audit report
Cemeteries & Crematoria <i>(deferred from 2019/20)</i>	20	The Council's cemeteries and crematorium are areas that generate a significant amount of income.  The service is also required to manage a number of potential risks in terms of the maintenance and operation of equipment and the maintenance of the grounds and management of potential risks from failed headstones and memorials.	The audit will focus on the income management systems in place and the ways in which the service manages potential risks to employees and the public relating to the operation of equipment and management and maintenance of the grounds.	Audit report
Catering & Bars <i>(deferred from 2019/20)</i>	25	The Council's catering and bars are discretionary activities which ought to be at least self-funding.  Management is aware of issues in regard to the accounting arrangements for income and difficulties in accurately monitoring financial performance.	The audit will examine the catering activities and bars provided by the Council and review the arrangements for accounting for income, expenditure and stock.	Audit report

## Internal Audit Plan – Use of Resources

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
School Meals Service	30	The provision of the School Meals Service is a significant financial undertaking which generates income in excess of £5m per year.	The audit will cover the arrangements relating to procurement, staffing, school meal grants and recovery of income.	Audit report
Pest Control	20	The Council is not legally required to provide a pest control service; however, under the Prevention of Damage by Pests Act 1949 it is required to ensure, as far as practicable, that the district is kept free from rats and mice.  This activity is an income generating area that operates in direct competition with private sector providers.	The audit would examine how the Council meets its statutory responsibilities in regard to pest control and review the financial management arrangements relating to the service.	Audit report
ICT – Remote Access	10	The Council operates an agile working policy. This increasingly results in employees working from a range of locations using Virtual Desktop Infrastructure (VDI) technology.  Key challenges presented by VDI include network capacity, server capacity and adequate storage.	Review of the arrangements in place to manage the risks presented by increased remote access and the increased use of VDI technology.	Audit report
ICT – Office 365: Move to Cloud	10	The Council is planning to transfer to Microsoft Office 365, which is a cloud based application.  It is therefore necessary for the Council to plan the migration effectively to ensure the same level of security and performance provided with the current on-premises hosting of Office.	The audit will review the project implementation plans and the adequacy of the proposed arrangements to ensure effective security, performance and administration arrangements.	Audit report
<b>Total</b>	<b>385</b>			

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Council Constitution	5	Need to ensure that the Council Constitution reflects changes in the legislation, policies and procedures.	Internal Audit contributes to a working party that meets each year to review and propose changes to the Council's Constitution.	Updated Council Constitution
Annual Governance Statement	5	Statutory requirement for the Council to produce an Annual Governance Statement.	Internal Audit input to the Corporate Governance Group which develops the Annual Governance Statement.	Publication of Annual Governance Statement
Reporting to the Business Efficiency Board	15	The Council Constitution requires Internal Audit to report to the Business Efficiency Board.	Attendance at, and preparation of reports for, the Business Efficiency Board on internal audit and governance related matters.	Audit Plan Regular progress reports Internal Audit Annual Report Annual Fraud & Corruption report
Follow up of internal audit recommendations	50	To provide assurance that agreed internal audit recommendations are implemented.	Follow up of agreed internal audit recommendations to determine whether or not they have been implemented.	Follow up audit reports
Attendance at the Information Governance Group	5	Information governance refers to the structures, policies, procedures, processes and controls implemented to manage information at an organisational level.	Internal audit input to the work of the Information Governance Group	Further development of the Council's information governance arrangements
<b>Total</b>	<b>80</b>			



Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Education, Health and Care Plans	30	<p>All Halton children and young people who have significant special educational needs and meet specific criteria may undergo an Education Health and Care (EHC) Assessment, which could lead to an EHC Plan and an offer of a personal budget.</p> <p>The Council must comply with statutory timescales for the completion of EHC assessments.</p>	The audit will review the processes relating to the completion of EHC assessments and compliance with statutory timescales. It will also review processes and data quality within the Synergy management information system.	Audit report
School transport	30	This is a significant area of spend with demand for the service increasing creating budgetary pressures.	The audit will examine the financial and budgetary control arrangements in place and also examine the commissioning of services and contract monitoring.	Audit report
Payments to Early Years Providers	20	In Halton, all 3 and 4 year olds, and eligible 2 year olds, have access to 15 hours per week of Free Early Years Childcare Entitlement through a range of early years providers, which include pre-schools, SEN, nursery schools/classes, day nurseries and eligible childminders.	The audit will seek to provide assurance that payments made to early years providers are processed correctly and in accordance with eligibility conditions.	Audit report
Integrated Contact and Referral Team (iCART)	30	<p>Effective arrangements for child protection are of vital importance and require effective liaison between a range of partner agencies.</p> <p>iCART is the integrated front door to children and families' services. The team comprises multi-agency staff and plays a crucial role in accepting</p>	The audit will seek to provide assurance over the efficiency and effectiveness of the procedures for receiving and responding to safeguarding referrals or requests for early interventions.	Audit report

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
		safeguarding referrals & early intervention requests.		
Children in Care – External Placements	30	The Council continues to face significant budget pressures resulting from the number and cost of external placements relating to children in care.	The audit will examine the approval, commissioning, procurement and monitoring arrangements for children in residential placements in order to provide assurance that the arrangements balance suitable provision with cost.	Audit report
<b>School audits:</b> Hallwood Park Primary ( <i>deferred from 2019/20</i> ) Oakfield Community Primary St Gerard's Roman Catholic Primary & Nursery St Michael's Catholic Primary Victoria Road Primary Hill View Primary Lunts Heath Primary Our Lady Mother of the Saviour Catholic Primary Ashley School Pewithall Primary St. Martin's Catholic Primary School	110	The frequency of school audit visits is determined by the audit assurance rating from the previous audit: <ul style="list-style-type: none"> <li>• Substantial – 4 year cycle</li> <li>• Adequate – 3 year cycle</li> <li>• Limited – Annual cycle</li> </ul>	A standard audit programme has been developed for school audits, which is tailored to each school as required.	Audit report for each school
<b>Total</b>	<b>250</b>			

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Tele-healthcare <i>(deferred from 2019/20)</i>	25	This use of remote monitoring is increasingly enabling people to lead more independent lives. The Council's use of Tele-healthcare is to be expanded to help more people to be supported to live at home or in extra care housing schemes.	The audit will examine the implementation of the Tele-healthcare strategy and the associated financial management arrangements. It will also examine the arrangements to measure and record the savings generated, and consider options for the wider use of this type of technology in regard to supporting people to maintain independence.	Audit report
St Luke's and St Patrick's Care Homes	30	<p>During 2019/20 the Council acquired two further two care homes as a result of the previous operators ran into financial difficulties.</p> <p>As the care homes are new entities, the financial management and risk management arrangements in operation in the homes have not previously been audited.</p>	The audit will focus on the financial management, accounting, client billing, staffing and risk management arrangements established at the two homes.	Audit report
Transport of service users	30	Transport costs have been increasing across both Adults and Childrens.	The audit will examine eligibility, commissioning, financial management and charging arrangements.	Audit report

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Transfers of care from hospital	30	<p>Schedule 3 of The Care Act 2014 sets out the responsibilities of the various parties involved in the discharge of hospital patients with care and support needs. Once notification of a proposed discharge date is received the local authority must carry out an assessment to identify any community care services required to allow for the safe discharge of the patient.</p> <p>The Act makes provision for local authorities to make delayed discharge payments to the NHS where the sole reason for the delay lies with the local authority and the delay relates to an acute patient.</p>	The audit will review the systems in place regarding transfers of care from hospital and seek to provide assurance that appropriate procedures are in place to ensure that any delays are minimised.	Audit report
Halton Supported Housing Network	25	<p>Halton Supported Network comprises 19 houses. The network provides accommodation with support in the community for adults with learning/physical disabilities, challenging behaviour and complex needs.</p> <p>Each property is supported by care workers up to 24 hours per day depending on the needs of the service users. Support staff are required to maintain and reconcile records of the service users' financial transactions.</p>	The audit will examine the overall arrangements for the provision of the service and the procedures in place to manage and safeguard service users' finances.	Audit report
Meals Service	20	This is a discretionary service that many other local authorities in the region are now addressing in different ways.	The audit will review the operational and financial management arrangements relating to the provision of the meals service.	Audit report

