

Public Document Pack



Business Efficiency Board

Wednesday, 25 February 2009 at 6.30
p.m.
Civic Suite, Town Hall, Runcorn

A handwritten signature in black ink, appearing to read 'David W R'.

Chief Executive

BOARD MEMBERSHIP

Councillor Dave Leadbetter (Chairman)	Labour
Councillor Martha Lloyd Jones (Vice-Chairman)	Labour
Councillor Diane Inch	Liberal Democrat
Councillor Eddie Jones	Labour
Councillor Alan Lowe	Labour
Councillor Peter Murray	Conservative
Councillor Ulfar Norddahl	Liberal Democrat
Councillor Shaun Osborne	Labour
Councillor Ged Philbin	Labour
Councillor Geoffrey Swift	Conservative
Councillor Philip Worrall	Liberal Democrat

Please contact Michelle Simpson on 0151 907 8300 Ext. 1126 or e-mail michelle.simpson@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 3 June 2009

**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.	
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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 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.</i>	
6. INTERNAL AUDIT PLAN - QUARTER 3	52 - 64

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: 25th February 2009

REPORTING OFFICER: Strategic Director - Corporate & Policy

SUBJECT: Flexible Framework on Sustainable Procurement

WARDS: N/A

1.0 PURPOSE OF THE REPORT

To outline the Government's plans for introducing the "Flexible Framework on Sustainable Procurement", and to identify the actions that should be taken to ensure Halton is able to meet their expectations of the role expected of local authorities.

The aim of the Framework is to ensure goods, services, works & utilities procured by the Council are designed, procured used managed and disposed of in an environmentally and socially responsible way. Action will be needed to further embed sustainability into the Council's procurement processes

Sustainable Procurement is defined as – **'A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits, not only to the procuring organisation, but also to society and the economy, whilst minimising damage to the environment'**.

2.0 RECOMMENDED: that

The Board recommends that the Council endorses the Sustainable Procurement Policy (Appendix 2) and approves the actions necessary to enable Halton to meet the challenge of the Flexible framework in that,

- Sustainable Procurement Champions are identified at both member and executive level
- Key Procurement Officers are identified and trained at senior level to act as mentors to other procurement staff in their directorates
- Progress on the Flexible Framework, be monitored by the Procurement & Commissioning Group and regular reports on progress be made to the Board.

3.0 SUPPORTING INFORMATION

Sustainable procurement takes into account the social, economic and environmental impact that such purchasing has on people and communities whilst still achieving value for money. It means improving the efficiency of public procurement while at the same time using public market power to bring about major environmental and social benefits locally and globally.

The Government expects local government, and indeed all public bodies to procure goods and services in a sustainable way. Within the UK Sustainable Development Strategy “Securing the Future” (2005) – Sustainable Consumption and Production was set as one of the priority areas for immediate action. The business led Sustainable Procurement Task Force was established to bring about change in public sector procurement practice. The Governments’ aim is for the UK to be a leader in sustainable procurement by 2010.

In March 2007, the Government published the “UK Government Sustainable Procurement Action Plan” detailing how it intends to take Sustainable Procurement forward in the public sector. Following consultation in the summer of 2007, the flexible framework, (see Appendix A) was published to enable local authorities to be benchmarked against how well we are addressing sustainability issues compared to other local authorities.

In addition, the Local Government Association (LGA) published its Commission report on Climate Change (December 2007) which recommended local authorities concentrate on sustainable procurement as a major means of cutting carbon levels, both within the organisation and in their areas. The new Local Government Performance Framework includes National Indicators 185, 186 and 188, which recognises local authorities role to lead on efforts to both reduce carbon dioxide emissions and consider climate change adaptation.

In 2005 the Government introduced the Sustainable Development Strategy (Securing the Future) to “lead by Example” when spending public money. The *Sustainable Procurement Task Force* was established in May 2005, and developed an action plan to bring about a step-change in sustainable public procurement, with the aim of being a leading EU nation on sustainable procurement by 2009. Whilst the Strategy was aimed at the government estate, it sets out a benchmark for all public authorities. Whilst these are soft targets for local government, it is likely that progress against this framework will be considered in assessments and reviews in the future. Halton should be working to meet the challenge

In 2007 the Taskforce agreed a National Sustainable Procurement Action Plan. This introduced The Flexible Framework on Sustainable Procurement, which sets out targets across 5 topic areas and to 5 levels. The Framework is reproduced under Appendix 1

The Levels are;

- 1 Foundation
- 2 Embed
- 3 Practice
- 4 Enhance
- 5 Lead

By April 2009 all public sector organisations are expected to reach level 3 (or above) of the flexible framework with leadership (level 5) in at least one area by

December 2009. To date, some of the requirements have partially been achieved.

In order to achieve the foundation level we must identify Sustainable Procurement Champions at member and executive level and, to identify the key officers with a role to play in sustainable procurement to focus attention on the Councils commitment to sustainability. A simple sustainable procurement policy has been prepared (see Appendix 2) and is recommended that this is endorsed for adoption by the council

It will be necessary to address initial training issues on sustainability with targeted refresher courses at appropriate intervals. The cost to commissioning external training will need to be met but it is not envisaged this will be a significant sum.

4.0 THE FLEXIBLE FRAMEWORK

The Topic Areas as identified by the framework are summarised below

4.1 People.

In terms of this topic in the Flexible Framework key staff should have advanced training on sustainable procurement principles with regular refresher training. Sustainability should be included in their appraisals, competencies, selection criteria and induction programme. If the Flexible framework is to be achieved it will be necessary to have a development plan for key procurers and ensure high levels of competence are maintained.

4.2 Policy Strategy & Communications.

These must be endorsed by the CEO, regularly reviewed and enhanced to recognize new technologies and linked to Environmental Management Systems and the Corporate Strategy.

4.3 Procurement Processes.

All key contracts must be assessed for sustainability risk and impact and improvement targets agreed with suppliers. A life cycle approach and analysis must be in place for key commodities and performance indicators agreed with suppliers with rewards or penalties based on achievements. Barriers to sustainable procurement must be removed.

