

# Public Document Pack



## Audit and Governance Board

Wednesday, 19 March 2025 at 6.30 p.m.  
The Board Room - Municipal Building,  
Widnes

A handwritten signature in blue ink that reads 'S. Young'.

**Chief Executive**

### **BOARD MEMBERSHIP**

Councillor Rob Polhill (Chair)	Labour
Councillor Andrea Wall (Vice-Chair)	Labour
Councillor John Abbott	Labour
Councillor Victoria Begg	Labour
Councillor Neil Connolly	Labour
Councillor Eddie Dourley	Labour
Councillor Robert Gilligan	Labour
Councillor Tony McDermott	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Margaret Ratcliffe	Liberal Democrats
Councillor Pamela Wallace	Labour

*Please contact Gill Ferguson on 0151 511 8059 or e-mail [gill.ferguson@halton.gov.uk](mailto:gill.ferguson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 25 June 2025*

**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>1 - 6</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. STANDARDS UPDATE</b>	<b>7 - 9</b>
<b>4. EXTERNAL AUDIT UPDATE</b>	<b>10 - 34</b>
<b>5. INTERNAL AUDIT PLAN 2025/26</b>	<b>35 - 58</b>
<b>6. 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>7. INTERNAL AUDIT PROGRESS REPORT</b>	<b>59 - 258</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.*

**AUDIT AND GOVERNANCE BOARD**

*At a meeting of the Audit and Governance Board held on Wednesday, 20 November 2024 at the Civic Suite, Town Hall, Runcorn*

Present: Councillors Polhill (Chair), Wall (Vice-Chair), Connolly, Dourley, Gilligan, N. Plumpton Walsh and Ratcliffe

Apologies for Absence: Councillors Abbott, Begg, McDermott and Wallace

Absence declared on Council business: None

Officers present: E. Dawson, M. Murphy, S. Baker, G. Ferguson, M. Guest and R. Rout

Also in attendance: L. Luddington and M. Green - Grant Thornton UK LLP

**ITEMS DEALT WITH  
UNDER DUTIES  
EXERCISABLE BY THE BOARD**

	<i>Action</i>
BEB18 MINUTES	
<p>The Minutes of the meeting held on 25 September 2024 were taken as read and signed as a correct record.</p>	
BEB19 TRANSFORMATION PROGRAMME GOVERNANCE ARRANGEMENTS	
<p>The Board considered a report of the Corporate Director – Chief Executive’s Delivery Unit, which provided an update on the governance arrangements for the Council’s Transformation Programme. The Council’s Transformation Programme had started to operate on 1 April 2023, since then it had grown in both scope and complexity. The programme was in place until 31 March 2026 and the governance primarily sat with Executive Board, who acted as the Programme Board.</p> <p>In August 2024 a Transformation Programme Board was established. This was a working party consisting of ten Executive Board members.</p> <p>In addition to the Board, a level of scrutiny operated across the projects through Topic Groups led by the Chairs of the relevant Policy and Performance Boards. Any</p>	

recommendations emerging from this scrutiny were referred to the Transformation Programme Board via the Lead Member for the respective project. The Terms of Reference for the Transformation Programme Board were appended to the report.

The Board discussed the governance arrangements for the Transformation Programme Board and agreed that for the purposes of transparency, the Executive Board be recommended to consider that members of the Audit and Governance Board should be included as part of the Board membership.

RESOLVED: That

- 1) the report be noted; and
- 2) Executive Board be recommended to consider that members of the Audit and Governance Board be included as part of the Transformation Programme Board membership.

Corporate  
Director - Chief  
Executive's  
Delivery Unit

**BEB20 ANNUAL GOVERNANCE STATEMENT 2023/24**

The Board considered a report of the Director of Finance, which sought approval of the final 2023/24 Annual Governance Statement (AGS).

The 2023/24 AGS was originally presented to the Board in June 2024. The areas identified for development in the action plan remained unchanged from the version previously approved by the Board.

Once approved the AGS would be signed by the Council Leader and Chief Executive and published on the Council's website.

RESOLVED: That the Annual Governance Statement 2023/24 be approved.

**BEB21 2023/24 STATEMENT OF ACCOUNTS, AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION**

The Board considered a report of the Director of Finance, which sought approval for the Council's 2023/24 Statement of Accounts (Appendix 3), and the report of the Audit Findings of the External Auditor (Grant Thornton) on the 2023/24 financial statements. The report also sought approval of the Council's Letter of Representation.

It was reported that the Statement of Accounts set out the Council's financial performance for the year in terms of revenue and capital spending and also presented the year end financial position as reflected in the balance sheet. The key elements were detailed in the report.

The External Auditor presented the Audit Findings report which summarised the findings from 2023/24 external audit. Section 2 of the Audit Findings report presented the finding of the External Auditor in respect of matters and risks identified at the planning stage of the audit and additional and significant matters that arose during the course of their work. Appendix B of the Audit Findings Report presented an action plan of recommendations for future improvement to the Statement of Accounts. These would be reviewed by management for appropriate action.

In addition, the Council was required to provide the External Auditor with a Letter of Representation relating the financial statements, as shown in Appendix 1. The letter was required to be signed by the Chair of the Board on behalf of the Council.

RESOLVED: That

- 1) the draft Letter of Representation in Appendix 1 be approved and any subsequent additions or amendments be approved by the Director - Finance, in liaison with the Chair of the Board;
- 2) the External Auditor's draft 2023/24 Audit Findings Report in Appendix 2 be received and any subsequent additions or amendments be approved by Director - Finance, in liaison with the Chair of the Board; and
- 3) the Council's draft 2023/24 Statement of Accounts in Appendix 3 be approved and any subsequent additions or amendments be approved by the Director - Finance, in liaison with the Chair of the Board.

Director of  
Finance

**BEB22 EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24**

The Board considered a report of the Director of Finance which presented the 2023/24 External Audit Annual Report.

On behalf of the Council's External Auditor, Grant Thornton UK LLP, L. Luddington and M. Green, presented the Annual Report, which detailed the Council's overall

arrangements, as well as providing key recommendations regarding any significant weaknesses identified during the review. It was noted that the report identified a number of significant weaknesses, and the external auditors had made key recommendations where the Council should take action to improve, together with management's responses. In addition, a number of improvement recommendations were identified within the report, along with management's responses.

RESOLVED: That

- 1) the contents of the 2023/24 External Audit Annual Report shown in the appendix be noted, including the recommendations contained within the Report;
- 2) Council be asked to consider the two statutory recommendations contained within the report, at its meeting on 4 December 2024; and
- 3) Executive Board be requested to ask each Executive/Corporate Director to identify what items of non-staff related expenditure are defined as essential to the delivery of services within their Directorate, and to provide written justification for the essential spend designation, outside of which no other spending will be permitted.

Director of  
Finance

**BEB23 REVIEW OF AUDIT AND GOVERNANCE BOARD TERMS OF REFERENCE**

The Board considered a report of the Director of Finance which advised on a review of the Terms of Reference (TOR) for the Audit and Governance Board. The review had been prompted by the recent external assessment of the Council's internal audit arrangements, which included a recommendation that the Board's TOR should be aligned with that suggested by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A proposed terms of reference for the Board had therefore been developed in accordance with the model TOR recommended by CIPFA in its publication 'Audit Committees Practical Guidance for Local Authorities and Police (2022 edition)'. The revised TOR were attached to the report as Appendix A.

RESOLVED: That the Board

- 1) considers the revised terms of reference for the

Director of  
Finance

Board, which align with CIPFA recommended practice; and

- 2) delegates authority to the Director of Finance, in consultation with the Chair of the Board to finalise any proposed amendments prior to submission to Full Council for approval.

**BEB24 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

The Board considered:

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

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

**BEB25 INTERNAL AUDIT PROGRESS REPORT**

The Board received a report from the Head of Audit, Procurement and Operational Finance, updating Members on the internal audit activity since the last progress report to the Board on 25 September 2024. It also highlighted any

matters that were relevant to the Board's responsibilities as the Council's Audit Committee.

Members were referred to appendix one, which listed all the planned work for the year and its current status. The schedule of audits had been updated to reflect the progress made in completing audits since the last update to the Board. By the end of October 2024, 732 days of audit work had been completed, which represented 63.1% of the total planned days for the year.

