



Business Efficiency Board

**Wednesday, 27 February 2008 at 6.30
p.m.
Civic Suite, Town Hall, Runcorn**

A handwritten signature in black ink that reads 'David W R'.

Chief Executive

BOARD MEMBERSHIP

Councillor Dave Leadbetter (Chairman)	Labour
Councillor Martha Lloyd Jones (Vice-Chairman)	Labour
Councillor Carl Cross	Conservative
Councillor David Findon	Conservative
Councillor Eddie Jones	Labour
Councillor Alan Lowe	Labour
Councillor Ulfar Norddahl	Liberal Democrat
Councillor Shaun Osborne	Labour
Councillor Ged Philbin	Labour
Councillor Tim Sly	Liberal Democrat
Councillor Philip Worrall	Liberal Democrat

Please contact Caroline Halpin on 0151 471 7394 or e-mail caroline.halpin@halton.gov.uk for further information.

The next meeting of the Board is to be confirmed.

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

Part I

Item No.	Page No.
1. MINUTES	
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda, no later than when that item is reached and (subject to certain exceptions in the Code of Conduct for Members) to leave the meeting prior to discussion and voting on the item.	
3. COMPREHENSIVE PERFORMANCE ASSESSMENT 2008 (CPA)	1 - 3
4. CORPORATE ASSESSMENT / JOINT AREA REVIEW - PREPARATIONS (CA/JAR)	4 - 6
5. INTERNAL AUDIT PLAN FOR 2008/9	7 - 18

PART II

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

In this case the Board has a discretion to exclude the press and public but, in view of the nature of the business to be transacted, it is RECOMMENDED that under Section 100(A)(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.

6. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3	19 - 47
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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.

AGENDA ITEM NO.

REPORT TO: Business Efficiency Board

DATE: 27th February 2008

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Comprehensive Performance Assessment
2008 (CPA)

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to advise members of the recently published CPA scores for Halton.

2.0 RECOMMENDED that:

- (1) **the report be noted;**
- (2) **a further report be brought to the Board when details of the Comprehensive Area Assessment are known.**

3.0 SUPPORTING INFORMATION

3.1 Each year the Audit Commission publishes, in February, its Comprehensive Performance Assessment (CPA) scores for all upper tier authorities. The publication takes the form of an overall score (star rating) and a direction of travel assessment. It also provides a series of scores for individual services and a “use of resources” score.

3.2 The Council’s overall score was 4 star with a direction of travel assessment of ‘improving well’. The Audit Commission provided the following commentary at the same time as publishing the score:

“Halton Borough Council is improving well. It has successfully delivered its planned actions in priority areas which have led to improvements in the quality of life for local people. For example, the increase in GCSE attainment was the best in the country, more older people are being helped to live at home, crime has fallen, unemployment continues to reduce and public satisfaction with the Council is high. It is also easier for local communities to access the services they need. There are areas where further improvements are needed, in particular waste management, road safety and female life expectancy. The Council continues to work well with partners to improve outcomes for the wider community. For example, it is currently developing its arrangements to ensure that it can identify and meet the needs of all sections of its community. It has also made good

progress in improving the appearance of the Borough. Overall, the Council provides good value for money and has clearly identified and is delivering its improvement priorities. It is also continuing to develop robust plans to ensure it is making efficient use of its resources.”

3.3 Detailed below are the various individual scores that make up the overall assessment. Everything is scored on a 1 to 4 basis as follows:

- 1 = Inadequate performance – below minimum requirements
- 2 = Adequate performance – only at minimum requirements
- 3 = Performing well – consistently above minimum requirements
- 4 = Performing strongly – well above minimum requirements

3.4 The individual scores are:

Use of Resources	3
Benefits Service	4
Children and Young People	3
Culture	4
Environment	3
Housing	3
Social Care (Adults)	3

3.5 This is clearly a positive result for the Authority, with all scored judgements performing well or performing strongly. However, as with any assessment process, the standards the Council are required to meet get higher each year. The forthcoming Corporate Assessment and Joint Area Review of Children’s Services will play into next year’s CPA scores. The February 2009 assessment will be the final one under this assessment regime. This will be replaced by a Comprehensive Area Assessment (CAA), which will assess the collective performance of the public sector within the Borough. The Audit Commission are currently developing a methodology around how they might achieve that. Further reports will be brought to the Board when more information is available.