4.4 Engaging Suppliers.

Suppliers will be targeted to promote continual sustainable improvement and attention to supply chain mapping. Key suppliers should be audited on sustainability and supply chain issues as part of the Contract Management process, with recognition of achievements. The Chief Executive Officer is expected to engage with suppliers to underline the vital role of sustainability as a factor in maintaining their supplier status.

4.5 Measurements & Results

Sustainability impacts and appraisals of procurement activity have been undertaken and high-risk impact areas managed. Results are measured and used to drive the sustainability strategy forward and to benchmark with Peer organizations. The council should ensure its achievements are publicised and its status used to demonstrate its commitment to the sustainability agenda.

5.0 WHERE ARE WE NOW

We have partially achieved The Foundation Level (level 1) and if the recommendations of this report are accepted and actioned we will be in a position to complete this level. Achievement of Level 2 will require sustainable procurement to link up to any wider Sustainable Development Strategy of the Council.

6.0 THE NEXT STEPS

The Procurement & Commissioning Group (P&C) will formulate a plan to map progress on the achievement of the Flexible Framework cross all Directorates, with the aim of reaching Level 3 by December 2009 and Level 5 by 2011 as per Government Targets. The P & C Group will require enthusiastic representatives from all key-procuring areas to play a major part in driving and achieving the requirements of the Framework

The initial steps will be

- Identify Member and Executive Officer Champions.
- Adopt the Sustainable Procurement Policy in Appendix 2
- Identify the Key Procurement Officers within each Directorate.
- Develop a key skills Audit & Training Plan for Procurement Officers
- Define an evidence base to ensure key procurement exercises have been planned incorporating sustainability impact & assessment considerations and monitoring.
- Use a key supplier spend analysis to identify any at risk suppliers to enable Contracting Officers to ensure high risk impact areas are effectively managed.

7.0 POLICY IMPLICATIONS

The Corporate Procurement Strategy and Policy will be revised and updated to include sustainable procurement ethics that are linked to the Community Strategy and Corporate Plan

8.0 OTHER IMPLICATIONS

Procurement is a cross cutting topic for all of the Councils Business. Procuring Officers will need to clearly demonstrate that they have considered sustainability issues in all aspects of their tenders.

9.0 RISK ANALYSIS

There is a reputational risk to the Council if it fails to deliver on the issue of sustainable procurement. The Audit Commission's Use of Resources Assessment from 2008 introduces KLOE that focus on commissioning and procuring supplies & services that deliver sustainable outcomes. In order to maintain our position Halton must continue to address increasing expectations in terms of sustainability.

10.0 EQUALITY AND DIVERSITY ISSUES

Sustainability is linked to the socio-economic and environmental facets of Equality & Diversity

Appendix 1

Sustainable Procurement Action Plan –(Annex C of the Flexible Framework)

<i>Flexible Framework</i>	Foundation	Embed	Practice	Enhance	Lead
	Level 1	Level 2	Level 3	Level 4	Level 5
People	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
Policy, Strategy & Communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations' EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.
Engaging Suppliers	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurements & Results	Key sustainability impacts of procurement activity have been identified.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

Appendix 2

Draft Sustainable Procurement Policy



Corporate & Policy Directorate

Sustainable Procurement Policy – October 2008

Halton Council recognises that it has a leadership role in advocating sustainable development, through its procurement of buildings goods works and services. Procurement decisions have a major social, economic and environmental impact both locally and globally now and for future generations.

The Council will aim to develop awareness and expertise in accordance with the Flexible Framework on Sustainable Procurement:

People

Educate train & encourage purchasing & procurement officers and commissioners to review their consumption of goods services, reduce usage and waste, and consider more environmentally friendly alternative products.

Communicate the sustainable procurement policy to all staff, suppliers, members & other stakeholders

Policy Strategy & Communications

Where appropriate the Council will determine whether a contract can be evaluated against sustainable criteria not just lowest cost, and communicate this to staff, suppliers and stakeholders.

Assess the environmental and corporate risks in the supply chain and seek suppliers who are able to commit to improving sustainable performance.

Use Purchase Spend Analysis to identify potential environmental impacts

Investigate opportunities for the re-cycling and reuse of materials where appropriate.

Work in partnership with other organisations such as buying consortia to improve sustainable procurement

Procurement Process

Promote best practice for sustainable procurement

Recognise appropriate environmental credentials through the tendering process and award of contracts

Where possible and practicable specify the use of environmentally friendly goods

Ensure specifications do not preclude suppliers from submitting environmentally friendly goods that will be fit for purpose

Engaging Suppliers

Ensure that low value and OJEU contract opportunities are made available via Council web sites and regional procurement portals

Address barriers for Small & Medium Enterprises, local suppliers and voluntary sector organisations to encourage them to bid for Council Business.

Ensure suppliers are aware of the Council's environmental and sustainable objectives

Work with key suppliers to extend sustainability improvements throughout the supply chain.

Measurements & Results

Comply with all relevant health & safety, diversity, disability and employment legislation

Work to attain the targets set out by the Sustainable Task Force and the National action Plan

REPORT TO: Business Efficiency Board

DATE: 25 February 2009

REPORTING OFFICER: Strategic Director – Corporate & Policy

SUBJECT: Business Efficiency Board – Role as Audit Committee

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To report on the activity of the Business Efficiency Board in regard to its role as the Council's Audit Committee and to recommend an amendment to its terms of reference to ensure that it is consistent with CIPFA guidance.