Appended to the report were the executive summaries of the reports issued numbering 2 to 15, as listed in the report.

RESOLVED: That the Internal Audit Progress Report and comments made be noted.

*Meeting ended at 7.20 p.m.*



<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	19 March 2025
<b>REPORTING OFFICER:</b>	Director, Legal and Democratic Services/Monitoring Officer
<b>PORTFOLIO:</b>	Leader
<b>SUBJECT:</b>	Standards Update
<b>WARD(S)</b>	Borough Wide

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

**1.1** To inform Members of Standards issues, which have recently arisen.

**2.0 RECOMMENDED: That the report be noted.**

### **3.0 SUPPORTING INFORMATION**

**3.1** Audit and Governance Board assumed responsibility for the work of the former Standards Committee in 2021.

**3.2** In discussions with the Chair, it was agreed that reports on Standards issues would be brought as and when necessary, but that it would be helpful to bring an update to the last meeting of each municipal year in any event, with the intention of giving Members information on any national and local developments of interest, and providing the Monitoring Officer with the opportunity of informing Members verbally of any complaints received in Halton.

**3.3** There are no proposed changes to the Code of Conduct for Members for the Board to consider this year.

**3.4** At the Standards Committee each year, a report would be brought to draw to Members' attention any relevant press articles concerning Standards issues in other parts of the UK.

**3.5** The intention was to give Members a flavour of matters dealt with by other authorities, and how sanctions have been imposed. Reports have been difficult to come by in recent times, but any relevant information will be provided at the meeting.

**3.6** It is proposed that the Monitoring Officer will provide a verbal update on Halton cases in the usual way.

**3.7** Should Members consider it helpful, they could resolve that this report be forwarded to Council for information, along with the minutes in place of the previous Standards Committee annual report.

**4.0 POLICY IMPLICATIONS**

**4.1** It is vital that the highest standards of conduct are maintained.

**5.0 OTHER IMPLICATIONS**

**5.1** None.

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

**6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence**

None.

**6.2 Building a Strong, Sustainable Local Economy**

None.

**6.3 Supporting Children, Young People and Families**

None.

**6.4 Tackling Inequality and Helping Those Who Are Most In Need**

None.

**6.5 Working Towards a Greener Future**

None.

**6.6 Valuing and Appreciating Halton and Our Community**

None.

**7.0 RISK ANALYSIS**

**7.1** No risks have been identified which require control measures.

**8.0 EQUALITY AND DIVERSITY ISSUES**

**8.1** The report itself does not contain any specific equality and diversity issues.

**9.0 CLIMATE CHANGE IMPLICATIONS**

**9.1** None arising from this report.

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

**10.1** None under the meaning of the Act.

**REPORT TO:** Audit and Governance Board  
**DATE:** 19 March 2025  
**REPORTING OFFICER:** Director of Finance  
**PORTFOLIO:** Corporate Services  
**SUBJECT:** External Audit Update  
**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 The Council's external auditor, Grant Thornton UK LLP will provide the Board with a progress update regarding preparations for their audit of the Council's 2024/25 year-end accounts, along with an outline of sector-wide developments.

**2.0 RECOMMENDATION: That the progress update by the Council's external auditor Grant Thornton UK LLP, be received.**

### **3.0 SUPPORTING INFORMATION**

3.1 The Council's external auditor Grant Thornton UK LLP is currently undertaking preparations for the audit of the Council's 2024/25 year-end accounts.

3.2 Once the audit is completed, the Auditor's findings will be reported to the Board alongside the 2024/25 Statement of Accounts, prior to their publication.

3.3 The Appendix outlines progress with preparations for the year-end audit, the value for money assessment, and also outlines some sector-wide developments of interest.

3.4 Grant Thornton UK LLP will attend the meeting to present the report to the Board.

### **4.0 POLICY IMPLICATIONS**

4.1 None.

### **5.0 FINANCIAL IMPLICATIONS**

5.1 None.

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

**6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence**

**6.2 Building a Strong, Sustainable Local Economy**

**6.3 Supporting Children, Young People and Families**

**6.4 Tackling Inequality and Helping Those Who Are Most in Need**

**6.5 Working Towards a Greener Future**

**6.6 Valuing and Appreciating Halton and Our Community**

There are no direct implications for the Council's priorities.

## **7.0 RISK ANALYSIS**

7.1 The Accounts and Audit Regulations require that the 2024/25 Statement of Accounts is certified by the External Auditor and published by 30 November 2025. The External Auditor will brief the Board regarding progress.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None.

## **9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 There are none under the meaning of the Act.

# Halton Borough Council

External Audit Update Report

March 2025

# 1 Audit progress update

# Introduction & headlines

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to local government.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

More information can be found on our dedicated local government section on the Grant Thornton website by clicking on the logos.

[Local government](#)





# Progress at March 2025

## Financial statement audit

Our initial planning for the 2024-25 audit is underway and will continue through the March. Our risk assessment and planning work includes:

- Gaining an understanding of the Authority’s control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues including IFRS 16

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing in July 2025.

We expect to issue our audit plan summarising our approach to key risks on the audit in June 2025. We will report any key findings from the planning and interim audit visit in our progress reports to Audit Committee.

We will deliver our final accounts audit in line with the Local Government accounts timetable and summarise our work in the Auditors’ Annual Report.

The deadline for publishing unaudited local authority accounts for 2024-25 is 30 June 2025. We expect to commence the audit work from late June 2025 and we are targeting sign off in September 2025.

## Work on value-for-money arrangements

Under the 2024 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Council t “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.”

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We will report our risk assessment to you at your June Audit Committee against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

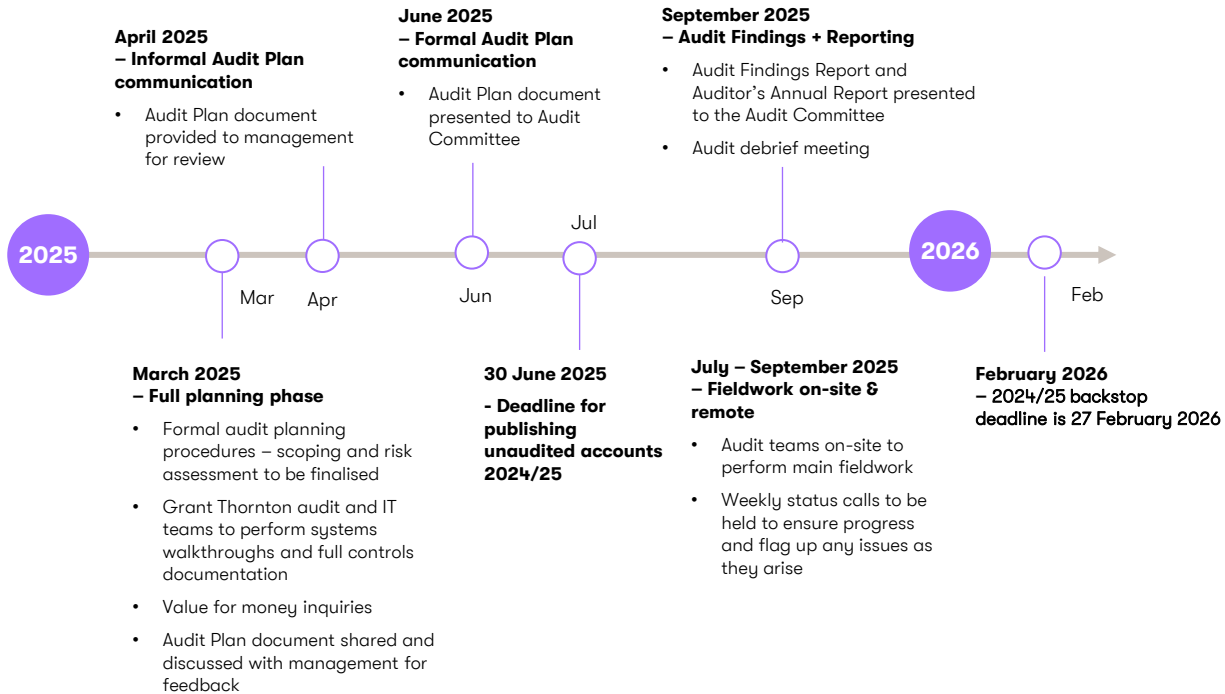
We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you.

