



Business Efficiency Board

**Wednesday, 23 May 2012 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 Alan Lowe (Chairman)	Labour
Councillor Martha Lloyd Jones (Vice-Chairman)	Labour
Councillor Arthur Cole	Labour
Councillor Mike Fry	Labour
Councillor Darren Lea	Labour
Councillor Tony McDermott	Labour
Councillor Andrew MacManus	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Joe Roberts	Labour
Councillor Margaret Ratcliffe	Liberal Democrat
Councillor Kevan Wainwright	Labour

Please contact Michelle Simpson on 0151 511 8708 or e-mail michelle.simpson@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 27 June 2012

**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, with personal and prejudicial interests (subject to certain exceptions in the Code of Conduct for Members), to leave the meeting prior to discussion and voting on the item.	
3. BUSINESS EFFICIENCY BOARD - WORKPLAN 2012/13	1 - 3
4. CHANGES TO THE BOARD'S POWERS AND DUTIES	4 - 6
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6. INTERNAL AUDIT ANNUAL REPORT - 2011/12	14 - 23
7. PART II	
<i>SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</i>	
<i>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 paragraph 3 of Part 1 of Schedule 12A to the Act.</i>	

**8. INTERNAL AUDIT PROGRESS REPORT - QUARTER 4
(2011/12)**

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

REPORT TO: Business Efficiency Board

DATE: 23 May 2012

REPORTING OFFICER: Strategic Director – Policy & Resources

SUBJECT: Business Efficiency Board – Workplan 2012/13

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 This report provides the indicative core workplan for the Business Efficiency Board for 2012/13. The workplan is attached at Appendix 1.

2.0 RECOMMENDATION: That the Business Efficiency Board considers and approves its workplan for 2012/13.

3.0 SUPPORTING INFORMATION

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

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

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

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

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

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

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

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

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

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

6.0 RISK ANALYSIS

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

6.2 By agreeing a workplan for its audit committee, the Council is formally setting out how the Business Efficiency Board will meet its responsibilities as the Council's Audit Committee.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None identified.

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

None.

Appendix 1 – Business Efficiency Board Workplan 2012/13

	23 May 2012	27 June 2012	26 Sept 2012	14 Nov 2012	16 Jan 2013	27 Feb 2013
Internal Audit:						
• Quarterly progress report	x		x	x		x
• 2011/12 Annual Internal Audit Report	x					
• Approval of 2013/14 Audit Plan						x
Financial Reporting:						
• Approval of Abstract of Accounts			x			
External Audit:						
• Annual Governance Report (including audit opinion and Value For Money conclusion)			x			
• External Audit Plan					x	
• Annual Grant Claims Report					x	
• External Audit Update		x				
Governance:						
• Approval of Annual Governance Statement		x				
Risk Management:						
• Review of Corporate Risk Register			x			x
Anti-Fraud & Corruption:						
• Update Report			x			
Other Audit Committee matters:						
• Approval of workplan for 2012/13	x					
• Changes to the Board's Powers and Duties	x					
Procurement:						
• Procurement update			x			x
Efficiency:						
• Efficiency Programme update	x			x		

REPORT TO:	Business Efficiency Board
DATE:	23 May 2012
REPORTING OFFICER:	Strategic Director – Policy and Resources
PORTFOLIO:	Resources
TITLE:	Changes to the Board's Powers and Duties
WARDS:	Borough-Wide

1.0 PURPOSE OF REPORT

- 1.1 To set out the proposed arrangements to meet the Board's additional responsibility in relation to the Council's contractual arrangements.

2.0 RECOMMENDED: That the Board agree to the arrangements set out in the report.

3.0 SUPPORTING INFORMATION

- 3.1 As part of the annual review of the Council's Constitution it has been agreed by Council on 18 April 2012 that the following new responsibility be added to the Board's powers and duties:

"To ensure that the Council has effective processes in place to obtain value for money from its contractual arrangements with third parties".