2.0 RECOMMENDATION: That

- 1) The Business Efficiency Board notes its role and activities as an Audit Committee;**
- 2) Approves the proposal to submit a revised terms of reference to Council as part of the annual review of the Constitution.**

3.0 SUPPORTING INFORMATION

Impact of the Business Efficiency Board (as an Audit Committee)

- 3.1 The Business Efficiency Board came into being in May 2006. Included within its remit is to act as the Council's Audit Committee.
- 3.2 Since it was formed, the Board has met regularly, i.e. on no less than six occasions each year. The Board has eleven members and is politically balanced. It is independent of the Council's executive and scrutiny functions in accordance with best practice. Meetings of the Board have always been well-attended.
- 3.3 Regular attendees at the Business Efficiency Board are the Strategic Director – Corporate & Policy and the Chief Internal Auditor. Other attendees have included the Operational Director – Financial Services, the Chief Executive, the Chief Accountant, the Operational Director – Policy & Performance and the appointed External Auditor.
- 3.4 In its role as the Council's Audit Committee, the Board has:

- Approved the draft abstract of accounts for submission to the External Auditor;
 - Received the External Auditor's Annual Governance Report;
 - Approved the Council's Annual Governance Statement (formerly the Statement on Internal Control);
 - Approved the Internal Audit Strategy and Annual Plan;
 - Received and approved Quarterly and Annual Reports from Internal Audit.
- 3.5 The Board has provided robust challenge across a range of internal and external audit reports and has sought explanations from officers, when considered necessary, on risk and control issues.
- 3.6 Members of the Board have identified a need for training on the Statement of Accounts, which will be delivered at the Board's meeting on 3 June 2009.

Core functions of an Audit Committee

- 3.7 CIPFA guidance on Audit Committees states that they should:
- Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
 - Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
 - Approve (but not direct) internal audit's strategy, plan and monitor performance.
 - Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
 - Receive the annual report of the head of internal audit.
 - Consider the reports of external audit and inspection agencies.
 - Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

- Review the financial statements, external auditors' opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 3.8 To bring the Business Efficiency Board's terms of reference into line with the CIPFA guidance, it is recommended that some minor amendments are made to its responsibilities. Specifically, this includes making more explicit the Board's responsibilities in respect of:
- Risk management;
 - Counter fraud & corruption;
 - Receiving reports from External Audit and inspection agencies.
- 3.9 A revised terms of reference is attached at Appendix A, with the significant changes highlighted in bold.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

- 4.1 Although legislation does not require local authorities to have an audit committee, a council is required 'to ensure that its financial management is adequate and effective and that it has a sound system of internal control that facilitates the effective exercise of its functions'. Furthermore, section 151 of the Local Government Act 1972 requires a council to 'make arrangements for the proper administration of its financial affairs'. A council's audit committee therefore has an important role in supporting and challenging these arrangements.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 The Business Efficiency Board, as the Council's Audit Committee, is part of the framework that provides assurance that the Council's financial stewardship and governance arrangements provide for the economic, efficient and effective use of the resources. It therefore supports the achievement of all the priorities listed below:
- Children and Young People in Halton
 - Employment, Learning and Skills in Halton
 - A Healthy Halton
 - A Safer Halton
 - Halton's Urban Renewal
 - Corporate Effectiveness and Efficient Service Delivery

6.0 RISK ANALYSIS

6.1 This report is for information purposes only. However, 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. It also enhances public trust and confidence in the financial governance of an authority.

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

Document	Place of Inspection	Contact
Audit Committees – Practical Guidance for Local Authorities (CIPFA)	6 th Floor, Municipal Building, Kingsway, Widnes	Mervyn Murphy

Business Efficiency Board – Revised Terms of Reference**Efficiency and Improvement**

1. To draw up an Efficiency Strategy for the Authority ensuring that it meets its statutory requirements for securing Best Value and complies with the requirements placed upon it in relation to reporting efficiency gains.
2. To draw up and oversee a programme of reviews aimed at securing continuous improvement in the efficiency and effectiveness of Council services.
3. To promote partnership working and collaboration with other public and private bodies where that supports the Council's Efficiency Strategy.
4. To monitor the Council's performance against the Efficiency Strategy, particularly in relation to the identification and realisation of efficiency gains.
5. To ensure the Council has processes in place to benchmark its activities and to learn from best practice to ensure continuous improvement in its performance.
6. To monitor the implementation of the Council's Procurement Strategy.
7. To oversee the Council's preparations for any organisational assessment process.

Audit

8. To approve, but not direct, internal audit's strategy, plan and monitor performance.
9. To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
10. To consider the annual report of the Chief Internal Auditor.
11. **To consider the external auditor's annual letter and relevant reports.**
12. **To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.**

Accounts

13. To review and approve the annual statement of accounts.

14. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Governance

15. To consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.
16. **To be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.**
17. To review and approve the Annual Governance Statement.

Risk Management

18. **To review the adequacy of arrangements for identifying and managing the Council's business risks, including the Council's Risk Management Policy and its implementation.**
19. **To review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements.**
20. **To receive and consider regular reports on the risk environment and associated management action.**

Anti-Fraud and Corruption arrangements

21. **To monitor and review the adequacy of the Council's anti-fraud & corruption policies and arrangements.**

REPORT TO: Business Efficiency Board

DATE: 25 February 2009

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: Internal Audit Strategy & Plan - 2009/10

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to enable the Business Efficiency Board to consider and endorse the proposed Internal Audit Strategy and Audit Plan for 2009/10.

2.0 RECOMMENDATION:

That the Business Efficiency Board is recommended to endorse the proposed Internal Audit Strategy & Plan for 2009/10.

3.0 SUPPORTING INFORMATION

Audit Strategy

- 3.1 The Audit Strategy is a high level statement of how the Internal Audit Service is to be delivered and developed and how it links to the organisation's objectives and priorities. The production of an Internal Audit Strategy is a specific requirement of the CIPFA 'Code of Practice for Internal Audit in Local Government in the United Kingdom' (the Code).
- 3.2 The Audit Strategy is reviewed annually as part of the departmental service planning and audit planning processes.

Audit Plan

- 3.3 In order to comply with the Code, Internal Audit is also required to produce a programme of work (the Audit Plan) which outlines the likely areas of activity for the coming year.
- 3.4 The draft Audit Strategy and 2009/10 Audit Plan are attached to this report. This document provides a summary of how Internal Audit resources are to be utilised during the year.

4.0 POLICY IMPLICATIONS

- 4.1 Internal Audit takes account of the Council's corporate priorities and plans as part of the audit planning process.