Our final commentary in the Auditors’ Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Council’s arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against the recommendations raised in previous audits.

# Delivering your audit

We have set out below the audit timetable and key deliverables for 2024/25.



## 2024/25 Deliverables

### Accounts Audit Plan

We will issue a detailed audit plan to the Audit Committee setting out our proposed approach to give an opinion on the Authority’s 2024/25 financial statements.

### Audit Findings (ISA260) Report

The Audit Findings Report will be reported to the September 2025 Audit Committee.

### Auditor’s Report

This will include our opinion on your financial statements and our other reporting requirements, as set out in 'The auditor's statutory responsibilities' section of this report.

### Auditor’s Annual Report

The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report (AAR). Our report will be issued to the Audit Committee in September 2025. The AAR must be published on your website in line with requirements.

# Delivering audit quality

## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency, and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public and private businesses that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of revenue
- clear oversight at group level when working with component auditors, including detailed review of working papers to flush out the critical issues early.

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

## Oversight and control

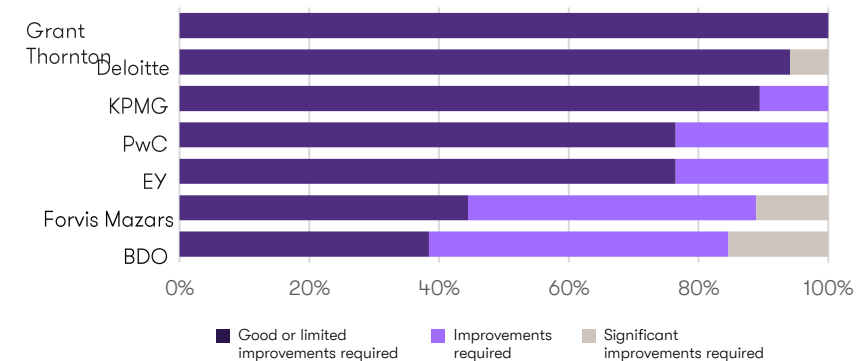
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing businesses where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell  
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection (% of files awarded in each grading, in the most recent report for each firm)



# 2 Sector update

# Devolution and reorganisation

5th February 2025 saw two significant steps taken by the government in its devolution process: Successful bids for the Devolution Priority Programme were announced; and legislation came into force establishing new combined authorities.

The six successful areas joining the Devolution Priority Programme are picked from across the country: Cumbria; Cheshire and Warrington; Greater Essex; Hampshire and Solent; Norfolk and Suffolk; and Sussex and Brighton. Eight Councils in these areas had local elections due in May 2025 which have had to be cancelled. However, with all six of the areas now on a fast track to mayoral elections in May 2026, many will see this as an overall win for local accountability.

At the same time, the three new combined county authorities and one new combined authority established on 5th February are also all from different parts of England: Devon and Torbay; Lancashire; Greater Lincolnshire; and Hull and East Yorkshire.

The shift towards greater local decision-making and governance looks likely to continue:

- The government has committed to support devolution business planning for the thirty-three other areas that applied to be in the Priority Programme but were not successful;
- In one area (Surrey), elections have been cancelled not to support devolution this year, but to enable the reorganisation needed for devolution in future; and
- All councils in two-tier areas and small neighbouring unitary authorities have been invited to make proposals for their own reorganisation – with initial proposals invited by 21st March 2025.

Last year, our Learning from New Unitary Councils report set out key messages for local authorities facing reorganisation. Points to bear in mind now, for areas that want to submit initial proposals successfully are:

- Ensure **sufficient staff and other resources are allocated** to the planning process;
- Review business as usual activities to **create capacity**, and **develop key organisational enablers**;
- Be prepared to invest in significant **programme management capacity and capability**;
- Focus on **culture and communication and hearts and minds** alongside the technical analysis;
- **Tackle finances early**, for example seek clarity on social care allocation or balance sheet split;
- **Engage** with the community to identify meaningful aspirations; and
- **Collaborate** to avoid competing proposals.

## Helpful resources:

[Learning from the new unitary councils, September 2024](#)

[English Devolution White Paper, 16th December 2024](#)

[Written statement on English devolution and local government, 5th February 2025](#)

[Invitation to local authorities in two-tier areas, 6th February 2025](#)

[MHCLG explainer – what happens next](#)

# Local audit reform

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that accountability and transparency can be maintained at local level. This looks likely to mean a complete overhaul of the current local audit system.

In December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) published a green paper around local audit reform. In the consultation, the government recognised that just 1% of accounts for 2022/23 were published on time, and that whilst there have been calls since 2018 for a separate, dedicated, specialist local audit body to be established, there has been no such body in place since the Audit Commission was disbanded in 2015.

The consultation has now closed, and primary legislation is likely to be introduced in May 2025. The ambition is to establish a new Local Audit Office in the Autumn of 2026 and for the Local Audit Office to begin contract management and other elements of a new oversight role by 2028.

## MHCLG statement on the backlog:

**1** % audited accounts published on time 2022/23

Source: MHCLG green paper, December 2024

The government has committed that when it arrives, the new Local Audit Office (“LAO”) will:

- Be statutory and independent, with a remit to streamline and simplify the system;
- Assume the functions of appointing and contracting auditors for local authorities (meaning that authorities would no longer have the power to appoint their own auditor);
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training;
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision;
- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and public interest reports; and
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

MHCLG describes the current system as “complex and dysfunctional” and “broken” but states that it is “determined to get the house in order”. To a large degree, the future of local audit will depend on the extent to which the new body is given appropriate scope, powers and responsibilities. We are contributing actively to stakeholder groups and will work constructively with the new body as it comes into existence.

For a full copy of MHCLG’s intentions, see [Statement of intent and consultation](#) .

# The future of financial reporting

The government’s consultation on local audit reform also included consultation on the future of local government financial reporting and accounts. The government’s December 2024 statement of intent and consultation committed to:

- Review the content and format of accounts;
- Determine an appropriate approach to consistency across the UK;
- Consider primary legislation to separate pension fund accounts from administering authority accounts;
- Guarantee a freely available Accounting Code; and
- Consider the introduction of standardised statements in the longer term.

Work is intended to include ensuring that the accounting code does not require more disclosures than are necessary and to consider the purposes and users of local authority accounts. The statement of intent highlighted that timeliness, comprehension (understandability) and professional capability (capacity) have all been issues in the past, culminating in just 1% of audited accounts being published on time for 2022/23.

Grant Thornton’s track record is strong (84% of unqualified opinions for 2022/23 signed by the 13<sup>th</sup> December 2024 backstop date), but we welcome the government’s new commitments. Better timeliness and more comprehensible reporting across the sector will strengthen accountability and transparency and lead to a firmer platform for decision-making and devolved delivery.

## 13th December 2024 backstop performance – Grant Thornton compared to sector pre-backstop performance

<b>Sector:</b> % audited accounts published on time (pre-backstop dates being set)	1
<b>Grant Thornton:</b> % 2022/23 opinions signed by the 13th December 2024 backstop date	84
<b>Grant Thornton:</b> % 2022/23 VFM Auditor Annual Reports published by the 13th December 2024 backstop date	99

In the meantime, with the 28th February 2025 backstop date now passed for 2023/24 statements of accounts, many will now be turning their attention to getting ready for 2024/25 financial reporting. Unaudited accounts for 2024/25 need to be published by 30th June this year. The backstop publication date for the audited 2024/25 accounts is 27th February 2026 . Early consideration of resourcing and timetabling will help.

For a full copy of the statement of intent and consultation, see [Statement of intent and consultation](#)

For the Accounts and Audit Regulations 2024, see [The Accounts and Audit \(Amendment\) Regulations 2024](#)



# Standards and conduct

The Ministry of Housing, Communities and Local Government (MHCLG) recently ran an open consultation on [Strengthening the standards and conduct framework for local authorities in England](#).

Specific proposals consulted on for legislative change included:

- The introduction of a mandatory minimum code of conduct for local authorities in England;
- A requirement that all principal authorities convene formal standards committees to make decisions on code of conduct breaches, and publish the outcomes of all formal investigations;
- The introduction of the power for all local authorities (including combined authorities) to suspend councillors or mayors found in serious breach of their code of conduct and, as appropriate, interim suspension for the most serious and complex cases that may involve police investigations;
- A new category of disqualification for gross misconduct and those subject to a sanction of suspension more than once in a 5-year period; and
- A role for a national body to deal with appeals.