- 3.2 It is proposed that the following arrangements be put into place:
- 3.3 The current contract register (derived from The Chest) is presented to the Board. The register will show those contracts due to expire within the next 12 months.
- 3.4 The Board could then select a small number of contracts to be scrutinised from "the cradle to the grave" in terms of decision making, process and seeking value for money.
- 3.5 To avoid any delay in the contractual process it would be more appropriate for the contracts to be scrutinised outside the normal Board timetable of meetings.
- 3.6 The Board may also wish to set up a small Topic Group to work with the contract manager (the relevant Operational Director or Divisional

manager from the spending department) and Procurement, with the following terms of reference:

- Review existing contract in terms of its value, expiry date and option for extension.
- Consider alternative methods of delivery.
- Identify potential savings opportunities, particularly in the specification.
- Identify potential collaboration opportunities.
- Consider the Equality Act 2012 and Public Services (Social Value) Act 2012.
- Scope out routes to optimise value for money.
- Map out the timeline of the procurement process in line with the Council's Constitution and EU Public Contract Regulations where this dictates.
- Scope out the specification.
- Develop the tender documentation, including selection and award evaluation methodology.
- Scrutinise the procurement process from The Chest publication through Pre Qualification Questionnaire, Invitation to Tender and contract award, in line with Council best practice and the Constitution; and
- Scrutinise the award recommendation.

3.7 Regular progress reports could be made to the Board, covering such areas as the benefits from the scrutiny, lessons learnt and any proposals for changes to systems and processes.

3.8 The Board would receive training in commissioning, procurement and contract management. Similar training could also be offered to all Councillors.

3.9 It is important to point out that neither the Board nor the suggested Topic Group would have a role in the eventual acceptance of tenders, as procedures already exist in the Council's Constitution to do this.

4.0 POLICY IMPLICATIONS

4.1 It is important, given the current financial constraints on the Council, that its procurement processes are as efficient and effective as they can be. This will play its part in protecting frontline services.

5.0 OTHER IMPLICATIONS

5.1 This new responsibility compliments the other roles the Board has in ensuring the Council has procedures in place to provide value for money to local people.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

**6.1 Children and Young People in Halton
Employment Learning and Skills in Halton
A Healthy Halton
A Safer Halton
Halton's Urban Renewal**

6.2 Proper procurement processes support the Council in achieving the aims and objectives set out in the Community Strategy and the Council's priorities.

7.0 RISK ANALYSIS

7.1 The proposal is set out in such a way that it minimises any risk that it delays the tendering and contracting timetable.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 European directives preclude limiting the tenderers to a contract to local businesses. Tenderers have to demonstrate that their activities comply with equalities legislation.

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

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

REPORT TO: Business Efficiency Board

DATE: 23 May 2012

REPORTING OFFICER: Strategic Director, Policy & Resources

PORTFOLIO: Resources

SUBJECT: Efficiency Programme Update

WARDS: All

1.0 PURPOSE OF THE REPORT:

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

2.0 RECOMMENDATION:

The board is asked to note the contents of the report.

3.0 SUPPORTING INFORMATION:

None

4.0 POLICY IMPLICATIONS

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

5.0 OTHER IMPLICATIONS

It should be noted that since commencing in 2009, the Efficiency Programme, and activity associated with it, has identified savings in the region of £10m. This has assisted the Council in the difficult task of dealing with the budget gap.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

N/A

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

N/A

Halton Council Efficiency Programme

Progress update - May 2012

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

Wave 4 of the Efficiency Programme has commenced and new workstreams are now in progress.

Review of Operational Fleet & Client Transport (Wave 2)

Improvement opportunities that were identified in late 2011 continue to be followed up as part of the 'To Be' phase of the workstream. Some options to be considered are of a longer term nature and may require changes in policy.

£201,000 of the £400,000 savings target has been achieved to date.