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 An effective Internal Audit service helps to protect public funds and the Council's assets. It also 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.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 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'.
- 6.2 Internal Audit therefore supports the Council in achieving the aims and objectives set out in the Sustainable Community Strategy and the Council's Corporate Plan and takes account of the priorities listed below:
- Children and Young People in Halton
 - Employment, Learning and Skills in Halton
 - A Healthy Halton
 - A Safer Halton
 - Halton's Urban Renewal
 - Corporate Effectiveness and Efficient Service Delivery

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

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

CIPFA Code of Practice for Internal Audit in Local Government in the UK
-2006

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INTERNAL AUDIT STRATEGY & PLAN

2009/10

1.0 Introduction

- 1.1 Internal audit is an appraisal function within an organisation. Our professional responsibilities as internal auditors are set out in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 1.2 The Internal Audit Strategy is a high-level statement setting out how we will deliver and develop the internal audit service and how it links to the Council's objectives and priorities. The strategy provides details of:
- Internal Audit's objectives and desired outcomes;
 - The scope of our work;
 - How we plan our work;
 - How we deliver the internal audit service;
 - How we report on our work.
- 1.3 The Audit Plan is one of the products of the Audit Strategy. It sets out our proposed programme of work for the coming financial year (2009/10).

2.0 Internal Audit – Objectives & Outcomes

Objectives

- 2.1 We aim to deliver an internal audit service that:
- a) Provides assurance to management and the Business Efficiency Board on the adequacy, or otherwise, of the Council's systems of internal control (including risk management and governance arrangements).
 - b) Provides assurance to the Business Efficiency Board, Chief Executive and Leader of the Council in support of the Council's Annual Governance Statement.
 - c) Promotes the efficient use of the Council's resources by making recommendations to management to take remedial action to address:
 - Deficiencies in the systems of internal control; and
 - Instances of duplicated functions, wastage and inefficiency.
 - d) Provides advice on audit related matters, including suspected fraud or corruption.
 - e) Provides advice on risk and control issues, particularly in regard to systems development.
 - f) Works with the Council's external auditor, and other review bodies as necessary, to provide an efficient and effective approach to audit and inspection.
 - g) Complies with best practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

2.0 Internal Audit – Objectives & Outcomes

Outcomes

- 2.2 In providing the internal audit service to the Council, we aim to achieve the following outcomes:
- a) Delivery of a robust, evidence-based annual opinion on the Council’s control environment.
 - b) Improvements to the Council’s systems of internal control achieved through the implementation of audit recommendations.
 - c) Efficiency gains achieved through the removal of redundant controls, wastage and inefficient working practices.
 - d) Improved awareness of the Council’s financial procedural rules, codes of conduct and anti-fraud and corruption arrangements.
 - e) External audit reliance on the work we undertake on the systems that provide material figures in the financial statements.
 - f) Positive comments from the external auditor on the system of internal control element of the ‘Use of Resources’ assessment.
 - g) Customers that value the internal audit service received.

3.0 Scope of Internal Audit

- 3.1 The scope of internal audit is set out in Standing Orders relating to Finance (section 6.2.5):
- ‘The Chief Internal Auditor shall provide a continuous internal audit. The scope of Internal Audit's remit shall extend to the entire control environment of the Council’.**
- 3.2 The entire control environment of the Council comprises all its operations, resources, services and responsibilities for other bodies. It also includes the arrangements established to protect the interests of the Council in its dealings with partnerships in which the Council has an interest.
- 3.3 Management is responsible for establishing and maintaining adequate control systems. 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.
- 3.4 Whilst it is not the role or responsibility of Internal Audit to detect fraud, we consider the risk of fraud in each audit assignment.

4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Requirements of the CIPFA Code of Practice</u></p> <p>a) The scope of work to encompass the whole of the internal control environment of the Council.</p> <p>b) Work to be undertaken in a risk-based manner.</p> <p>c) Sufficient audit work to be completed to allow the Head of Internal Audit to provide an annual overall opinion on the control environment.</p>	<p>We provide annual audit coverage across all Directorates examining the management of financial and non-financial risks. Coverage also extends to corporate systems, cross-cutting issues and partnership arrangements.</p> <p>We carry out an annual review of the Council's Corporate and Directorate risk registers, which helps inform our annual programme of work.</p> <p>We also undertake an annual audit needs assessment. This is done to identify the auditable areas that may significantly impact upon the achievement of the Council's objectives. We assign risk values to each area based upon cumulative our knowledge and experience, and use the results of this assessment to prioritise audit coverage.</p> <p>We determine the frequency by which areas will be audited according to their level of perceived risk. This ensures that key risk areas are looked at on a frequent basis.</p> <p>We monitor progress against the Audit Plan constantly throughout the year and present quarterly progress reports to the Business Efficiency Board. The Chief Internal Auditor has a professional responsibility to inform the Business Efficiency Board of any shortfall in resource availability that may jeopardise Internal Audit being able to provide an annual opinion on the control environment.</p>

4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Corporate Plan</u> The Sustainable Community Strategy and the Council's Corporate Plan sets out the vision and long-term priorities for Halton. The role of Internal Audit is to provide an independent and objective opinion to the Council on the control environment, by examining its effectiveness in achieving the organisation's objectives.</p>	<p>We review, and take account of, the objectives set out in the Sustainable Community Strategy, Corporate Plan and Departmental Service Plans in the planning of our work.</p>
<p><u>Annual Governance Statement</u> Internal Audit is 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.</p>	<p>We carry out an annual programme of work reviewing key elements of the Council's governance framework.</p>
<p><u>External Audit</u> The Audit Commission, as the Council's external auditors, will seek to place reliance on internal audit work on the main financial systems to provide assurance to support their opinion on the Council's financial statements for 2009/10.</p>	<p>We work closely with the Audit Commission to ensure optimum reliance can be placed on our work and that duplication of audit effort is avoided.</p> <p>We carry out annual audits on all the financial systems that provide material disclosures in the financial systems, regardless of comparative risk.</p> <p>We also undertake full system reviews of the Council's main financial systems on a cyclical basis.</p>