In addition, the consultation asked for views on how to empower victims affected by councillor misconduct to come forward; and what additional support would be appropriate to consider for those victims.

With 2025 marking the thirtieth year since the [Nolan Principles](#) were first introduced, this seems a good time for local government to re-appraise the framework it relies on to underpin those Principles.

Since Standards for England was abolished in 2012, local authorities have been required to promote and maintain high standards through their own internal code of conduct arrangements, without any oversight at national level. There has been little in the way of sanction options for poor standards, other than for non-disclosure of pecuniary interests (which has criminal sanctions).

Whilst most councillors do embody the selflessness, integrity, objectivity, accountability, openness, honesty and leadership expected of them, beyond hoping for removal through the ballot box at the next election, there has been little mandatory power since 2012 for managing the minority that do not.

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that high standards can be maintained at local level. Revisiting and strengthening the framework so that it is fit for purpose and something to be proud of feels a logical step to be taking in this thirtieth anniversary year.



# Finance settlement 2025/26

The final Local Government Finance Settlement was announced on 3rd February 2025, granting councils access to some £69 billion of funds. Although the government estimates that this was a 6.8% cash terms increase compared to 2024/2025, the settlement was not without severe criticism from across the sector – spanning both “town” and “country”.

London Councils, representing London boroughs, said at least seven councils in the capital will still require exceptional financial support from the government to balance their budgets in 2025/26 because of homelessness and temporary accommodation costs in the capital.

Meanwhile, the County Council’s Network highlighted that only 3% of the £600 million Recovery Grant will be targeted outside urban areas, whilst the removal of the Rural Services Delivery Grant is another blow for rural authorities.

For sufficiency of cost compensation, the Local Government Association (LGA) pointed out that the £515 million allocated to the sector for managing the increase in employer’s national insurance contributions (NIC) falls very far short of the compensation needed. The LGA estimated that directly employed staff costs alone will rise by £637 million. It estimated that the overall cost of increased NIC will be £1.1 billion once costs through commissioned providers are factored in.

For sufficiency of income, whilst six councils were given permission to set Council Tax increases above current referendum thresholds, everyone else was required to remain within the referendum limits that have been in place since 2012. The LGA noted that many Councils will need to go to this limit and still cut services.

We note that a recent consultation on [Local authority funding reform](#) started to pave the way for new funding allocations. There will probably be “losers” as well as “winners” in any re-allocations. However, the consultation also started to pave the way for increased local flexibility, and changes to fees and charges . These are expected to be helpful across the sector and perhaps will reduce some of the dependency on settlements that underpins the criticism we see now.

For a sample of press and other comment on the settlement for 2025/26, see

**Local Government Association:** [Debate on the Local Government Finance Settlement 2025/26, House of Commons, 5 February 2025 | Local Government Association](#)

**Public Finance:** [Councils still under strain as local government finance settlement published | Public Finance](#)

**CCN News:** [County Councils Network responds to final Local Government Finance Settlement - County Councils Network.](#)

**Local Government Lawyer:** [Unitary mulling legal action over “vindictive” decision to end rural services delivery grant](#)

# New financial resilience index published by CIPFA

CIPFA published the Financial Resilience Index 2024 in January 2025. For Councils wanting to check how they compare with others and where their weak spots are, the Index can be found here: [Insights from the Financial Resilience Index](#).

Helpful for this year is that the Index includes an indicator on growth above baseline. This can be used to highlight the risk each council is likely to face when the business rates retention scheme changes.

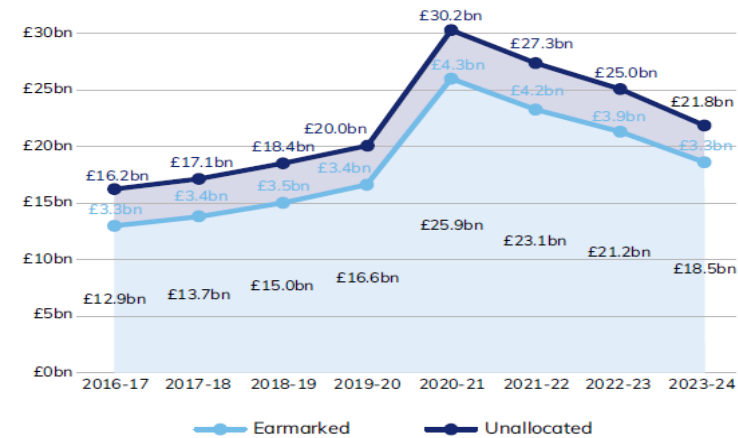
Taking the data for all councils together, the Index highlights that some ongoing national issues are getting rapidly worse rather than better, and that decline is speeding up. The data, when compared to Financial Resilience Index 2023, suggests that:

- Reserves are declining at an accelerated rate. This is the case for unallocated and earmarked reserves and, for the unallocated reserves, suggests that Councils are using reserves more rather than less than in the past to cover budget gaps.
- Other than for London boroughs, average spend for all councils increased sharply as a percentage of net revenue expenditure in 2024 compared to 2023. London boroughs had seen an equivalent sharp increase in 2023, so this seems to be a case of the rest of the country catching up with London’s trend; and
- Average homelessness expenditure rose sharply as a proportion of net revenue expenditure for London boroughs and non-metropolitan districts.

Continued demand-led cost pressure, coupled with falling reserves to absorb the pressure is not a new trend – but the rate of increase across the country will be very worrying for many.

On a more positive note, the Index does show that external debt levels have stabilised for the sector, which suggests better understanding of the risks associated with debt. Many must be reading the index and hoping that reserves decline can arrest and stabilise as well now.

## Total unallocated and earmarked reserves



# Exceptional Financial Support

With so many commenting that the Finance Settlement for 2025/26 was inadequate for their council, it was perhaps no surprise to many that the government went on to approve exceptional financial support for thirty councils on 20th February 2025. This covered nearly ten percent of all English local authorities, rising from 19 approvals for 2024/25 and just eight approvals for 2023/24.

Fifteen of the thirty councils were the same councils that had support approved for 2024/25. For four of the thirty councils it was their third year running of “exceptional” support – they having also had approvals not only for 2024/25 but for 2023/24 as well (Croydon, Cumberland, Thurrock and Slough).

Support agreed in principle for 2025/26 ranges in size from £2 million each for Eastbourne Borough Council and Worthing Borough Council; to £180 million for Birmingham City Council. The total value is well over £1 billion.

The National Audit Office has commented that this short-term action is insufficient to address the systemic weaknesses in local government financial sustainability. The fact that this is the third year running of exceptional financial support seems to confirm that argument. However, there are two important differences to exceptional financial support this year:

- for the first time since exceptional financial support was introduced in 2020, additional expectations have been set out to protect “treasured community assets, culture and identity.” Councils using capitalisation are instructed not to dispose of community and heritage assets; and
- the Government has removed the condition that made borrowing more expensive through a 1% premium.

The heritage asset and premium rate charging changes do seem to herald a new direction and a higher emphasis on the government helping the sector. When the recently consulted on local authority funding reform materialises, then it will be clearer just how far in a new direction the government is going to go.

## Councils approved support in principle

February 2025	30
February 2024	19
February 2023	8

Page 25

For details of the support granted for 2025/26, see

[Exceptional Financial Support for local authorities for 2025-26 - GOV.UK](#)

For the February 2025 National Audit Office report on local government financial sustainability,

See [Local government financial sustainability](#)



# House of Commons Committee inquiry

Looking more widely at whether the local government finance system in England is fit for purpose overall, the House of Commons Committee on Housing, Communities and Local Government took oral evidence as part of an inquiry into the system on 11th February 2025; and published 48 written evidence submissions as part of its inquiry on 19th February 2025.

Oral evidence was taken from a selection of academics, as well as representatives from the Local Government Information Unit; the Institute for Government; the Institute for Fiscal Studies; and the Reform think tank.