Transactional / Non-Transactional: Process Review (Wave 2)

Updates on the projects that are currently part of this workstream:

- HR Processes – An IT based 'I want HR' portal has been successfully launched and the payment of mileage claims for the majority of users is now automated. This has reduced paper based processing in HR significantly. Further processes are being looked at and will be added to the portal in the future.
- Document Imaging & Workflow – An electronic document workflow system went live in the HR Division in April 2012. This has eliminated the need for paper files, and facilitates the moving around of work electronically. This has enabled a net budget saving of around £26,000 within the division. Implementation of the same system is in progress within the Insurance team, and the Client Finance team.
- Review of Invoice Payment Process (P2P) – An application designed by the in-house IT teams is being implemented to automate the processing of non-Purchase Order invoices. This negates the need for paper forms and manual signatures, thereby increasing officer productivity.
- Review of officer authorisation processes – A review of individual authorisations undertaken by officers at all levels has concluded and revised levels of authorisation will be implemented. This will free up management capacity across the organisation.
- Review of the use of Outlook & Telephony. Microsoft Lync has now been implemented in many areas and is assisting staff to work in a more agile manner.

Each of the above projects is resulting in more efficient working practices, enabling teams to operate with reduced resources and adopt more automated processes.

Review of Income & Charging (Wave 3)

The first phase of this workstream has indicated that full cost recovery is not evidenced across the Council. Further work is required to examine services that are charged for in more detail. An action plan has been put in place to facilitate this, with the top ten income generating services being given priority.

Review of the Contact Centre (Wave 3)

A new service delivery model was put in place on 15th March 2012. The full range of Council services is available 8am to 6pm, Monday to Friday. An out of hours emergency response service now operates from 6pm to 8am weekdays, and at weekends. This is delivered by the Community Wardens service.

Savings from this workstream were £418,000 net against a target of £110,000.

Review of Business Development & Regeneration (Wave 3)

A revised structure has been implemented from 30th April 2012. Operationally, this has rationalised lines of reporting and in strategic terms has aligned the work of the service with the Council's Core Strategy and the local regeneration agenda. The markets, town centres management and town centre regeneration will now operate together rather than as separate business units. Analysis of the utilisation of the Council's Industrial Estate portfolio has indicated that it is viable and cost effective for the Council.

There was no savings target for this workstream, however savings of £50,000 have been secured.

Review of Development Services (Development Control, Building Control, Contaminated Land) (Wave 3)

The As-Is report has been completed. This has illustrated some operational issues related to the processing of planning applications through the system. More detailed work is now in progress to establish where the issues arise. This information will inform the design of the 'To-Be' model. In the meantime, interim measures to address the issues are being considered.

Review of Adults' and Children's Social Care Commissioning (Wave 3)

This workstream has not commenced formally due to other priorities within the programme. There are several lines of activity ongoing within the Communities and Children & Enterprise directorates which are influencing the Council's commissioning activity. In addition, the powers and duties of the Business Efficiency Board have been revised to bring about increased member scrutiny of the procurement process. This in itself relates to the commissioning activity that occurs prior to the procurement process. This is the subject of a separate report on the agenda for this board. The workstream is currently 'on-hold' and the Efficiency Programme may provide input to directorate activity rather than progress this workstream.

Review of Community Services (Wave 3)

This review has concluded with a number of measures having been put in place to generate savings.

The original target for the workstream was £196,000, however this was amended to £96,000 due to a revision to the areas in scope as the workstream progressed.

Savings of £95,000 have been achieved against the target of £96,000.

Traded Services Workstream (Wave 3)

This review has considered the legislative environment that applies to Local Authority Trading, and has reported the range of trading arrangements currently in place.

The workstream will not progress any further, however it provides a framework within which trading opportunities can be being considered and evaluated. These may be opportunities identified in other workstreams, or opportunities brought forward by service managers.

Review of Waste Management (Wave 3)

This review is currently at the As-Is stage. An analysis has been undertaken of how staff are deployed to deliver the Waste Management Service, how the fleet of vehicles is used, and how the service in Halton compares to that of other Councils.

Work to identify improvement opportunities will commence shortly.

The workstream has a 10% savings target of £700,000, based on an annual expenditure of circa £7m. It is noted however that a large proportion of that expenditure is contractual to cover waste disposal and is long term. There may be limited scope to reduce contract related expenditure. As the workstream progresses, the target may need to be adjusted.