4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Significant local and national issues and risks</u> To ensure the best use of the audit resource, it is essential that Internal Audit takes account of any significant emerging local and national issues or risks in its planning processes.</p>	<p>We consult with key stakeholders to ensure that our work is planned taking account of new and emerging issues and risks. These include:</p> <ul style="list-style-type: none"> • The Chief Executive; • The Operational Director – Financial Services (who has overall responsibility for the financial administration of the Council); • All Strategic Directors; • The Chief Scrutiny Adviser.
<p><u>Schools</u> The Council has a significant number of schools that must be audited as individual entities due to each school having established its own governance and financial management arrangements.</p> <p>Additionally, all schools must achieve the Financial Management Standard in Schools (FMSiS) by March 2010. The Standard is then renewable every three years. Internal Audit has been accredited by the DCSF to undertake the external assessment for FMSiS. This will therefore require a third of the Council’s schools to be assessed on an annual basis.</p>	<p>Whilst we have generally adopted a risk-based approach to determining audit coverage, there are areas where a cyclical approach is still required. One such area is the audit of schools.</p> <p>We aim to ensure that all schools are visited within a four-year cycle. However, we visit schools operating their own bank accounts on a two-year cycle to reflect the increased risks associated with locally managed bank accounts.</p> <p>Where possible, we combine school audits 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.</p>

4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Information Management</u></p> <p>The information the Council holds is one of its biggest assets. As well as complying with legislation, it is essential that the Council uses this information efficiently and effectively to help deliver services.</p> <p>Recent data losses reported in the media have demonstrated the importance of information security. Other organisations have identified particular vulnerabilities around data transfer, portable data storage devices and staff and contractor access to data.</p> <p>In local government there is an impetus towards greater sharing of data which coincides with the overall efficiency and shared services agenda.</p> <p>Information Communications Technology (ICT) inevitably plays a key role in how the Council manages its information. The Council invests a significant amount of its resources, both revenue and capital, on maintaining and developing its ICT systems each year.</p>	<p>We liaise regularly with ICT management and undertake our own risk assessment of the Council's information management arrangements. Our approach is also informed through consultation with colleagues from other local authorities attending the Greater Manchester Computer Audit Group.</p> <p>In planning our work, we also take into consideration national and international guidelines and best practice guidance on specific information management issues.</p> <p>ICT audits can be complex and of a technical nature. The Internal Audit Division has two members of staff who have achieved a recognised computer audit qualification. Their expertise is supplemented by buying in external support from Salford City Council as required.</p>

4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Anti-Fraud & Corruption Arrangements</u></p> <p>The Council's Constitution includes a requirement for Internal Audit to be notified of all suspected or detected fraud, corruption or impropriety. On occasion, Internal Audit may be asked to go beyond the work needed to meet its assurance responsibilities and assist with the investigation of suspected fraud and corruption.</p> <p>The Audit Commission's National Fraud Initiative, known as the NFI, is a data matching exercise that has been run every two years since 1996. Under statutory powers, the Commission requires certain bodies, including local authorities, to provide data for inclusion in the exercise. At Halton, Internal Audit co-ordinates the Council's participation in NFI.</p> <p>The annual 'Use of Resources' assessment by the Audit Commission reviews the adequacy and effectiveness of the Council's counter fraud and corruption arrangements. In its guidance, the Audit Commission states that councils should be assessing their counter fraud and corruption arrangements against best practice.</p>	<p>Although managing the risk of fraud and corruption is the responsibility of management, we have an important role in helping to create an environment that minimises the risk of fraud and corruption.</p> <p>The approach we take to assist the Council in countering fraud and corruption includes:</p> <ul style="list-style-type: none"> • Reviewing and publicising the Council's anti-fraud and corruption arrangements; • Considering the risk of fraud and corruption in all audit assignments; • Co-ordinating the Council's involvement in the National Fraud Initiative; • Undertaking specific audit reviews on systems that are inherently susceptible to fraud and corruption; • Ensuring that the Audit Plan includes provision (in the form of a contingency) for us to undertake the investigation of suspected fraud or corruption, if requested to do so by management.

4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Procurement & Contracts</u> The Council has an annual multi-million pound capital programme and spends significant amounts of revenue expenditure on procuring goods and services. Due to the materiality of the expenditure, procurement is considered to be a high-risk area, which requires annual coverage by Internal Audit.</p>	<p>We carry out an annual assessment of the risks associated with the Council's current procurement activities and future plans. This is informed through our involvement in the Procurement and Commissioning Group and by maintaining a regular dialogue with project officers across the Council.</p> <p>We provide assurance over the Council's procurement arrangements by:</p> <ul style="list-style-type: none"> • Selecting a sample of forthcoming capital and/or revenue contracts each year and carrying out an audit of those contracts throughout their lifecycle, i.e. from pre-contract stage through to completion. • Reviewing the Council's spend analysis and undertaking specific reviews on areas of high expenditure that are not subject to existing corporate contracts. • Carrying out periodic audits across the Council to provide assurance that procurement activity is being undertaken in accordance with Procurement Standing Orders. • Undertaking a range of checks on contract final accounts before payment is made.

4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Income generation</u> Opportunities have arisen for Internal Audit to generate a small amount of external income through the provision of an internal audit service to Manchester Port Health Authority and by offering to undertake the external assessment for the Financial Management Standard in Schools (FMSiS) to the Council's schools.</p>	<p>Although we have not actively sought external work, we have taken on additional work where opportunities have arisen and we consider them to be beneficial.</p> <p>The provision of the internal audit service to Manchester Port Health Authority has a minimal impact on our resources, but it provides a training and development opportunity for staff by allowing them to gain experience of auditing a different type of organisation.</p> <p>The FMSiS assessments complement the audit work we already carry out in schools, in addition to helping to raise the standards of financial management in the Council's schools.</p>

5.0 Delivering the internal audit service

- 5.1 The internal audit service will be delivered almost entirely by our in-house internal audit team, which forms part of the Financial Services Division. However, in recognition of the need for expertise in certain technical ICT audits, we have an arrangement to buy in additional computer audit resources from Salford City Council if required.
- 5.2 We review resource requirements each year as part of the audit planning process and discuss them with the s151 officer throughout the course of the year.
- 5.3 Our Audit Plan for 2009/10 is based on a resource of 8.52 FTE employees. This represents a slight reduction in audit coverage to that planned in 2008/9, resulting from some restructuring within the division that resulted in one post being disestablished. We are currently carrying 1.48 FTE vacancies.
- 5.4 Our Internal Audit team comprises a range of qualified and part-qualified accountants and auditors, along with specialists in contract and computer audit. We use the Employee Development Review (EDR) system to help identify training needs for our staff. We are active participants in regional internal audit groups, which help us to keep abreast of developments affecting the profession and local government in general.
- 5.5 As our resources are not sufficient to provide assurance over all areas of Council activity, we adopt a risk-based approach to prioritise our coverage.