The written evidence submissions came from a wide range of organisations, including government and public bodies, councils, charities, and academic experts. Organisations submitting evidence to the Committee's inquiry included charities such as Mencap, Terrence Higgins Trust, and the National AIDS Trust; groups such as Libraries Connected and the Chartered Institute of Library and Information Professionals; the trade union UNISON; the Chartered Institute of Housing and the Royal Town Planning Institute; and the Local Government and Social Care Ombudsman.

Government and public bodies including the Ministry for Housing, Communities and Local Government, Food Standards Agency, and Historic England also submitted evidence; as did a number of councils and local authority groups.

Under the inquiry, cross-party MPs are asking questions about council tax, business rates, and the funding available from central government; cost and income pressures on the local government sector; and the likely effectiveness of the planned move to multi-year funding settlements.

The wide range of written evidence submissions gives excellent insight into what stakeholders from across the spectrum have to say about the sector today.

Details of oral evidence received by the inquiry can be found here: [11th February 2025 - The Funding and Sustainability of Local Government Finance - Oral evidence - Committees - UK Parliament](#)

A full copy of all 48 submissions can be found here: [The Funding and Sustainability of Local Government Finance - Written evidence - Committees - UK Parliament](#)



# Homelessness

The Public Accounts Committee (PAC) expressed their concern in January 2025 that homelessness levels are at their highest since records began. The Committee concluded that:

- Local authorities are insufficiently resourced to focus on preventing households from becoming homeless;
- It is unacceptable that bed and breakfast accommodation is being used routinely to house people rather than as a last resort;
- Too many people’s lives are disrupted by being placed in temporary accommodation outside of their local area;
- Local Housing Allowance rates may have been set without due consideration of their impact on homelessness;
- The absence of a joined up, cross-government approach makes it hard to tackle homelessness in England;

- The homelessness problem is exacerbated by a severe shortage in housing supply, and especially affordable housing; and
- There are weaknesses in oversight of the supported housing sector.

PAC recognised that multiple funding streams have been a challenge for local authorities; that the Home Office has competed against local authorities for access to much-needed accommodation in the past; that the national standards for support envisaged in the Supported Housing (Regulatory Oversight) Act 2023, have not been implemented by MHCLG; and that, faced with crisis levels of demand, local authorities are less and less able to spend money on prevention.

PAC notes that MHCLG states the Government is committed to producing a strategy and associated metrics in 2025; and that an inter-ministerial group on homelessness, chaired by MHCLG, has been created. However, PAC also questions “how this arrangement will achieve results that the existing cross-government boards with a remit relevant to homelessness have failed to achieve”. Citing a cost increase for temporary accommodation from £1.6 billion in 2022/23 to around £2.1 billion in 2023/24, PAC does not make the outlook for any future prevention seem positive.

For a full copy of the report, see [Tackling homelessness](#).

# Sector Developments- have your say

With the important consultations around Local Audit Reform (including financial reporting), Funding Reform, and Standards and Conduct now closed, it is worth remembering that there are other important debates shaping the sector that your council can still have a say on:

- GOV UK: Funding arrangements for homelessness prevention grant – closes 11.45 pm on 11th March 2025

[Funding arrangements for the Homelessness Prevention Grant from 2026/27 onwards - GOV.UK](#)

- GOV UK: Land use in England – closes 11.59pm on 25th April 2025

[Land use in England - GOV.UK](#)

- GOV UK: Improving the way Ofsted inspects education – closes 11.59pm on 28 April 2025

[Improving the way Ofsted inspects education - GOV.UK](#)

- CIPFA: Updated guidance on the annual review and preparation of an annual governance statement – closes 25th April 2025

[Consultation on updated guidance on the annual review](#)

CIPFA



# Preparing for 2024/25 financial audit

It is critical for authorities to plan for the financial audit process as early as possible. It's helpful to think ahead about how you can prepare for the independent audit process and to discuss this with your audit team.

Your audit team can provide these tools to ensure that key areas are considered before your audit is underway:

- Accounts consistency checker – to help authorities to check consistency of key accounting entries and disclosures within the financial statements; and identify any anomalies so that that you can address these before you publish draft statement of accounts; and
- Financial reporting issues checklist – this covers the most frequent issues arising from our reviews of local authority financial statements and sets out some questions to help you with your own quality checks as you prepare your financial statements.

Further, we hold annual local government accounts webinars to help preparers and auditors to work together effectively to meet their statutory deadlines and to rebuild assurance over time where authorities have received modified or disclaimed opinions for earlier years.

For 2024/25 our webinars will take place on Thursday 6th March and Wednesday 12th March 2025 10.00am to 3.00pm.

The webinars are presented by our technical team, who all have substantial experience with public sector audits and financial reporting in local government. At our annual webinars we set out those aspects of financial reporting that are complex or areas that may be challenging this year.

As part of these sessions, authorities can gain an insight into elements of our audit

approach, why we ask certain questions, and tips to help finance teams prepare for the financial statements audit, including some practical aspects of working with your auditor and providing appropriate information for audit testing.

Specific aspects of the webinars will include:

- Practical aspects of audit after backstop, working with your auditors and reminders of what good supporting analysis and evidence looks;
- Reminders in areas such as grants, capital accounting and financing, cash and cash flow, and other common accounting and disclosure issues;
- Focus on the new accounting and audit requirements for IFRS 16 on leases; and
- Reminders and tips for those preparing group accounts.

To book a place please [follow this link](#) or speak to your audit Engagement Lead or Engagement Manager.

In the meantime, when preparing for the 2024/25 audit – questions to ask are:

- Did your chief accountants/finance teams register to attend the Local Government Accounts Webinar?
- Have you considered areas which may be complex/challenging in 2024/25 and discussed these with your auditor?
- Have you discussed the impact of the new accounting requirements for IFRS 16 on leases with your auditor, where this is significant?
- Have you requested and completed the accounts consistency checker and the financial reporting issues checklist from your local audit team?

# IFRS 16 - leases

## Lessee accounting up to 31 March 2024

Until April 2024, when a local authority gained the use of an asset under a lease agreement, it had to determine whether it was a finance lease or an operating lease. The distinction was based on which entity had substantially all the risks and rewards of ownership. It was important because finance leased assets were deemed capital and accounted for on the authority's balance sheet, whereas operating lease costs were charged to expenditure over the life of the lease.

## Lessee accounting from 1 April 2024

From the adoption by local government of IFRS 16 leases on 1 April 2024, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees.

## Asset and liability recognised

Under IFRS 16, lessees recognise their right to use an asset, and they recognise a liability for the present value of the total amount they expect to pay over the period of the agreement for that asset. Initially, the right of use asset and the liability are usually recognised at the same value, unless there have been any relevant payments before the start of the lease.

After initial recognition, the right of use asset is valued the same way as owned assets of a similar type and the liability is increased for interest due or changes in expected payments due to the application of a rate or index such as retail price index; and decreased for amounts paid.

## Public sector adaptation

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called "peppercorn" rentals. This is one instance where the right of use asset and its' associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

## Judgements required

Most of the information needed to determine the appropriate figures for the accounts will come from the lease agreement. However, sometimes judgements may need to be made by management. Such judgements may include:

- ❖ determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority's threshold for capitalising owned assets;
- ❖ determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- ❖ the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.



# IFRS 16 – leases continued

## Lessor accounting

IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors. The key things that lessors need to be aware of are:

- ❖ assets leased out for a peppercorn rental should be treated as finance leases if they have, in substance, been donated to the operator; and
- ❖ if the asset is sub-let, the consideration of whether the sub-lease is a finance lease or an operating lease takes account of the value and duration of the head lease rather than the value and life of the underlying asset.



## Questions to consider

Questions for Audit Committees to ask themselves include:

- ❖ How have we gained assurance on completeness? Have we identified all our leases, including those for a peppercorn rent?
- ❖ Have we set our threshold for low value leases?
- ❖ Have we identified all options to terminate or extend existing leases and assessed the lease term based on the likelihood we will exercise them?
- ❖ Have we reconciled our operating lease commitments as disclosed in our 31 March 2023 accounts under IAS 17 to our lease liability under IFRS 16 on 1 April 2024?
- ❖ How have we gained assurance that right of use assets are carried at the appropriate value at the balance sheet date?
- ❖ For an intermediate lessor, have we reassessed whether the leases out are finance or operating leases with reference to the terms of the head lease?
- ❖ Have we updated our systems to ensure that the budgetary and accounting impact of all leases is identified in a timely and effective manner?