Area of Audit Work	Days	Risk Context	Planned Coverage	Output
Direct Payments	25	There has been significant growth in the number of Direct Payments users in recent years which has led to a corresponding increase in expenditure in this area. Direct Payments are inherently high risk as they involve paying funds to individuals in order to address their own care and support needs.	The audit will review the overall management of the scheme and explore the reasons for the increase in uptake and examine costs compared to commissioned services.	Audit report
Adult Social Care Referrals and Assessments	30	This is the gateway to the Adult Social Care system and it is therefore important that a robust and consistent assessment process is in place.	The audit will involve a full system review and seek to provide assurance that there is appropriate documentation held in support of all individuals assessed as having care and support needs.	Audit report
Homelessness	30	The Homelessness Reduction Act 2017, implemented on 3 April 2018, placed new duties on local authorities to intervene earlier to prevent homelessness and to take reasonable steps to relieve homelessness.	Full review of the Homelessness service examining how the Council meets its statutory duties.  The audit will include the review of the two single homelessness supported accommodation services in Halton (Brennan Lodge in Widnes and Halton Lodge in Runcorn) and the Homeless Health Support pilot.	Audit report
<b>Total</b>	<b>245</b>			

**REPORT TO:** Business Efficiency Board  
**DATE:** 24 February 2020  
**REPORTING OFFICER:** Operational Director, Finance  
**PORTFOLIO:** Resources  
**SUBJECT:** Audit Progress 2018/19 Final Accounts  
**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to provide an update on the latest position regarding the external audit of the Council's 2018/19 Statement of Accounts. Grant Thornton will attend the meeting to provide a verbal update on progress.

**2.0 RECOMMENDED: That the External Auditor's verbal update on progress, be noted.**

### **3.0 BACKGROUND**

3.1 The Statement of Accounts sets out the Council's financial performance for the year in terms of revenue and capital spending and presents the year-end financial position as reflected in the balance sheet.

3.2 Due to a number of technical accounting issues the External Auditor is still not yet in a position to publish the audit certificate or opinion on the 2018/19 Statement of Accounts. Work continues to reach agreement on outstanding issues. It is likely that amendments will be required to the 2018/19 draft Statement of Accounts together with restated accounts for 2017/18.

3.3 The Council published a notice on 31 July 2019 with reasons why it had not yet been able to publish the final Statement of Accounts.

3.4 The Appendix provides a report from the External Auditor which gives further details regarding the technical accounting issues which are still subject to audit.

3.5 The final audited Statement of Accounts will be reported to the Business Efficiency Board once the audit has been completed, along with the Audit findings report. In accordance with the Accounts and Audit Regulations 2015 the Council will then publish the final Statement of Accounts together with relevant audit certificate as soon as reasonably practicable following the certificate date.

**4.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

**4.1 Children and Young People in Halton**

There are no specific implications for any of the Council’s priorities.

**4.2 Employment, Learning and Skills in Halton**

See 4.1

**4.3 A Healthy Halton**

See 4.1

**4.4 A Safer Halton**

See 4.1

**4.5 Halton’s Urban Renewal**

See 4.1

**5.0 RISK ANALYSIS**

The Accounts and Audit Regulations require that the Statement of Accounts is certified by the External Auditor and published by 31 July 2019 or as soon as is reasonable practicable thereafter. As required the Council published a notice on 31 July 2019 with reasons why it had not yet been able to publish the final Statement of Accounts.

**6.0 EQUALITY AND DIVERSITY ISSUES**

There are no equality and diversity issues arising from this report.

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

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Accounts and Audit Regulations 2015	Kingsway House Kingsway Widnes	Steve Baker Divisional Manager, Revenues and Financial Management
Code of Practice on Local Authority Accounting in the UK 2018/19	Kingsway House Kingsway Widnes	Steve Baker Divisional Manager, Revenues and Financial Management

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of the Local Government Act 1972.

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