**Review of Policy & Strategy,
Review of Performance & Improvement,
Review of Communications & Marketing (Wave 4)**

This is the first Wave 4 workstream.

These three services came into operation in April 2010 when the Centres of Excellence were implemented. Given the relationship between these service areas, the three are being reviewed concurrently under the umbrella of one workstream. A detailed activity analysis is in progress to assess what is delivered and whether all activity is necessary. The impact of ceasing any activity will be carefully considered.

There is a savings target of £125,000 across the three areas.

Review of Child Protection (Children in Need Service) (Wave 4)

The Efficiency Programme Office is working with this service to look at ways in which productivity can be enhanced in order to reduce the caseload per practitioner, as well as addressing on-going recruitment issues that affect this area of children's social care.

A baseline of the service, its structure, high level processes, and day to day activity is currently being drawn up.

There is no savings target for this workstream.

Name of Board: Business Efficiency Board

Date of Meeting: 23 May 2012

Report Title: Efficiency Programme Update

Author: Strategic Director, Resources

STANDARD SECTIONS – CHECKLIST		
All reports must be submitted together with the following checklist fully completed		
	Yes	No
<p>Resource Implications The financial, manpower and land (buying or selling) considerations should be clearly detailed including any corporate implications of following the recommended course of action.</p>	N/A	
<p>Social Inclusion Implications Any implications relating to social inclusion/anti poverty should be highlighted</p>	N/A	
<p>Sustainability Checklist Any implications that affect the sustainability themes of economy society and the community and the environment should be included,</p>	N/A	
<p>Best Value Any Best Value implications should be included.</p>	Yes	
<p>Legal Implications Any Legal implications should be included.</p>	N/A	
<p>Crime and Disorder Issues Any crime and disorder implications should be included.</p>	N/A	
<p>Community Impact Review & Assessment (CIRA) Is a CIRA relevant to this report? Has a CIRA proforma been completed?</p>	N/A	
<i>Please review these potential effects, within the context set out overleaf, to compose your summary assessment</i>		
<p>Summary assessment of Implications: <i>The report is an update on activity across the Efficiency Programme and is presented for information.</i></p> <p><i>Detailed implications are dealt with within the governance of individual workstreams within the programme on a case by case basis.</i></p>		

REPORT TO:	Business Efficiency Board
DATE:	23 May 2012
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Internal Audit Annual Report – 2011/12
PORTFOLIO:	Resources
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to provide a written report to the Council's Audit Committee timed to inform the Council's Annual Governance Statement. As such, the purpose of this report is to provide an opinion of the adequacy and effectiveness of the Council's control environment. The 'control environment' is the collective term used to describe the Council's:

- risk management;
- control; and
- governance processes.

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

1.3 The purpose of this report is therefore to present the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's control environment and the findings of the review of the effectiveness of the Council's internal audit.

2.0 RECOMMENDATIONS: That the Board notes:

- (1) Internal Audit's opinion on the Council's control environment; and**
- (2) The findings of the review of the effectiveness of internal audit.**

3.0 SUPPORTING INFORMATION

Annual opinion on the Council's control environment

- 3.1 Internal audit work completed during the 2011/12 financial year was carried out in accordance with the Internal Audit plan, which was approved by the Business Efficiency Board on 9 March 2011. The plan was constructed in such a way to allow Internal Audit to form an overall opinion on the Council's risk management, control and governance processes.
- 3.2 In providing an overall opinion on the Council's system of internal control, it should be noted that assurance can never be absolute. Internal Audit can only provide reasonable assurance that there are no major weaknesses in the areas reviewed. In arriving at an opinion, consideration is given to:
- The findings from the audit work undertaken during the year;
 - The amount of audit work undertaken in the year compared with work planned;
 - The results of follow up action in respect of previous audit work;
 - Whether or not any significant recommendations have not been accepted by management and the consequent risks;
 - The extent to which resource constraints prevent Internal Audit from providing assurance over all key risks faced by the Council.