6.0 Reporting arrangements

Individual Audit Assignments

- 6.1 At the conclusion of each individual audit assignment, we issue a draft report to the appropriate manager within the Council. Once we have agreed the report and obtained management responses, we issue a final report 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.
- 6.2 In each report, we provide management with a clear assurance opinion on how effectively risks are being managed in the area reviewed. In determining the assurance rating for each audit, we give consideration to the number and priority of recommendations raised in the review. We use three categories of assurance rating:

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

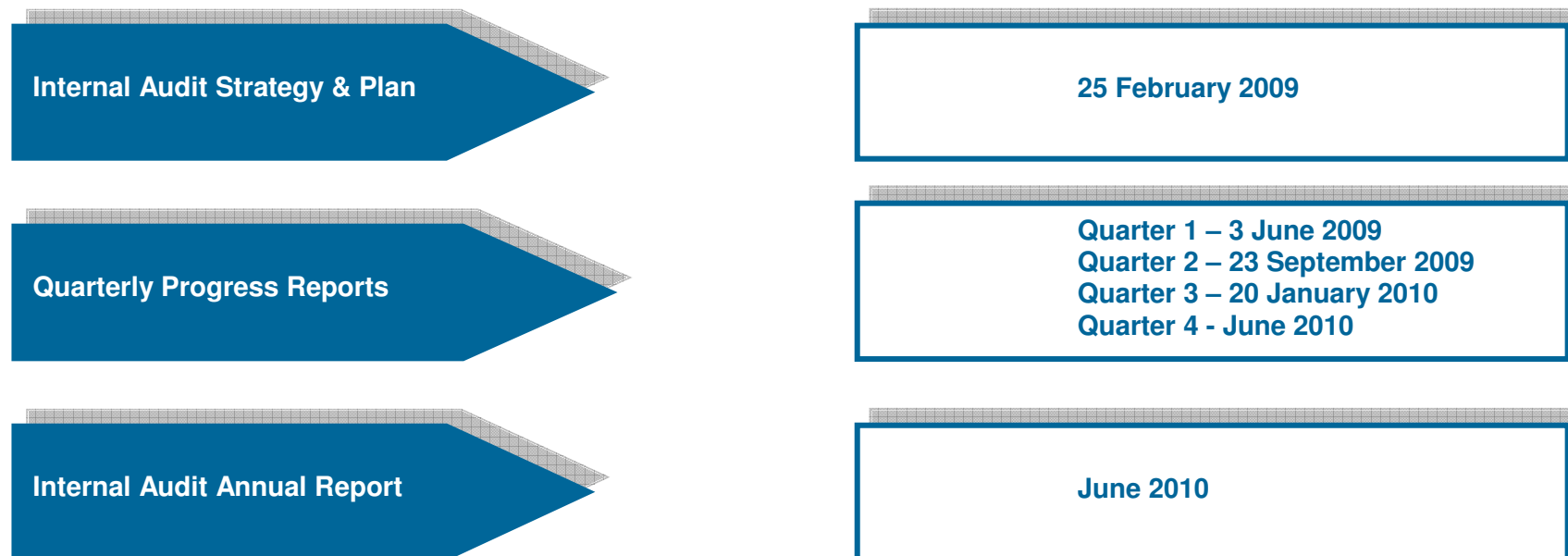
- * We take account of the assurance rating given in each audit report to form and evidence our overall opinion on the adequacy and effectiveness of the Council's control environment in our annual report.

6.0 Reporting arrangements

Reporting to the Business Efficiency Board

- 6.3 On a quarterly basis, we provide a Progress Report to the Business Efficiency Board detailing the key issues arising from our audit work and progress made against the Audit Plan. This report includes details of follow-up work undertaken to ensure that previously agreed audit recommendations have been implemented.
- 6.4 We also produce an Annual Report which provides assurance to the Board on the adequacy, or otherwise, of the Council's systems of internal control.

2009/10 Reporting timetable



7.0 Audit Plan 2009/10

- 7.1 We have designed the Audit Plan to provide sufficient coverage across the Council to enable us to deliver an overall opinion on the Council's risk management, control and governance arrangements. We have based the plan upon the estimated audit resource available, which reflects the existing staff numbers within Internal Audit.
- 7.2 We have applied professional judgement in assessing the level of resource required for each audit identified. In estimating the level of resource required, we take account of:
- The complexity of the system in place;
 - Factors such as number of locations, number of transactions or frequency of transactions;
 - Any assurance which can be brought forward from previous years' audits;
 - The type of audit undertaken.
- 7.3 The Audit Plan therefore represents the best estimate of the audit resource available and the way in which we will deploy that resource during the year.
- 7.4 We have included within the Audit Plan a contingency allocation, which we will utilise for unplanned and ad-hoc work that occurs during the year.
- 7.5 We will keep the Audit Plan under review throughout the year. We may need to make revisions to the plan to reflect changes to risks, priorities or resources. We will agree minor amendments to the plan with the Operational Director – Financial Services. However, we will report to the Business Efficiency Board any significant matters that jeopardise completion of the plan or require substantial changes to it.
- 7.6 We have presented the summary Audit Plan overleaf. The following pages provide a more detailed breakdown of the work planned in each area.