For more information, see [IFRS 16: how can local authorities prepare? | Grant Thornton](#)

# Value for money webinar for Audit Committee members

We plan to hold the second in a series of Value for Money (VFM) webinars for members of Audit Committees on 4th June 2025 from 4:00pm until 5.30pm. Invitations will be available on the Grant Thornton website shortly. Alternatively, please speak to your audit Engagement Lead or Engagement Manager.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar will cover:

## How to prepare for devolution and reorganisation:

- Shared experience from other reorganisations, with a focus on:
- Setting up new strategic authorities;
- Preparing successful final November 2025 proposals;
- Programme management;
- Organisational enablement;
- Robust evidence for costs and benefits analysis;
- Setting out your vision; and
- Successful engagement with people and culture.

## Lessons learnt from 2023/24 and how to get ready for 2024/25:

- Review of findings from more than 100 Auditor Annual Reports to identify common findings and what those tell us about areas where more scrutiny is needed;
- Year on year trends across the sector; and
- How to prepare for VFM audit 2024/25.

We look forward to welcoming you.



# Audit Committee resources

## The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

## LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

## Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

## Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

## Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

## The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

## Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

## CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

### Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

### Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

### Financial Management Code

<https://www.cipfa.org/fmcode>

### Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

### Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	19 March 2025
<b>REPORTING OFFICER:</b>	Head of Audit, Procurement and Operational Finance
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Internal Audit Plan – 2025/26
<b>WARD(S)</b>	Borough-wide

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

1.1 This report seeks the Board's approval for the planned programme of internal audit work for 2025/26.

2.0 **RECOMMENDATION: That the Board reviews and approves the Annual Internal Audit Plan for 2025/26.**

### 3.0 **SUPPORTING INFORMATION**

3.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

3.2 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit must "establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."

3.3 The Internal Audit Plan therefore sets out the proposed programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework.

3.4 The methodology used to develop the Audit Plan is outlined below:

- The plan has been structured to ensure broad coverage, enabling the Head of Internal Audit to provide a robust overall opinion on the Council's risk management, control, and governance arrangements.
- It is acknowledged that providing full coverage of all Council systems, services, and risks annually is neither practical nor necessary.
- Senior management across all directorates have been consulted and given the opportunity to highlight priority areas, helping to shape the planned coverage.

- Consideration has been given to the Council's Corporate Risk Register to ensure key risks receive appropriate assurance.
  - Relevant assignments from the 2024/25 Audit Plan that were not completed have been carried forward into the 2025/26 Audit Plan.
  - Planned coverage has been agreed with the Council's Section 151 Officer to ensure it supports the discharge of their statutory responsibilities.
  - The plan serves as a statement of intent but remains flexible to accommodate changes in the organisational risk environment and internal audit resources throughout the year.
  - Capacity has been allocated within the Audit Plan to respond to management requests for special investigations, consultancy, and other advisory services.
- 3.5 In defining the scope of individual audit assignments, the Council's existing assurance framework and Transformation Programme will be considered. This approach will help ensure that internal audit resources are focused on areas of highest risk or where gaps and weaknesses exist in other assurance arrangements.
- 3.6 The draft Audit Plan for 2025/26 is attached as an appendix. It outlines the role and scope of internal audit, how internal audit is resourced and delivered, reporting arrangements, and the planning methodology. Additionally, it includes a detailed list of planned audit engagements for 2025/26, along with an outline of their proposed scope.
- 3.7 The Audit Plan includes 1,050 planned audit days, based on a forecast staffing establishment of 5.6 FTE. This reflects a reduction of 1.2 FTE from 2024/25 due to a planned restructure following a previously agreed budget saving proposal.
- 3.8 Performance against the Audit Plan will be monitored throughout the year, with regular progress reports provided to the Audit and Governance Board. Any significant issues that may impact the delivery of the plan or require substantial adjustments will be identified, addressed, and reported to the Board, as necessary.
- 3.9 Internal Audit will liaise as necessary 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**

4.1 The delivery of the Audit Plan will help ensure that the policies and procedures established by the Council are implemented effectively and remain appropriate. There are however no direct policy implications arising from this report.

5.0 **FINANCIAL IMPLICATIONS**

5.1 Internal audit work supports the Council in strengthening its financial control arrangements while also promoting the efficient, effective, and economical use of resources.

5.2 The proposed internal audit plan and the resources needed to deliver it do not result in any additional resource implications for the Council.

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

6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

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

The Audit Plan has been designed to ensure assurance over the adequacy of measures in place to mitigate risks that could impact the achievement of the Council's priorities.

6.2 **Building a Strong, Sustainable Local Economy**

See 6.1

6.3 **Supporting Children, Young People and Families**

See 6.1

6.4 **Tackling Inequality and Helping Those Who Are Most In Need**

See 6.1

6.5 **Working Towards a Greener Future**

See 6.1

6.6 **Valuing and Appreciating Halton and Our Community**

See 6.1

7.0 **RISK ANALYSIS**

7.1 Internal audit is a crucial part of the Council's overall internal control system. An effective internal audit service helps to promote best practices and drive improvements in the management of risk.

7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the Audit Plan as needed to reflect changes in the organisation's business, risks, operations, programs, systems, and controls. As a result, adjustments to the planned work may be necessary throughout the year. Minor changes will be agreed upon with the Director - Finance, while any significant issues that could affect the completion of the plan or require substantial changes will be reported to the Board.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None

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

Public Sector Internal Audit Standards



# Internal Audit Plan 2025/26



# 1 INTRODUCTION

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 2025/26 (the audit plan)

1.2 The audit plan for 2025/26 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 Internal audit work contributes to ensuring that the Council seeks continuous improvement and is a resilient organisation. It also helps to provide assurance that the Council delivers a reliable and effective service to the people it serves. As such, internal audit work supports the Council in achieving all its corporate aims and objectives.

1.6 The PSIAS require that the internal audit service is delivered and developed in accordance with the [Internal Audit Charter](#). The provisions contained within the Charter are also set out in section 6.2 of Finance Standing Orders.

## 2 INTERNAL AUDIT – RESPONSIBILITIES & 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 Audit and Governance 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

Management is responsible for establishing and maintaining adequate control systems. Internal audit recommendations can help reduce risk and improve controls, but their implementation cannot eliminate risk entirely.

### 2.3 Responsibilities of the Audit and Governance Board

In regard to internal audit, the Audit and Governance 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
- Receiving and considering the Head of Internal Audit’s annual report.

### 2.4 Responsibilities for fraud prevention and detection

The primary responsibility for preventing and detecting fraud lies with management. This includes fostering a zero-tolerance environment, identifying fraud risks, and implementing appropriate controls to prevent and detect fraudulent activity.

## 2 INTERNAL AUDIT – RESPONSIBILITIES & SCOPE

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Internal Audit is not responsible for detecting fraud. However, as part of each assignment, it assesses the potential for fraud and reviews how the Council manages fraud risks.

The Council has a dedicated Investigations Team that works alongside Internal Audit, handling all fraud-related and HR investigatory work. These activities are not included in the audit plan, and their outcomes are reported separately to the Audit and Governance 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 Audit and Governance Board.

## 3 INTERNAL AUDIT – RESOURCING & DELIVERY

### 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:

- Business critical systems
- Risk management and governance arrangements
- Grant certification work
- 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 actions are implemented
- Provision of advice and consultancy

### 3.2 Delivery of the internal audit service

The 2025/26 audit plan will be delivered by an experienced and suitably qualified in-house team of approximately 5.8 FTE auditors. This resource level is considered sufficient to provide a robust annual internal audit opinion to the Board.

If required, additional external support may be sought to assist with planned audit work. Where possible, the Internal Audit team will also collaborate with audit colleagues from other local authorities to strengthen the approach and delivery of specific assignments.

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

The Internal Audit team is managed by the Head of 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

### 3 INTERNAL AUDIT – RESOURCING & DELIVERY (Continued)

- Corporate appointeeships and deputyships
- Direct Payments
- Financial assessments (Adult social care)
- Social care provider payments
- Income Recovery

The arrangements previously approved by the Board to mitigate any potential impairment to independence and objectivity in auditing these areas remain in place (see following link [Safeguarding Internal Audit Independence](#)).