3.6 It was mentioned at the last Board meeting that an Action Plan had been developed to address issues raised by the Audit Commission’s Use of Resources assessment. Whilst there are a number of detailed comments, the principal areas where the Council needs to progress are in asset management and risk management. Work is ongoing to address both of these issues.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None.

6.2 Employment, Learning and Skills in Halton

None.

6.3 A Healthy Halton

None.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

7.1 None.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

AGENDA ITEM NO.

REPORT TO: Business Efficiency Board

DATE: 27th February 2008

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Corporate Assessment / Joint Area Review – Preparations (CA/JAR)

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to advise members of the arrangements for the forthcoming Corporate Assessment and Joint Area Review of Children's Services.

2.0 RECOMMENDED: That the report be noted.**3.0 SUPPORTING INFORMATION**

3.1 Activity has already commenced in relation to preparations for both the Corporate Assessment and the Joint Area Review. The timetable is detailed below. Whilst there are some minor differences, the timetables for the CA and the JAR run concurrently.

Initial information requests returned	7th January 2008
Set-up Meeting	18th January 2008
Self-Assessment submitted	4th February 2008
Analysis Week (including Borough Tour)	25th-29th February 2008
Feedback Meetings	29th February 2008
Fieldwork Week 1	31st March - 4th April 2008
Fieldwork Week 2	7th-11th April 2008
Draft Reports	May-June 2008
Publication	22nd July 2008

3.2 Whilst both teams are on site during the analysis week, the intensive period of activity is during the two fieldwork weeks. This will be when the majority of interviews will take place with members, officers, partners and service users.

3.3 Whilst the Corporate Assessment is essentially a review of how the Council is operating to deliver its priorities, the Joint Area Review has a

wider focus on all partner activities which support children and young people in the Borough.

- 3.4 The results of the Corporate Assessment and Joint Area Review will feed into next year's CPA scores.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 OTHER IMPLICATIONS

- 5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

The Corporate Assessment focuses on how the Council, together with its partners, is operating to deliver its priorities for the area. The Joint Area Review has a particular focus on activities supporting children and young people. The Council will need to respond to any recommendations contained in the final report.

6.2 Employment, Learning and Skills in Halton

The Corporate Assessment focuses on how the Council, together with its partners, is operating to deliver its priorities for the area. The Joint Area Review has a particular focus on activities supporting children and young people. The Council will need to respond to any recommendations contained in the final report.

6.3 A Healthy Halton

The Corporate Assessment focuses on how the Council, together with its partners, is operating to deliver its priorities for the area. The Joint Area Review has a particular focus on activities supporting children and young people. The Council will need to respond to any recommendations contained in the final report.

6.4 A Safer Halton

The Corporate Assessment focuses on how the Council, together with its partners, is operating to deliver its priorities for the area. The Joint Area Review has a particular focus on activities supporting children and young people. The Council will need to respond to any recommendations contained in the final report.

6.5 Halton's Urban Renewal

The Corporate Assessment focuses on how the Council, together with its partners, is operating to deliver its priorities for the area. The Joint Area Review has a particular focus on activities supporting children and young people. The Council will need to respond to any recommendations contained in the final report.

7.0 RISK ANALYSIS

7.1 None.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Equality and diversity issues will be a particular area of focus for both review.

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

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

AGENDA ITEM NO.

REPORT TO:	Business Efficiency Board
DATE:	27 February 2008
REPORTING OFFICER:	Operational Director – Financial Services
SUBJECT:	Internal Audit Plan for 2008/9
WARDS:	Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 This report provides details of the proposed Internal Audit Plan for 2008/9. The Audit Plan outlines the likely programme of work to be completed by Internal Audit during the year.
- 1.2 The Code of Practice for Internal Audit in Local Government requires that the annual Audit Plan is considered and approved by the Council's Audit Committee.

2.0 RECOMMENDATION:

The Business Efficiency Board is recommended to approve the proposed Internal Audit Plan for 2008/9.

3.0 SUPPORTING INFORMATION

- 3.1 In order to comply with best professional practice, Internal Audit is required to produce a programme of work (the Audit Plan) which outlines the likely areas of activity for the coming year.
- 3.2 The Audit Plan should be designed to provide sufficient coverage across the organisation to enable Internal Audit to deliver an overall opinion on the Council's risk management, control and governance arrangements. The work of Internal Audit therefore assists the Operational Director – Financial Services in discharging his statutory responsibilities as s151 officer in terms of ensuring the proper administration of the Council's financial affairs.
- 3.3 The work undertaken by Internal Audit also provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.