7.0 Audit Plan 2009/10

Summary Audit Plan

AREAS OF AUDIT ACTIVITY		Planned Days	
A.	<u>Corporate work</u> Corporate & strategic issues Governance arrangements Anti-fraud & corruption work	115 70 63	248
B.	<u>Support systems work</u> Main financial systems Procurement & contracts Information management systems	170 100 130	400
C.	<u>Operational systems work</u> Children & Young People systems Corporate & Policy systems Environment systems Health & Community systems	155 95 100 170	520
D.	<u>Other work</u> School audits Grant certification Advisory work Fee earning work	167 12 70 72	321
	Contingency		78
TOTAL DAYS			1567

7.0 Audit Plan 2009/10

A. Corporate work

CORPORATE & STRATEGIC ISSUES

Review area	Planned days	Rationale
Data Quality - Performance Monitoring reports	20	In response to an Audit Commission report on Data Quality, it was agreed that Internal Audit would carry out a review of the arrangements in place to ensure the quality of performance data reported to the Policy & Performance Boards.
Widnes Waterfront Scheme	25	Management of major projects is recorded as being one of the Council's key corporate risks. This audit will therefore examine the project and financial management arrangements relating to the Widnes Waterfront Scheme programme.
National Indicators	30	A programme of work is carried out annually reviewing a sample of national indicators to provide assurance that robust data collection systems are in operation and that reported performance data is accurate.
Carbon Management	20	The Council signed up to the Local Authority Carbon Management Programme in 2007/08. As part of the programme, the Council is developing plans to reduce energy bills and carbon emissions over the next five years. The audit will review how effectively the Council is managing the programme.
Healthy Halton	20	'Healthy Halton' is one of the Council's corporate priorities. This review will examine how the Council is monitoring and reporting on progress against the actions listed in the areas of focus relating to this objective.
Total	115	

7.0 Audit Plan 2009/10

GOVERNANCE ARRANGEMENTS

Review area	Planned days	Rationale
Constitution review	10	Internal Audit is involved in the annual review of the Council Constitution.
Annual Governance Statement	10	Internal Audit is involved in the process for preparing the Council's Annual Governance Statement.
Reporting to the Business Efficiency Board	10	Preparation of reports for, and attendance at, the Business Efficiency Board.
Corporate Complaints Procedure	10	The Corporate Complaints procedure is a key element of the Council's governance framework. This review will examine how effectively the Council responds to complaints received.
Governance of partnerships	20	Governance of the partnerships in which the Council is involved has been highlighted as a key corporate risk. It also forms part of the annual 'Use of Resources' assessment. This audit will therefore examine the progress that the Council has made in respect of strengthening the governance arrangements of its significant partnerships.
Monitoring compliance with the Acceptable Use Policy	10	The Acceptable Use Policy forms part of the Council's governance framework. This audit will examine the arrangements established to monitor compliance with the policy in practice.
Total	70	

7.0 Audit Plan 2009/10

ANTI-FRAUD & CORRUPTION WORK

Review area	Planned days	Rationale
Fraud awareness initiatives	15	This provision is made to allow Internal Audit to continue to undertake initiatives to raise awareness of fraud and corruption across the Council. This will include rolling out a fraud awareness e-learning tool.
Attendance at Greater Manchester Anti-Fraud & Corruption Group.	3	Halton has been co-opted onto a Greater Manchester Anti-Fraud & Corruption Group. This provides an opportunity to share and develop best practice with colleagues from other authorities.
National Fraud Initiative	25	Internal Audit co-ordinates the investigation of the data matching results from the National Fraud Initiative.
Proactive counter fraud work	20	Internal Audit undertakes an annual programme of proactive counter fraud work.
Total	63	

7.0 Audit Plan 2009/10

B. Support systems work

FINANCIAL SYSTEMS

Review area	Planned days	Rationale
Cash & Bank	10	To provide assurance on key financial systems to satisfy external audit requirements.
Creditors	10	
Debtors	10	
Main Accounting system – Accounting journals	5	
Fixed Assets	10	
Payroll	10	
Council Tax	10	
Business Rates (NNDR)	10	
Loans & Investments	10	
Housing Benefits	10	
NNDR – Collection, Recovery & Enforcement	20	Internal Audit carries out more detailed system reviews on each of the Council's main financial systems on a cyclical basis.
Council Tax – Collection, Recovery & Enforcement	20	
Sundry Debtors	20	
Cash collection arrangements	15	
Total	170	

7.0 Audit Plan 2009/10

PROCUREMENT & CONTRACTS

Review area	Planned days	Rationale
Review of contract final accounts	10	To provide an independent examination of contract final accounts in order to detect weaknesses, error or fraud in the contract system.
Upton All Saints CE Primary School – New Build	10	These are all new contracts of significant value that are due to commence in 2009/10.
Kingsway Health Centre refurbishment	10	
Bridge Maintenance Partnership	10	
Capital Programme – Monitoring Arrangements	10	This audit will examine the arrangements to monitor and report on progress and expenditure on capital schemes.
Building Schools for the Future (BSF)	20	The audit will focus on the governance and programme management arrangements established for BSF.
Agency staff contract	10	The audit will examine compliance with the Council's recently established corporate agency staff contract.
Waste management and recycling contract	10	Involvement of Internal Audit in this contract has been requested from the Head of Service - Waste Management.
Fire safety and security	10	Analysis of expenditure in 2007/8 showed that the Council spent over £900,000 on fire safety and security. This audit will examine how the Council co-ordinates this spend to achieve best value.
Total	100	

7.0 Audit Plan 2009/10

INFORMATION MANAGEMENT SYSTEMS

Review area	Planned days	Rationale
ContactPoint	10	ContactPoint is a database set up in response to an inquiry into the murder of Victoria Climbié in 2000 and it holds the names, addresses, dates of birth, identities of GP's and schools of all under 18s in England & Wales. Stringent security controls accompany the use of the database, including a requirement for enhanced Criminal Records Bureau clearance for deemed authorised users. One of the pre-requisites for supplying data to, or making use of, ContactPoint is that all Partner Organisations must be accredited. Internal audit is expected to have a role in the accreditation process.
IT Business continuity arrangements	15	The Council identified in its 2007/8 Annual Governance Statement that it needs to strengthen its IT Business Continuity arrangements. This audit will review the progress made.
ISO 27001/2	20	ISO 27001 is an information security management system (ISMS) standard published in October 2005. It is intended to be used in conjunction with ISO 27002, the Code of Practice for Information Security Management, which lists security control objectives and recommends a range of specific security controls. This review will involve a 'gap analysis' to identify what the Council must do to achieve the standard.
Disposal of IT equipment	15	The Waste Electrical and Electronic Equipment (WEEE) directive governs the disposal of waste electric and electronic equipment. This audit will review how the Council complies with this directive and ensures the safe disposal of redundant IT equipment.
Laptop security	15	There have been numerous examples of data losses reported in the media following the theft and / or loss of laptop PCs. This audit will review the arrangements that the Council has established to minimise the risk of personal data loss should laptop PCs be lost or stolen.
Network security	20	There has been considerable investment in the Council's network since the last audit in 2005.

7.0 Audit Plan 2009/10

Review area	Planned days	Rationale
Internet site security	15	External threats to the Council's website have become more sophisticated and the loss of the website would have a major impact on the Council's everyday business.
Information security in schools	20	The objective of this audit is to provide assurance that schools are complying with legislation in respect of the data held on pupils.
Total	130	

7.0 Audit Plan 2009/10

C. Operational systems work

CHILDREN & YOUNG PEOPLE

Review area	Planned days	Rationale
Home to school travel	20	Deferred from 2008/9.
Attendance at school	20	
Preventative services mini-trust	20	
CAMHS mini-trust	20	
Inter-authority recoupment	10	Recoupment is the cost the Council pays to other local authorities for providing placements for children with special educational needs. This is a significant area of spend that has not previously been audited.
Extended school provision	20	A number of school audit reports have highlighted an absence of control in regard to extended school provision, such as breakfast clubs and after school care.
Looked after children	20	The Council aims to improve outcomes for looked after children. This audit will review how the Council is managing the risks that may threaten the achievement of this objective.
Inglefield	10	Inglefield Children's Centre is a residential resource centre providing care services to children with disabilities. The Centre was last audited in November 2005.
Educational visits	15	Tameside MBC was recently prosecuted and fined after a child was seriously injured on an educational visit. We last examined the arrangements to ensure that educational visits are properly planned and supervised in July 2005.
Total	155	

7.0 Audit Plan 2009/10

CORPORATE & POLICY

Review area	Planned days	Rationale
Markets	20	Budgeted annual income for the markets is over £1,100,000. The markets service has not been audited since June 2005.
Concessionary travel	15	The Concessionary Bus Travel Act 2007 amended existing legislation and replaced local schemes with a new national scheme, with effect from 1 April 2008. The audit will examine how the Council has implemented and is managing the new scheme.
Organisational development	20	The Council's approach to workforce planning and development will be reviewed by the Audit Commission as part of the 'Use of Resources assessment in 2010. This audit will therefore help the Council prepare for that review.
Property Services – rental income	20	Property Services collect a significant amount of rental income. This audit will examine the arrangements in place to ensure the prompt identification and collection of income due.
Land charges	20	The Council budgets to collect approximately £500,000 of income in respect of land charges each year. This audit will examine income collection and reconciliation procedures and look at how the Council has responded to the Local Land Charges (Fees) Bill, which introduced new regulations on the setting of charges.
Total	95	

7.0 Audit Plan 2009/10

HEALTH & COMMUNITY

Review area	Planned days	Rationale
Carers' strategy	20	Deferred from 2008/9.
Community Safety Team	20	
Financial assessments / clients' contributions	20	
Mental health services	20	
Private sector housing grants	20	This area involves a significant amount of expenditure and is inherently susceptible to application fraud. It was last audited in October 2005.
Payments to care providers	20	A new system for making payments to care providers is to be introduced in 2009/10. This audit will review the operation of that system.
Halton Lifeline Community Warden Service	15	The service was last audited in June 2004.
Drug Action Team	20	This is a service that has not previously been audited.
The Brindley	15	The Brindley was last audited in April 2005 shortly after it opened. The net cost of operating the Brindley was budgeted at £1.1M in 2008/9.
Total	170	

7.0 Audit Plan 2009/10

ENVIRONMENT

Review area	Planned days	Rationale
Building Cleaning	20	Deferred from 2008/9.
Environmental Health	20	These areas have not been reviewed for a number of years.
Planning applications	20	
Highways & Footpaths	20	The Corporate Plan states that the Council aims to provide and maintain a highways and footpath network that is safe, accessible, and meets the needs and expectations of those living and working in or visiting Halton. The audit will therefore focus on how the Council is delivering this objective.
The Stadium	20	The Stadium features high on a risk-assessment due to the value of income and expenditure involved in its operation.
Total	100	

7.0 Audit Plan 2009/10

D. Other work

SCHOOL AUDITS

Review area	Planned days	Rationale
Nursery schools x 2	12	Schools are audited on a cyclical basis. There has been some slippage in the schools audit programme which we are intending to address this year.
Primary schools x 12	72	
Primary schools (operating local bank accounts) x 5	35	
Secondary schools x 4	32	
Special schools x 2	16	
Total	167	

7.0 Audit Plan 2009/10

CERTIFICATION / GRANT WORK

Review area	Planned days	Rationale
Local Public Service Agreement	10	Internal Audit is required to audit the remaining five LPSA targets in 2009/10.
Sports Development Grant	2	This annual grant is certified by internal audit.
Total	12	

7.0 Audit Plan 2009/10

ADVISORY WORK

Review area	Planned days	Rationale
Corporate Risk Management Group	5	Internal Audit is represented on each of these corporate groups.
Procurement & Commissioning Group	5	
Information Governance Group	5	
Carefirst 6 implementation	5	Internal audit has an advisory role on the implementation of the Carefirst 6 system.
Individualised budgets	20	<p>National policy and legislation is moving towards a model of health and social care based on service user choice, control, personalisation and flexibility. This new model will include the development of personal budgets and self-directed support.</p> <p>Internal Audit is represented on Halton's Transforming Adult Social Care Change Board and will be involved in the workstream developing financial systems to implement the new arrangements.</p>
Grants to voluntary organisations working party	5	A working party was set up to ensure the implementation of recommendations arising from a previous Internal audit report on grants to voluntary organisations.
'Use of Resources' assessment	5	Internal Audit contributes to the annual 'Use of Resources' assessment process.
Schools	20	Internal Audit provides ad-hoc advice to schools throughout the year and attends the School Liaison meetings.
Total	70	

7.0 Audit Plan 2009/10

FEE EARNING WORK

Review area	Planned days	Rationale
Financial Management Standard in Schools assessments x 23	69	This work generates income to the Council and provides developmental opportunities for Internal Audit staff.
Manchester Port Health Authority	3	
Total	72	

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

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