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

When planning specific audit assignments, other sources of assurance may be considered to optimise the use of audit resources. Any necessary work to place reliance on these sources will be determined on a case-by-case basis and referenced in the resulting audit report.

#### 3.5 Assurance services to other organisations

A small amount of assurance work is to be undertaken for Manchester Port Health Authority (MPHA), which is the governing body for the Manchester Ship Canal and River Weaver. This is a longstanding arrangement governed by a service level agreement. Halton Borough Council is one of the funding authorities of MPHA.

Assurance work will also be carried out on the Connect2Halton joint venture company, which the Council established in 2024 in partnership with Commercial Services Group Limited.

## 4 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 as follows:

- Chief Executive
- Director – Finance (s151 officer)
- Executive Director, Director, and Head of Service responsible for the area reviewed
- External Audit
- Portfolio Holder – Corporate Services

### 4.2 Overall assurance opinion

Each audit report includes an overall assurance rating for the audited area. This rating is based on the information gathered during the audit and reflects an assessment of the effectiveness of the risk management, control, and governance processes in place.

The range of assurance ratings in internal audit reports is set out as follows:

 <b>Limited</b>	Significant gaps, weaknesses, or non-compliance were identified. Improvements are needed in governance, risk management, and control to manage risks more effectively and support the achievement of objectives in the audited area.
 <b>Adequate</b>	The system of governance, risk management, and control is generally sound. However, some issues, non-compliance, or areas for improvement were identified that may pose a risk to achieving objectives in the audited area.
 <b>Substantial</b>	A robust system of governance, risk management, and control is in place, with internal controls operating effectively and consistently to support the achievement of objectives in the audited area.

## 4 INTERNAL AUDIT – REPORTING (Continued)

### 4.3 Grading of recommendations

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

<b>High</b>	The audit finding is essential to the management of risk within the area under review
<b>Medium</b>	The audit finding is important to the management of risk within the area under review
<b>Low</b>	The audit finding relates to an issue of good practice that the auditor considers would deliver better outcomes

### 4.4 Reporting to elected members

Throughout the year regular internal audit progress reports are presented to the Audit and Governance 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 Audit and Governance Board, including the Head of Internal Audit's overall opinion on the Council's risk management, control, and governance processes. This opinion serves as a key source of assurance for the Council's Annual Governance Statement and is based on the collective findings from internal audit work conducted throughout the year.



## 5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

### 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:

- Planned work deferred from the 2024/25 audit plan that is still considered important
- 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
- Work being undertaken as part of the reimagine Halton Transformation Programme
- Known changes to the Council’s business, operations, systems, and controls
- Issues identified in the Corporate Risk Register (as at June 2024)
- The requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion

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

Achieving corporate priorities relies on the Council’s efficient and effective use of resources, along with robust and transparent governance arrangements. The delivery of the audit plan therefore supports all Council priorities by promoting probity, integrity, accountability, efficiency, and the effective management of public funds.

The plan outlines a series of risk-based assignments designed to provide assurance on the adequacy of measures in place to mitigate risks that could impact the Council’s priorities. Where applicable, each assignment is linked to relevant risks identified in the Council’s Corporate Risk Register. A summary of the Corporate Risk Register is attached at Appendix A for reference.

### 5.4 Budgeted time allocations

A budgeted time allocation has been set for each assignment in the audit plan. However, the exact resource requirement for each assignment cannot be predicted with certainty, as the time needed will depend on the scope agreed with management.

The plan represents the best estimate of how the Council’s internal audit resources will be deployed, but it may be necessary to adjust the budgeted allocations for specific assignments throughout the year.

In total, the 2025/26 Audit Plan comprises 1,050 days of audit work.

## 5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

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### 5.5 Timing and prioritisation of audit work

The intention is to complete all planned work within the year. However, the timing and prioritisation of work will consider the following factors:

- The need to finalise any incomplete work from the 2024/25 Audit Plan
- The prioritisation of reviews deferred from the 2024/25 Audit Plan
- Input from management regarding the timing of work in service areas
- Other factors relevant to the timing of specific assignments
- Any urgent unplanned work that may arise
- Changes in the availability of audit resources

### 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 Director – Finance. Any significant changes will be reported to the Audit and Governance Board.

## 6 SUMMARY INTERNAL AUDIT PLAN – 2025/26

A high-level summary of the planned allocation of internal audit resources for 2025/26 is shown in the following table:

<b>Planned allocation of Internal Audit resources</b>	<b>Days</b>
Adults Directorate	195
Chief Executive's Directorate	130
Children's Directorate	100
Environment & Regeneration Directorate	125
Public Health Directorate	40
Grants	165
Corporate support	105
Schools	120
Follow up audits	15
Contingency	50
External work	5
<b>Total</b>	<b>1,050</b>

The individual assignments to be completed are summarised in more detail in the following section.

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Debt Recovery – Adult Social Care clients	Adult Social Care client debt remains substantial, with the total outstanding debt currently around £6 million. Aged debt is particularly challenging to recover and adversely affects the Council's cash flow and the interest earned on its balances.	Billing and recovery procedures relating to Adult Social Care client debt.	Risks 2, 8B
Adults Directorate	Telecare service	The Council's telecare service is a chargeable service that provides support and assistance to vulnerable persons in their own homes by using information and communication technology. Fees and charges for the service were uplifted in 2024/25 with a view to generating additional income of £170k.	The audit will focus on assessment, charging and billing for the service.	Risks 1A, 2, 8B
Adults Directorate	Care Homes	Spending for the Council's care homes is projected to exceed the budget by £1.159m by the end of the 2024/25 financial year. Staffing pressures are continuing, with high vacancy levels leading to a heavy reliance on overtime and agency staff.	The audit will focus on staffing arrangements in the homes examining recruitment, retention, rotas and use of agency staff.	Risks 1A, 2, 8B, 11
Adults Directorate	Housing Solutions	The Housing Solutions team provide an emergency homeless service, and a range of housing related services, including assessment of entitlement to housing for people who are homeless or threatened with homelessness. The team is currently experiencing an increase in homelessness presentations.	The audit will examine the Council's compliance with homelessness legislation in relation to assessment of entitlement to housing.	Risks 1A, 2, 8B, 11
Adults Directorate	Commissioned Services - Contract monitoring	The Council commissions a range of adult social care services from external providers.	The audit will assess the effectiveness of the arrangements for monitoring and managing the performance and quality of services commissioned from external providers.	Risks 1A, 2, 8B, 11

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Domiciliary Care Contract	The Council has recently retendered the provision of its domiciliary care contract and is moving from a single provider to four main providers from April 2025. Domiciliary care is a material area of expenditure and is a key service for a significant number of vulnerable residents.	The audit will examine the contract management arrangements for the new contracts and the associated arrangements to reconcile payments due to the providers.	Risks 1A, 2, 8B, 11
Chief Executive's Directorate	Payroll	The payroll system provides material disclosures for the financial statements. The value of transactions processed through the system exceeds £100m pa. Last audited in 2019.	High level review evaluating and testing the effectiveness of the key controls within the payroll system	Risks 8B, 11
Chief Executive's Directorate	Data classification	The Council has a duty to protect the data that it collects and processes. Data classification is the process of organising and categorising data based on its sensitivity. Once the data is classified according to sensitivity and significance, appropriate data loss prevention measures can be implemented to reduce the risk of data loss.	The audit will assess the Council's progress in identifying the various types of data it handles, developing a data classification scheme, appropriately classifying and labelling data, implementing security controls, and educating employees on data management best practices.	Risk 6
Chief Executive's Directorate	Solar Farm project	The Council has approved plans for a new solar microgrid at the former St Michael's Golf Course. The project is expected to generate approximately four megawatts of electricity, which will be used to power several Council buildings, including the newly constructed leisure centre. The scheme is estimated to cost approximately £10.8 million.	A current contract audit approach will be adopted and the audit will examine the arrangements relating to contract funding, contract management, risk management, and interim payments.	Risks 8B, 11