- 3.4 The draft 2008/9 Internal Audit Plan is attached at Appendix A. This document provides a summary of how Internal Audit resources are to be utilised during the year.
- 3.5 The total number of days to be delivered in 2008/9 is broadly consistent with that planned in recent years. As Internal Audit resources are not sufficient to provide assurance over all areas of Council activity, a risk-based approach is adopted to prioritise coverage.
- 3.6 In compiling the programme of work for 2008/9, account has been taken of:
- The need to provide a robust annual opinion on the Council's risk management, control and governance arrangements;
 - The need to comply with CIPFA guidance;
 - The results of consultation with Strategic Directors and the s151 officer;
 - A review of the Council's corporate and directorate risk registers;
 - A review of departmental service plans;
 - Internal Audit's cumulative knowledge of the Council;
 - Changes in the operating environment of the Council; and
 - The results of previous internal audit work.
- 3.7 The Council's external auditors have also been consulted as part of the planning process to minimise any potential for duplication and to maximise the benefit the Council receives from the total audit resource.
- 3.8 The Audit Plan will be kept under review throughout the year and quarterly progress reports will be provided to the Business Efficiency Board. Changes to planned work may be necessary to reflect the Council's changing risks and priorities. Minor amendments to planned work will be agreed with the Operational Director – Financial Services. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to members.

4.0 POLICY IMPLICATIONS

One of the responsibilities of Internal Audit is to provide assurance that policies and procedures established by management are complied with, are appropriate in the current circumstances, and are not wasteful.

5.0 OTHER IMPLICATIONS

- 5.1 The Council is required to 'maintain an adequate and effective system of internal audit' under Regulation 6 of the Accounts and Audit Regulations 2006. This responsibility is delegated to the Operational Director – Financial Services.
- 5.2 The cost of providing the Internal Audit Service is incorporated into the Council's budget. There are no additional resource implications arising from this report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

See 4.1 above.

6.2 Employment, Learning and Skills in Halton

See 4.1 above.

6.3 A Healthy Halton

See 4.1 above.

6.4 A Safer Halton

See 4.1 above.

6.5 Halton's Urban Renewal

See 4.1 above.

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

None.

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

None.



APPENDIX A

INTERNAL AUDIT PLAN

2008/9

1. Purpose of the Audit Plan

1.1 This plan summarises the results of Internal Audit's planning work. It sets out details of:

- The responsibilities and scope of Internal Audit;
- Internal Audit's reporting arrangements;
- The proposed programme of work for 2008/9 (the Audit Plan).

2. Internal Audit – Responsibilities & Scope

Responsibilities

2.1 Internal Audit is an appraisal function within an organisation.

2.2 The Internal Audit function is responsible for:

- a) Providing assurance to management that:
 - Internal control systems (including risk management and governance arrangements) are adequate and functioning efficiently and effectively;
 - The policies and procedures established by management are complied with, are appropriate in current circumstances, and are not wasteful;
 - The accounting records, and associated financial systems, form a reliable basis for the production of the financial statements.
- b) Drawing the attention of management to, and recommending remedial action to address:
 - Deficiencies in the systems of internal control; and
 - Instances of duplicated functions, wastage and inefficiency.
- c) Providing advice on audit related matters, including suspected fraud or corruption.
- d) Providing advice on risk and control issues in regard to systems development.
- e) Providing assurance to the Council's s151 officer on the Council's system of internal control in support of the Council's Annual Governance Statement.

Scope

2.3 The scope of the Internal Audit function includes:

- The whole internal control system of the Council including all its operations, resources, services and responsibilities for other bodies; and
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an interest.

2.4 The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by Internal Audit can reduce risk and lead to systems of control being considered adequate. However, the implementation of audit recommendations cannot eliminate risk altogether.

2.5 Whilst it is not the role or responsibility of Internal Audit to detect fraud, the risk of fraud will be considered in each audit assignment.