Internal Audit's Opinion on the Council's Control Environment

Internal Audit is required to form an opinion on the adequacy and effectiveness of the Council's internal control environment, which includes consideration of any significant risk or governance issues and control failures that have been identified. Although a number of high priority issues have been reported by Internal Audit during the course of the 2011/12 financial year, the actions that management has agreed to take in response to those findings will, if implemented satisfactorily, resolve them in an appropriate manner. Internal Audit is therefore of the opinion that the Council continues to maintain an effective control environment.

There are no outstanding significant control issues identified through the work of Internal Audit that require disclosure in the Council's 2011/12 Annual Governance Statement.

Basis for the opinion

- 3.3 The 2011/12 Internal Audit Plan was approved by the Business Efficiency Board on 9 March 2011. The plan comprises 1,260 audit days based on an establishment of 6.52 FTE auditors.

- 3.4 By year end, Internal Audit had delivered 1,150 audit days (91.3% of the total planned days for the year). The shortfall in the number of audit days delivered was a result of a staffing vacancy arising during the year.
- 3.5 The reduction in available resources was managed by prioritising audit coverage and some planned work being deferred until the 2012/13 financial year.
- 3.6 This level of audit coverage is considered sufficient to ensure that a confident, evidence-based opinion can be provided.
- 3.7 A summary of the audit reviews completed during the year is included in Appendix 1. Each audit area is graded according to the level of assurance that can be provided that objectives for the area reviewed are likely to be achieved. Three categories of assurance level are used: substantial, adequate and limited. Of the 51 audit reports finalised during the year:
- 19 areas received substantial assurance;
 - 31 areas received adequate assurance;
 - One area received limited assurance.
- 3.8 A summary of the 20 'follow up' audits completed in the year is included at Appendix 2. These reviews are undertaken to provide assurance that previously agreed audit recommendations are implemented. We found that:
- 10 areas had made substantial progress in implementing the recommendations agreed;
 - 10 area had made good progress in implementing the recommendations agreed;
 - There were no areas where progress in implementing the recommendations agreed had been unsatisfactory.

Review of the effectiveness of internal audit

- 3.9 The Accounts and Audit Regulations 2011 provide a requirement for local authorities to conduct a review of the effectiveness of its internal audit at least once each year and to report the findings of the review alongside the annual opinion on the system of internal control.
- 3.10 The Operational Director – Finance has reviewed the Council's internal audit arrangements and considers it to be effective and fit for purpose. The following evidence supports this conclusion:
- The Council has designated the Business Efficiency Board as its Audit Committee. The Audit Plan is approved by the Board and regular reviews of progress towards delivering the plan are presented to the Board during the year. The Board provides robust challenge on issues identified through the work of internal

audit and also seeks explanations from officers, when considered necessary, on risk and control issues.

- The Council's Internal Audit team has established quality assurance arrangements to ensure continued compliance with the CIPFA Code of Practice for Internal Audit in Local Government and the Council's audit methodology.
- The Council's internal audit arrangements comply with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations.
- All employees within the Internal Audit Division hold a recognised accountancy and / or internal audit qualification.
- The Council's external auditors continue to place reliance on internal audit in regards to work undertaken on the systems that compile the material disclosures for the statement of accounts.
- Internal Audit seeks feedback on the service it provides by issuing an 'Internal Audit Satisfaction Survey' at the end of each audit. The results of the 30 surveys returned in 2011/12 demonstrate that:
 - 80.0% of respondents were 'very satisfied' with the quality of service provided.
 - 20.0% of respondents stated that they were 'satisfied' with the quality of service provided.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

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

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

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 CIPFA defines Internal Audit as being 'an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives'.

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

6.0 RISK ANALYSIS

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

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None arising directly from this report.