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Connect2Halton Joint Venture	During 2024/25, the Council established a joint venture company, Connect2Halton, with Commercial Services Group (a company wholly owned by Kent County Council). The joint venture company specialises in temporary, fixed-term, contract and casual recruitment and was established to help control the Council's increasing spend on temporary workers.	The audit will assess the governance arrangements for the joint venture, ensuring that effective frameworks are in place for decision-making, conflict management, transparency, performance oversight, risk management, and overall alignment with the joint venture's objectives.	Risks 4B, 7B, 8B, 11
Chief Executive's Directorate	Risk management	In March 2024, the Council's external auditor made a key recommendation that the Council should improve its risk management arrangements. In September 2024, the LGA Corporate Peer Challenge team also made a similar recommendation about the Council developing the role of risk management.	The audit will review the progress made in developing the Council's risk management arrangements following recommendations made by the Council's external auditor and the LGA Corporate Peer Challenge.	All risks in the Corporate Risk Register
Children's Directorate	Children in Care Placements	Out-of-borough residential care costs remain the primary budget pressure for the Children and Families Department, with costs escalating year-on-year. The number of young people in residential placements remains high, the complexity of care needs is increasing, and placement costs continue to rise significantly.  The audit was initially scheduled for 2024/25 but was delayed due to capacity constraints.	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.	Risks 3A, 3B, 8B, 11
Children's Directorate	Home to School Transport	School Transport is the primary budget pressure for the Education, Inclusion and Provision Department with an expected overspend of over £800k in the current financial year.	An audit of Home to School Transport was last completed in November 2021, highlighting several recommendations relating to policy and financial management. These were scheduled for follow-up in 2024/25. However, due to the ongoing financial challenges within the service, a more in-depth review will now be included in the 2025/26 Audit Plan.	Risks 3A, 3B, 8B, 11

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Children’s Directorate	Direct Payments	The number of children with disabilities receiving direct payments continues to grow significantly, with over 315 children now being supported. However, direct payments present an increased risk due to the greater flexibility in how the allocated funds are used.	The audit will assess the adequacy of the policy governing the use of direct payments and evaluate the effectiveness of the oversight arrangements to prevent misuse.	Risks 3A, 3B, 8B, 11
Environment and Regeneration Directorate	Leisure Centre	In February 2025, the Council opened the new leisure centre on Moor Lane, which had been built at a cost of over £30 million. The leisure centre replaces Kingsway Leisure Centre which is now closed and is to be demolished.	The audit will examine income collection and reconciliation, security and banking of cash, management of health and safety risks, and security.	Risks 8B, 11
Environment and Regeneration Directorate	Management of Trees and Woodland	Councils have a responsibility to properly maintain trees and plants in all public spaces, from streetscapes to parks and woodland. Maintenance of existing tree stock must be carried out according to the relevant legislation, and health and safety guidance. The inspection, pruning and/or removal of some trees is necessary to protect people, buildings, and surrounding infrastructure.	The audit will review the Council’s approach to the safeguarding the community and built environment from the risks associated with trees in public places. This will include reviewing: <ul style="list-style-type: none"> <li>• Policies and procedures relating to tree inspection and maintenance</li> <li>• Management information on the tree population</li> <li>• Inspection and maintenance routine</li> </ul>	Risk 9
Environment and Regeneration Directorate	Waste Management	As a unitary authority, the Council serves as both a Waste Collection Authority and a Waste Disposal Authority. Kerbside collection of general waste, recycling, and bulky items is carried out using Council-operated vehicles. From April 2026, all councils in England will be legally required to provide a separate, weekly food waste collection service for all households.	The audit will assess the effectiveness and efficiency of the Council’s household waste collection and disposal arrangements. It will provide assurance on key areas such as route planning, staffing, vehicle requirements, and disposal processes.	Risk 8B, 11

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Environment and Regeneration Directorate	Brindley Extension project	The Brindley extension project is a £5.6m capital scheme designed to allow greater access for the community, creating more space within the building and to relocate the library. It is also a key part of the Runcorn Town Deal project.	A current contract audit approach will be adopted to the audit which will examine the arrangements relating to contract funding, contract management, risk management and interim payments.	Risks 8B, 11, 12
Public Health Directorate	Commissioned services	Public Health's role is to help people living and working in Halton to live long lives in good health. The team places a particular emphasis on preventative measures and the promotion of wellbeing initiatives. In fulfilling their role, the team commissions a wide range of services from various different providers.	The audit will select a sample of commissioned services and review the adequacy and effectiveness of the contract management arrangements in place.	Risks 4A, 4B, 4C, 8B, 11
Grants	Various grant claims and returns	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 claim assurance and certification work	Risks 8B, 11, 12
Corporate Support	Annual Governance Statement	There is a statutory requirement for the Council to produce an Annual Governance Statement.	Internal Audit will have input to the work of the Corporate Governance Group which develops the Annual Governance Statement.	No specific linkage to the Corporate Risk Register. However, it is a statutory requirement that the Council produces an Annual Governance Statement.
Corporate Support	Corporate Complaints - Stage 2	The Council has a formal corporate complaints procedure to enable individuals to express their dissatisfaction about Council services that they have received and for identified failings to be remedied. Internal Audit is responsible for undertaking Stage Two investigations of complaints that have not been resolved by the service manager at Stage One of the complaint procedure.	Stage Two complaint investigations will be undertaken as required. Internal Audit will undertake an independent internal review of unresolved Stage One complaint issues and of complaints that are of a more serious or complex nature.	No specific linkage to the Corporate Risk Register but effective management of complaints is a key part of the Council's governance arrangements.



## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Corporate Support	Council Constitution	The Council Constitution is reviewed annually to ensure that it is updated to reflect changes to the Council's governance arrangements, legislative requirements, policies and procedures.	Internal Audit will contribute to a working party that meets each year to review and propose changes to the Council's Constitution.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's governance arrangements.
Corporate Support	General advice / attendance at working groups etc.	Throughout the year the Internal Audit function receives regular requests from client departments for advice and support	Reactive advisory and consultancy work, and input to working groups as required	No specific link to the Corporate Risk Register; however, advice and guidance from Internal Audit contributes to maintenance of the Council's risk management, control and governance arrangements.
Corporate Support	Reporting to Audit and Governance Board	The Council Constitution requires Internal Audit to report to the Audit & Governance Board.	Attendance at, and preparation of reports for, the Audit & Governance Board on internal audit and governance related matters.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's risk management, control and governance arrangements.
Schools	Six schools to be audited during 2025/26	The Council operates an annual programme of school audits. A risk-based approach is adopted to selecting the schools to be audited.	An audit programme has been developed for school audits, which will be tailored to each school as required.	No specific link to Corporate Risk Register. However, the completion of school audits provides assurance over the risk management, control and governance processes in place across the Council's schools.
Follow up of audit recommendations	Various	Follow up work is completed to provide assurance that previously agreed internal audit recommendations are implemented.	Coverage to be determined on the audit recommendations falling due for implementation.	Follow up work provides assurance that recommendations made to improve the Council's risk management, control and governance processes are implemented.  Links to the risk register will vary according to the follow up work completed.

## 7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Contingency	Not known at this stage	A general contingency is provided to allow Internal Audit to respond to requests for audit work that arise during the year.	Not known at this stage	Not known at this stage
External work	Manchester Port Health Authority	The Council undertakes annual fee earning assurance work as part of an SLA with Manchester Port Health Authority.	To be agreed with Manchester Port Health Authority.	Not applicable

## 8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

Risk Reference	Risk Description
1A	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing
1B	Adult Social Care Charging Reforms, likely to cause a shortfall in funding to meet the full cost of care
2	Failure to support and protect the safeguarding of adults could adversely impact on their health, safety and opportunity to reach their potential
3A	Children’s Services – Safeguarding
3B	Children’s Services – Finance
4A	Failure to respond to Public Health threats
4B	Public Health workforce pressures
4C	Compromise to sexual health contract provision
5	Risk of adverse business impact as a result of the failure of key business systems brought about by cyber incidents
6	Data Protection: Risk of breach of data caused by mishandling of personal data
7A	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities
7B	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties
8A	The Council’s funding available from Government grant and / or locally raised business rates / council tax, is not sufficient to meet increasing service demands
8B	Total council spending for the year exceeds available budget provision
9	A failure to monitor and appropriately manage the risks created by global, national and local events
10	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services
11	Failure to prevent and detect fraud and / or corruption

## 8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

Risk Reference	Risk Description
12	Failure to maximise and identify funding opportunities in light of government cuts
13	Risk to electoral process by criminals / nation-state actors

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