3. Reporting arrangements

3.1 At the conclusion of each individual audit assignment, a Draft Report is issued to the appropriate manager within the Council. Once the report has been agreed, a Final Report is then issued to:

- The Chief Executive;
- The Strategic Director – Corporate & Policy;
- The Operational Director – Financial Services (s151 officer);
- The Strategic Director responsible for the area reviewed;
- The Operational Director responsible for the area reviewed;
- Audit Commission.

3.2 In each audit report, an overall opinion will be provided on the area audited. The opinion is based on an assessment of the effectiveness of the control environment in the area audited and the likelihood of objectives being met. The scale of opinions is set out in the following table:

Opinion type	Assurance Level	Description
Positive	Substantial	A robust framework of controls ensures objectives are likely to be achieved. Controls are applied continuously or with minor lapses.
	Adequate	There is basically a sound system of controls for objectives to be achieved. However, there are weaknesses and evidence of non-compliance or ineffective controls.
Negative	Limited	A risk of objectives not being achieved due to the absence of key internal controls. Where controls do exist, there is significant non-compliance.

- 3.3 On a quarterly basis, Internal Audit will produce a Progress Report for the Business Efficiency Board detailing the key issues arising from audit work and progress made against the Audit Plan.
- 3.4 An Annual Report will be presented to the Business Efficiency Board in order to give assurance or otherwise to Members that they can rely on the internal control framework of the Council.

4. Annual Internal Audit Plan - 2008/9

- 4.1 The Audit Plan is stated in terms of the number of days input which is estimated as accurately as possible based on existing staff numbers. However, the resources available and the exact time required for each piece of audit work cannot be estimated precisely at this stage. The plan therefore represents the best estimate of the audit resources available and the ways in which they will be deployed.
- 4.2 The analysis below is based upon a format used by the Institute of Public Finance. The adoption of this format facilitates participation in benchmarking exercises with other Councils.

Areas of Audit Activity		Planned Days
A.	Main financial systems	155
B.	Strategic / corporate issues	110
C.	Operational Risks:	
	1) <i>Schools</i>	100
	2) <i>Procurement & contracts</i>	90
	3) <i>Operational systems</i>	600
		795
D.	Governance arrangements	55
E.	Computer audit	155
F.	Anti-Fraud & Corruption related work	52
G.	Consultancy / advice	87
H.	Grant certification	12
I.	Follow up	60
J.	Contingency – Unplanned work	134
	Total audit days – Halton Borough Council	1610
K.	Fee earning work:	
	- Manchester Port Health Authority	2
	- FMSiS assessments	60
		62
	TOTAL DAYS	1672

4.3 The following paragraphs provide a more detailed breakdown of the specific work that will be carried out under each area of audit activity. Detailed terms of reference for each piece of work will be agreed with the appropriate manager(s) prior to the audit commencing.

A Main financial systems

Whilst Internal Audit has adopted a risk-based approach to prioritising audit coverage, there are areas of work where work is required on an annual basis. One such area is the Council's main financial systems.

As part of Internal Audit's joint working agreement with the Audit Commission, annual reviews are undertaken on all the systems that compile material disclosures for the Council's financial statements.

Internal Audit will therefore carry out reviews on the following systems during 2008/9:

- Payroll
- Business rates
- Council Tax
- Housing Benefit
- Creditors
- Loans & Investments
- Cash & Bank
- Accounting journals
- Sundry debtors
- Fixed assets
- Care packages
- Property management system
- Schools' delegated budgets

B Strategic / Corporate issues

Reviews are planned to examine the following areas that are considered to be of strategic or corporate importance to the Council:

- Employee Wellbeing
- Management of Major Projects
- Income – charging for services
- Data quality – performance monitoring reports
- Equality Action Plans – implementation review

C Operational Risks

Reviews are planned in the following areas which are of an operational nature:

1) Schools

School audits continue to be undertaken on a cyclical basis.

All schools operating delegated bank accounts are visited on a two-year cycle. All other schools are visited every three years.

Where possible, school audits will be combined with Financial Management Standard in Schools (FMSiS) assessment visits to minimise the number of visits to schools and to ensure an efficient use of audit resources.

2) Procurement & contracts

Internal Audit will be involved in auditing the following new or ongoing contracts:

- Commercial vehicles contract
- Runcorn Town Hall refurbishment
- Gypsy site
- Cavendish school
- DC Leisure contract
- Energy contract
- Printing services
- Hale Park
- Halton Lea Library contract

A range of checks will also be undertaken on contract final account payments.