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

Document	Place of Inspection	Contact
Internal Audit Plan 2011/12 Internal Audit reports	1 st Floor, Kingsway House, Kingsway, Widnes	Merv Murphy

Internal Audit reports issued in 2011/12

	Audit Area	Level of Assurance		
		Substantial	Adequate	Limited
	Council wide			
1.	Performance Reporting		✓	
	Children & Enterprise Directorate			
2.	Castlefields Village Square Contract	✓		
3.	Industrial Units		✓	
4.	Youth Offending Team		✓	
5.	Key Stage 4 – Pupil Referral Unit			✓
6.	Kerbside Waste Collection	✓		
7.	Upton All Saints CE Primary – New Build Contract		✓	
8.	Brookvale Children’s Centre		✓	
9.	Edinburgh Road Residential Home		✓	
10.	Children with Disabilities		✓	
11.	Property Maintenance		✓	
12.	The Grange School	✓		
13.	Adoption Service	✓		
14.	Hallwood Park Primary School		✓	
15.	Halton Lodge Primary School		✓	
16.	Runcorn All Saints Primary School	✓		
17.	Spinney Avenue Primary School		✓	
18.	Weston Primary School		✓	
19.	Local Bank Account Schools	✓		
	Communities Directorate			
20.	School Meals Service		✓	

	Audit Area	Level of Assurance		
		Substantial	Adequate	Limited
21.	Trading Standards		✓	
22.	High Cost Care Packages		✓	
23.	Civic Catering		✓	
24.	Community Safety Team	✓		
25.	Cemeteries & Crematorium		✓	
26.	Carers' Strategy		✓	
27.	Reablement		✓	
28.	Supporting People	✓		
	Policy & Resources Directorate			
29.	Main Accounting System – Journals (2010/11)	✓		
30.	Payment Card Industry Data Security Standard		✓	
31.	Imprest Accounts		✓	
32.	Purchase to Pay		✓	
33.	Payroll (2010/11)		✓	
34.	Capital Programme		✓	
35.	IT Business Continuity		✓	
36.	Corporate Credit Cards	✓		
37.	Agile working		✓	
38.	Teachers' Pay	✓		
39.	Social Care Financial Assessments		✓	
40.	Loans & Investments	✓		
41.	Mayor's Fund		✓	
42.	Corporate Complaints		✓	
43.	Housing Benefit & Council Tax Benefit	✓		
44.	Lync Telephony Project		✓	

	Audit Area	Level of Assurance		
		Substantial	Adequate	Limited
45.	ICT Incident Management	✓		
46.	Sundry Debtors	✓		
47.	Main Accounting System – Journals (2011/12)	✓		
48.	Council Tax	✓		
49.	NNDR	✓		
50.	Payroll (2011/12)	✓		
51.	Accounts Payable		✓	
	Total	19	31	1

Key

Assurance Rating	Explanation
● Limited	The control environment is in need of improvement. Weaknesses in the control systems may put the service or system’s business objectives at risk.
● Adequate	There is basically a sound system of controls. However, opportunities exist to enhance the control environment further.
● Substantial	There is a sound system of control designed to ensure the achievement of the service or system’s business objectives.

Internal Audit 'follow up' reviews - 2011/12

	Audit Area	Level of Assurance		
		Substantial	Adequate	Limited
	Council wide			
1.	Equality Impact Assessments		✓	
2.	Corporate Plan - Performance Monitoring		✓	
	Children & Enterprise Directorate			
3.	Adult Placement Service	✓		
4.	Westfield Primary School		✓	
5.	Attendance at Schools	✓		
6.	Victoria Road Primary School	✓		
7.	Westfield Primary School		✓	
8.	St Gerard's Primary School	✓		
9.	Youth Offending Team		✓	
	Communities Directorate			
10.	Community Warden Service		✓	
11.	School Meals		✓	
12.	Halton Stadium	✓		
13.	Client Finances - Halton Supported Housing Network		✓	
14.	Food, Health & Safety		✓	
15.	Supporting People	✓		
	Policy & Resources Directorate			
16.	Internet Site Security	✓		
17.	Acceptable Use Policy	✓		
18.	IT Procurement	✓		

	Audit Area	Level of Assurance		
		Substantial	Adequate	Limited
19.	Sundry Debtors		✓	
20.	Purchase to Pay (Creditors)	✓		
	Total	10	10	0

Key

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

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