3) Operational systems

Full system reviews provide assurance as to whether management has established satisfactory systems of control to ensure:

- Compliance with statutory requirements and Council / departmental policies and procedures;
- Achievement of objectives in service plans;
- Safeguarding of assets;
- Maintenance of complete and accurate records;
- Efficient, economic and effective use of resources.

The operational system reviews planned for 2008/9 are summarised below. Work is planned across all directorates to ensure that Internal Audit can provide an annual opinion on the whole of the Council's control environment.

Area	Reviews
Children & Young People	<ul style="list-style-type: none"> • Home to school travel assistance • Attendance at school • Free school meals • Payments to foster carers • Governor services • Child care teams • Preventative Services mini-trust • CAMHS mini-trust • Neighbourhood nurseries • Schools causing concern
Corporate & Policy	<ul style="list-style-type: none"> • Human Resources / Payroll • Asset management • Energy monitoring • New performance indicators
Environment	<ul style="list-style-type: none"> • Grounds Maintenance (Business unit) • Building Cleaning • Cafes • Town Centre Management (Enforcement) • Business Improvement Districts • School meals service • Street Lighting • Building Control • CCTV – Data Protection Act compliance
Health & Community	<ul style="list-style-type: none"> • Individualised budgets • Handheld technology • Carers' Strategy • Financial assessments / Client contributions • Emergency Duty Team • Mental health – partnership / governance arrangements • Community Safety team • Culture & Leisure – Youth Festival

D Governance arrangements

Planned work comprises:

- Annual review of the Council's risk management arrangements;
- Review of the Council's governance controls (to provide assurance for the Annual Governance Statement);
- Input to the annual review of the Council Constitution;
- Reporting to the Council's Audit Committee (Business Efficiency Board).

E Computer Audit

Following Internal Audit's own risk assessment and consultation with management within ICT Services, reviews are planned in the following areas:

- E-mail management;
- IT business continuity planning;
- Disposal of IT equipment;
- Secure data transmissions to external organisations;
- Anti-virus strategy;
- Laptops – encryption / data management;
- Network security;
- ISO 17799 gap analysis.

Internal Audit will also continue to have an advisory role in the implementation of the following systems:

- Carefirst 6;
- Contact Point;
- Trent.

F Anti-Fraud & Corruption work

Internal Audit has a pro-active programme of counter fraud work. This work is undertaken to help ensure that the Council has adequate arrangements to highlight potential instances of fraud and corruption, and to maintain a strong counter fraud culture.

Planned anti-fraud and corruption work for 2008/9 includes:

- Investigation of output from the National Fraud Initiative;
- Participation in the Greater Manchester Anti-Fraud Group;
- Anti-Fraud and Corruption awareness initiatives;
- Travel and subsistence claims;
- Utilisation of external funding.

G Consultancy / advice

Internal Audit has a consultancy role in addition to the assurance services it provides. This role includes providing advice on control analysis and design, guidance in developing new systems and the sharing of knowledge and best practice across the Council.

In 2008/9, Internal Audit will contribute to the following corporate issues:

- Corporate Risk Management Group;
- Procurement & Commissioning Group;
- Schools Liaison Group;
- Efficiency Strategy Group;
- Agency staff working party;
- The CPA 'Use of Resources' review;
- Information governance group;
- Participation in collaborative value for money projects with other local authorities in the region.

H Certification / Grants work

Internal Audit is required to carry out certification work in the following areas:

- Local Area Agreement
- Sports Development Grant

I Follow up

Internal audit routinely carries out follow up work to provide assurance that all previous audit recommendations that were agreed are actually implemented. Follow up reviews are normally undertaken shortly after the date agreed in the Action Plan for the implementation of recommendations has passed.

J Contingency – Unplanned Work

Provision is made in the Audit Plan to accommodate any unplanned work that may arise during the year. This may range from requests for advice or assistance from service areas to responding to incidences of fraud.

K Fee earning work

Internal Audit undertakes a small amount of fee earning work. This comprises:

- Providing an annual internal audit for Manchester Port Health Authority;
- Undertaking the Financial Management Standard in Schools external assessment for the Council's schools. In 2008/9, it is anticipated that 24 schools will be assessed against the standard.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted