



Business Efficiency Board

**Wednesday, 24 July 2019 at 6.30 p.m.
Civic Suite, Town Hall, Runcorn**

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

Chief Executive

BOARD MEMBERSHIP

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

Please contact Angela Scott on 0151 511 8670 or e-mail angela.scott@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 25 September 2019

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

Part I

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1. MINUTES	1 - 4
2. DECLARATION OF INTEREST	
<p>Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.</p>	
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PART II

In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is **RECOMMENDED** that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.

9. INTERNAL AUDIT PROGRESS REPORT	110 - 219
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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.

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 27 March 2019 at the Civic Suite, Town Hall, Runcorn

Present: Councillors M. Lloyd Jones (Chair), M. Bradshaw, E. Cargill, A. Lowe, MacManus, McDermott, Joe Roberts and J. Stockton

Apologies for Absence: Councillors Wall and Philbin

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, M. Murphy and A. Scott

Also in attendance: Helen Stevenson and Mark Heap (External Auditors – Grant Thornton), and one member of the press

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

	<i>Action</i>
BEB19 MINUTES	
<p>The Minutes of the meeting held on 21 November 2018 were taken as read and signed as a correct record.</p>	
BEB20 EXTERNAL AUDIT PLAN 2018/19 YEAR END	
<p>The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which set out the 2018/19 year-end Audit Plan, presented by Grant Thornton.</p> <p>The Board was advised that the External Audit Plan was attached to the report and set out details of Grant Thornton's strategy and plan to deliver the 2018/19 audit of the Council's financial statements. It also provided details of their approach to the value for money conclusion.</p> <p>RESOLVED: That the contents of the External Audit Plan for 2018/19 year-end be noted.</p>	
BEB21 EXTERNAL AUDIT UPDATE REPORT	
<p>The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided an update from Grant Thornton (External Auditors)</p>	

regarding:

- Progress made in delivering their responsibilities as the Council's External Auditors; and
- A summary of emerging national issues and developments that could be relevant to the work of the Board.

Helen Stevenson, Engagement Manager and Mark Heap, Engagement Lead from Grant Thornton, attended the meeting to present the report and then dealt with Members' questions.

RESOLVED: That the report be noted.

BEB22 INTERNAL AUDIT PLAN – 2019/20

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which sought approval for the planned programme of audit work for 2019/20.

A risk based Audit Plan had been prepared, designed to enable internal audit to deliver an overall opinion on the Council's risk management and control and governance arrangements.

A copy of the draft Audit Plan for 2019/20 was attached as an appendix to the report and provided information on the role of internal audit and the factors taken into account in developing the plan. It was noted that performance against the Audit Plan would be kept under review throughout the year and quarterly progress reports provided to this Board.

It was reported that internal audit work was one of the key sources of assurance to the Chief Executive and the Leader of the Council, who were jointly required to sign the Annual Governance Statement.

RESOLVED: That the Board approves the proposed Internal Audit Plan for 2019/20.

Divisional
Manager, Audit,
Procurement and
Operational
Finance

BEB23 2017/18 HOUSING BENEFIT SUBSIDY CLAIM CERTIFICATION

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the 2017/18 housing benefit subsidy claim by the Council's External Auditor, Grant Thornton.

The Board was advised that the Council's External Auditor had completed their audit and certification for the 2017/18 housing benefit subsidy claim and that their findings were set out in the appendix, attached to the report.

It was noted that the appendix also contained details of the external audit fees charged for the work.

RESOLVED: That the audit and certification of the 2017/18 housing benefit subsidy claim, as outlined in the Appendix attached to the report, be noted.

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

The Board considered:

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

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

(N.B. Councillor John Stockton declared a Disclosable Other Interest in the following item of business as he was a Governor of Castleview Primary School)

BEB25 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which provided Members with a summary of internal audit work completed since the last progress report in November 2018. The report also highlighted matters relevant to the Board's responsibilities as the Council's Audit Committee.

It was noted that a total of 16 Internal Audit reports had been finalised since the last progress report. An overall assurance opinion was provided for each audit engagement. It was reported that there had been no follow-up audit reviews completed since the last progress report, with the main focus of activity being on completing as many reviews as possible from the 2018/19 Internal Audit Plan.

It was reported that the Public Sector Internal Audit Standards required that the Chief Executive deliver an annual internal audit opinion and report to inform the Council's governance statement. It was noted that Management had responded positively to all of the issues identified in the audits and that there were no outstanding matters from those audits that would have implications for the internal audit opinion.

RESOLVED: That the report be noted.

FUTURE TRAINING SESSIONS PRIOR TO BOARD MEETINGS

The Chair confirmed that training on Final Accounts would take place prior to the next Board meeting on 24 July 2019, starting at 5.30pm in the Civic Suite, Runcorn Town Hall.

Meeting ended at 7.21 p.m.

REPORT TO: Business Efficiency Board

DATE: 24 July 2019

REPORTING OFFICER: Operational Director - Finance

PORTFOLIO: Resources

SUBJECT: Fraud & Corruption Update Report

WARD (S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 Robust arrangements to prevent and detect fraud contribute to the maintenance of high standards of ethics and conduct in public life contributing to good governance. The annual report on fraud and corruption activity therefore forms one of the key sources of assurance supporting the Annual Governance Statement.
- 1.2 The Business Efficiency Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and anti-corruption arrangements. The purpose of this report is to provide the Board with information in respect of anti-fraud and corruption activity from 2018/19. The report also provides details of planned future activity and some proposed amendments to the Council's suite of anti-fraud related plans and policies.

2.0 RECOMMENDATION: That the Board

- (i) Considers the annual report on fraud and corruption activity;**
- (ii) Endorses the proposed updates to the suite of anti-fraud related plans and policies and recommends their adoption by the Council.**

3.0 SUPPORTING INFORMATION

- 3.1 This report provides:
- A summary of reported fraud and corruption activity from 2018/19;
 - Details of fraud investigation related information reported under the Transparency Code;
 - A summary of the whistleblowing complaints received;
 - An update on the National Fraud Initiative;
 - Details of ongoing and planned anti-fraud work;
 - Details of some minor proposed updates to the Council's suite of anti-fraud related plans and policies.

4.0 REPORTED FRAUD & CORRUPTION 2018/19

- 4.1 Nationally there are indications from numerous sources that fraudulent activity has and will continue to increase. It therefore remains important that the Council continues to maintain its vigilance in respect to the risk of fraud within the Council and from the wider community.
- 4.3 The levels of identified fraud in Halton have traditionally been low when compared to other local authorities of a similar size and profile. This is despite the fraud risks faced by the Council being largely the same as those faced by other authorities delivering the same services and functions.
- 4.4 The main areas of the Council's business that are susceptible to the risk of fraud and corruption are:
- Insurance claims
 - Procurement
 - Accounts payable
 - Council Tax – Single Person Discounts
 - Council Tax Reduction Scheme
 - Business Rates
 - Payroll & Pensions
 - Recruitment
 - Electoral fraud
 - School admission application fraud
 - Direct Payments
 - Adult Social Care – Financial Assessments
 - Financial abuse of vulnerable persons
 - Grants to individuals or organisations
 - Cash handling
 - Expenses
 - Blue badges and concessionary travel
- 4.5 The Council maintains a dedicated fraud investigation resource of 2.0 FTE Investigation Officers based in the Audit & Investigations Team. The Investigation Officers investigate all referrals of potential fraud received in addition to undertaking regular proactive fraud investigation work.
- 4.6 A summary of the outcomes from the fraud investigation work completed in 2018/19 is shown in the following table. Again it is pleasing to report that the levels of identified fraud remain low and broadly consistent to previous years:

Fraud Type	No.	Value (£000)	Outcome
Adult Social Care	1	£7,000	Financial abuse of a vulnerable adult – resulted in a prison sentence of eight months
Council Tax	24	£33,395	Council tax bills amended and sums owed being recovered
Employee	3	£24,126	School employee forging cheques and stealing cash – resulted in a ten month prison sentence.
		£510	Employee falsely claiming compassionate leave. Disciplinary investigation being completed.
		£1,013	Employee working whilst off sick. Disciplinary investigation being completed.
Concessionary Travel	3	N/A	Concessionary travel passes revoked
Direct Payments	1	£3,600	Feigned dementia to receive services from a number of public bodies. Three individuals pleaded guilty to numerous offences. (Please see 4.6 for further details).
Total	32	£69,644	

NB – Council Tax frauds include:

- Council Tax Reduction incorrectly claimed
- Single Person Discount incorrectly claimed
- Council Tax evasion

4.7 The number of identified frauds and attempted frauds in 2018/19 is slightly less than in 2017/18 when the total value was £85,538. It is however normal for the level of fraud to fluctuate year to year. In part, the reduction is due to the number of fraudulent Single Occupiers Discount claims continuing to fall. Since 2016 the Investigator Officers have worked with the Council Tax team to target this type of fraud and irregularity. This has proved very successful and resulted in significant reductions in the level of this type of fraud year on year.

4.8 In 2018/19 there was a slight spike in Council Tax fraud due to a single large fraud involving a real estate company and a letting agent. The fraud involved the creation of false tenancies with fictional tenants liable for Council tax on a number of properties. The intention of the fraud was to help the real estate company evade paying Council Tax on seven empty properties owned by them. The investigation resulted in the real estate company becoming liable for all the Council tax owed, which was over £22k. The investigation also resulted in 14 financial penalties, totalling £2,450, being issued for continual failure to supply information when requested.

- 4.9 The Investigation Officers also worked closely with the Department of Work and Pensions’ (DWP) Serious and Organised Crime team on a large fraud that has affected a number of organisations, including the Council. The total value of the fraud was approximately £750k, of which just £3,600 was fraud against the Council. The perpetrator of the fraud has been charged with 27 separate offences, including conspiracy, false representation and attempting to pervert the course of justice.
- 4.10 During the year use has been made of Fraud Sanction and Prosecution Policy, which was approved by the Board in November 2017. The policy allows the Council to impose a financial penalty where a person has supplied incorrect information, failed to notify the Council of a change of circumstances or failed to provide information when asked regarding their Council tax. It also allows the option to offer a financial penalty as an alternative to prosecution. To date 42 penalties have been issued totalling over £6k.
- 4.11 Details of the frauds / attempted frauds detected have been reported to CIPFA for the annual Fraud and Corruption Tracker, which is used to inform the national picture relating to fraud and corruption.

5.0 TRANSPARENCY CODE REPORTING REQUIREMENTS

5.1 The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements. The following table is a summary of these requirements together with the corresponding information on the Council’s fraud arrangements. This information is also published on the Council’s website.

Reporting requirement		HBC Arrangements
1.	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers.	Nil
2.	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	Two
3.	Number (absolute and FTE) of professionally accredited counter fraud specialists	Four
4.	Total amount spent by the authority on the investigation and prosecution of fraud	£76,888
5.	Total number of fraud cases investigated	83

6.0 WHISTLEBLOWING

- 6.1 The Council operates a Whistleblowing Policy (the Confidential Reporting Code) that allows employees, agency workers and contractors to raise any concerns confidentially through a variety of channels. All complaints received are assessed and further investigations undertaken where appropriate.
- 6.2 Three whistleblowing complaints were received during 2018/19, which is two fewer than in 2017/18. The following table summarises the nature of the complaints, the action taken and the outcome.

Allegation	Action taken	Outcome
Employees acted unprofessionally in delivery of services to vulnerable persons.	Disciplinary investigation	Investigation ongoing
An employee working for another employer whilst absent sick.	Disciplinary investigation	Investigation ongoing
Inappropriate recruitment and selection process within a school.	Disciplinary investigation	Investigation ongoing

- 6.3 The Council also operates a confidential reporting system through which members of the public can submit any concerns relating to fraud, misconduct or other issues. This is actively promoted through the Council's fraud awareness activities.
- 6.4 In 2018/19, 129 referrals were received which is a slight increase on the 114 referrals received last year. Although the number of referrals has slightly increased, the number of referrals received by the Council intended for the Department of Works and Pensions (DWP) has reduced by more than half. This reduction is believed to be due to improvements the Council has made to the online confidential reporting system. The system now provides advice to users on how to make reports regarding DWP benefits directly to the DWP.
- 6.5 A summary of the referrals is provided below:
- 18 referrals related to Housing Benefit / Disability Living Allowance / Universal Credit / Working Tax Credits. These were referred to the Single Fraud Investigation Service (SFIS) for investigation, operated by the DWP
 - 101 referrals related to Council Tax / Council Tax Reduction
 - Two referrals related to Trading Standards
 - Three referrals related to Blue Badges
 - Five referrals related to Business Rates

6.6 All referrals received are assessed and investigations undertaken where sufficient information is provided. The outcomes of these investigations have been included in the 2018/19 fraud figures provided earlier in this report.

7.0 NATIONAL FRAUD INITIATIVE

7.1 The National Fraud Initiative (NFI) is a sophisticated data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. NFI is now managed by the Cabinet Office having formerly been managed by the Audit Commission.

7.2 The Council is currently in the process of reviewing the data matches received from the 2018/19 NFI exercise and a Business Rates pilot run by the Cabinet Office. These matches relate to the following areas:

- Blue badges
- Creditors history
- Concessionary travel passes
- Creditors standing
- Council tax reduction scheme
- Housing benefit claimants (provided by the DWP)
- Market traders
- Personal budgets (direct payments)
- Personal alcohol licence
- Payroll
- Private residential care homes
- Taxi drivers
- Waiting lists
- Council Tax
- Electoral register
- Pensions
- Housing tenants
- Right to buy
- Students eligible for a loan (provided by SLC)
- Business rates

7.3 The total number of data matches received from the 2018/19 NFI is 3,924. The number of matches for the Business Rates pilot is 4,528. It is important to note that these matches only indicate that there is a possibility of fraud or error. Each match will be all assessed and investigated if there is an indication that fraud has been committed.

8.0 ONGOING ANTI-FRAUD WORK

8.1 In September 2018 we reported to this committee that an ongoing plan of work had been developed for the fraud team, which included:

- Developing and rolling out an anti-fraud campaign (Stamp Out Fraud);
- Delivering fraud awareness training to the social care teams;
- Presenting case studies of social care frauds to the CIPFA Northwest Fraud Group;
- Preparing and submitting the datasets for NFI 2018;

- Investigating the output from the pilot data matching exercise on Business Rates;
- Contributing to the work of the regional and national anti-fraud networks;
- Assessing and investigating all fraud referrals received.

8.2 All planned activities for 2018/19 have either been completed or commenced as planned. The Investigation Officers rolled out the 'Stamp Out Fraud' campaign, and developed fraud awareness training for social care teams. Training has also recently been delivered to the CIPFA Northwest Fraud Group relating to social care fraud. The NFI Data was submitted to the Cabinet Office. As previously mentioned, the matches from both the NFI and Business rates pilot are being reviewed and investigated. The team continues to contribute to the regional and national anti-fraud networks, as well as assessing and investigating all fraud referrals received.

8.3 A new electronic fraud management system has recently been introduced to aid in the investigation process, and help ensure the fraud investigators remain compliant with the Police and Criminal Evidence act.

8.4 On 29 April 2019, the Council commenced joint working with the DWP to investigate frauds jointly that involve DWP benefits and Council Tax relief. This new joint working enables the two organisations to share evidence, conduct joint interviews under caution and bring joint prosecutions via the Crown Prosecution Service. Joint working is completed on a case-by-case basis and, since the new arrangements started, four cases have been considered for joint working.

8.5 The ongoing plan of work for the upcoming year includes:

- Development of the functionality of the fraud management system to assist further in the delivery of fraud investigations;
- Continued development of the joint working arrangement with the DWP;
- Completion of an internal data matching exercise with the intention of identifying potential fraud;
- Completion of the review of the matches received from both the National Fraud Initiative and the Business Rates data-matching pilot;
- Continued promotion of the anti-fraud campaign ('Stamp Out Fraud');
- Responding to all fraud referrals received.

9.0 FRAUD RELATED POLICIES

9.1 The Council has a comprehensive suite of linked policies relating to fraud. These policies were last presented to the Business Efficiency Board for approval on the 27 November 2017. These policies have been reviewed and some minor changes are proposed.

- 9.2 The Fraud Response Plan forms part of the Council Constitution. An updated copy of the Plan is included at Appendix A. The Plan explains how concerns relating to potential fraud and corruption can be reported and how the Council will respond. The Plan has been updated to reflect the new joint working arrangements between the DWP's Single Fraud Investigation Services and the Council.
- 9.3 The Council's Fraud Sanction and Prosecution Policy is attached at Appendix C. This Policy sets out the Council's approach to utilising the range of sanctions available in order to deter fraud, bribery and any other associated offences. The Policy has been updated to reflect the updated Code for Crown Prosecutors 2018.
- 9.4 The Anti-Fraud, Bribery and Corruption Policy forms part of the Council Constitution. The policy sets out the Council's commitment to tackling fraud and corruption and explains the roles and responsibilities of various stakeholders. The policy has been reviewed and no changes are proposed. The policy is however attached at Appendix C for information.

10.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

- 10.1 The responsibilities of public sector entities in relation to the prevention and detection of fraud and error are set out in statute, standards and other guidance. Local authorities also have a statutory duty to make arrangements for the proper administration of their financial affairs.
- 10.2 There are no direct financial implications arising from this report.

11.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

11.1 Children and Young People in Halton

The maintenance of an effective framework to minimise the risk of fraud and corruption contributes to the achievement of all the Council's priorities.

11.2 Employment, Learning and Skills in Halton

See 11.1

11.3 A Healthy Halton

See 11.1

11.4 A Safer Halton

See 11.1

11.5 Halton's Urban Renewal

See 11.1

12.0 RISK ANALYSIS

The Council as a large organisation providing many services is at risk of loss due to fraud and corruption. The impact of fraud on the Council can have consequences that are serious and potentially far reaching. Financial loss is the obvious key risk but fraud and corruption can also undermine public confidence and cause significant damage reputation damage. In order to mitigate this risk the Council needs to maintain robust arrangements to prevent and detect fraud.

13.0 EQUALITY AND DIVERSITY ISSUES

None

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

None

Fraud Response Plan

1. Introduction

- 1.1 Halton Borough Council is committed to the highest possible standards of propriety and accountability in all its affairs. It is determined to develop a culture of honesty and opposition to fraud and corruption.
- 1.2 In line with this commitment, the Anti-Fraud, Bribery & Corruption Policy outlines the principles the Council is committed to in relation to preventing, reporting and managing fraud and corruption.
- 1.3 The Fraud Response Plan reinforces the Authority's approach by:
- Defining the types of activity that would require the implementation of this plan;
 - Setting out how employees or members of the public can voice their concerns about suspected fraud and corruption;
 - Outlining how the Council will deal with such complaints.
- 1.4 This Plan is one of a suite of documents that collectively constitute the policies of the Council in relation to anti-fraud and anti-corruption. The other key documents include:
- Anti-Fraud, Bribery & Corruption Policy
 - Local Code of Corporate Governance
 - Finance Standing Orders
 - Procurement Standing Orders
 - Member Code of Conduct
 - Employee Code of Conduct
 - Confidential Reporting Code (Whistleblowing Policy)
 - Fraud Sanction and Prosecution Policy

2. Defining Fraud and Corruption

- 2.1 The Fraud Response Plan is intended to be implemented where suspicions of fraud or corruption have been raised:

Fraud is defined as:

Acting dishonestly with the intention of making a personal gain or a gain for another, or inflicting a loss (or a risk of loss) on another; this includes but is not limited to:

- *Dishonestly making a false representation*
- *Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose*
- *Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.*

Corruption is defined as:

The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

2.2 Fraudulent or corrupt acts may therefore include:

Financial issues

Where individuals or organisations fraudulently obtain money or a financial gain from the Council, (e.g. insurance claims, Council Tax Single Person Discounts)

Asset issues

Where Council assets are misappropriated or used for personal use (e.g. theft of Council equipment, information or materials)

Accounting issues

Where employees falsify or alter accounting or other records (e.g. unauthorised amendment of financial records or timesheets)

Other issues

Activities undertaken by officers or elected members which may:

- Be unlawful;
- Contravene Standing Orders or Council policies,
- Fall below established standards or practices, or amount to improper conduct.

2.3 This is not an exhaustive list. Advice regarding the seriousness of any concerns can be obtained from the Divisional Manager – Audit, Procurement & Operational Finance.

3. Reporting suspected fraud and corruption

3.1 Any officer shall immediately report to the Divisional Manager – Audit, Procurement & Operational Finance, either directly or through line management, or via the Council's Confidential Reporting Code, any circumstances which suggest the possibility of financial irregularity or loss. The circumstances will be reviewed and the necessary action will be taken by way of investigation, report, sanction and recovery.

3.2 The Council's Confidential Reporting Code is intended to encourage and enable employees to raise serious concerns within the Council. This policy document makes it clear that concerns may be raised without fear of victimisation, subsequent discrimination or disadvantage. The policy applies to all employees and those contractors working for the Council on Council premises, e.g. agency staff, builders, drivers, consultants. It also covers suppliers and those providing services under a contract with the Council in their own premises, e.g. care homes.

3.3 The Council's Confidential Reporting Code provides details as to how concerns of fraud or corruption may be reported:

- Operational Director and Monitoring Officer (Legal and Democratic Services);
- Strategic Director – Enterprise, Community & Resources
- Divisional Manager – Audit, Procurement & Operational Finance

- Chair of the Standards Committee (who can be contacted by a letter addressed to the Chair of the Standards Committee and sent to the Municipal Building, Kingsway, Widnes, WA8 7QF).

4. Investigating suspected fraud and corruption

- 4.1 The Single Fraud Investigation Service of the DWP investigates and prosecutes Social Security welfare benefits and tax credit fraud. As a result, the Council will not complete any investigations of Housing Benefit fraud. The Council may complete joint investigations with the DWP. The decision to conduct any joint investigation will be made on a case-by-case basis and will be completed in compliance with the joint working arrangements agreed between the DWP and the Council.
- 4.2 For non-benefit related matters, the decision as to whether or not an investigation is warranted will be made by the Divisional Manager – Audit, Procurement and Operational Finance.
- 4.3 The action taken by the Council will depend on the nature of the concern. The matter raised may be investigated internally or referred directly to the Police.
- 4.4 All internal investigations will normally be led by the Audit and Investigations Team, and each case will be judged on its merit. The purposes of any investigation shall be to:
- Establish the facts of any suspected fraud in order to inform decisions regarding further action;
 - Clear innocent persons of any suspicion;
 - Enable the recovery of losses;
 - Assist with the prosecution and sanction of offenders;
 - Improve systems and controls to prevent and deter fraud and corruption in the future.
- 4.5 Investigations will be assigned to a lead officer who is suitably qualified and experienced. The officer will ensure that the investigation is conducted impartially and objectively, and will, as appropriate:
- Determine and plan the resources needed for the investigation;
 - Carry out the investigation in a timely manner ensuring that all allegations are properly investigated and reported on;
 - Comply with all relevant statutory requirements, codes of practice, and the ethical standards of relevant professional bodies;
 - Ensure that the identity of the person raising the concern is protected wherever possible;
 - Ensure that all evidence obtained is properly recorded and retained securely;

- Liaise as appropriate with the Operational Director (Legal and Democratic Services), Insurance Manager, the Police or other relevant agencies as required;
- Assist management in implementing the Council's disciplinary procedures;
- Advise and assist management in implementing improved procedures where necessary.

4.6 Where an investigation requires 'directed surveillance' or uses a 'covert human intelligence source', the investigating officer(s) must ensure that the investigation is undertaken in accordance with the Authority's RIPA policy. Any such surveillance may only be undertaken after the appropriate authorisation has been obtained by an officer with delegated powers under the policy.

4.7 At the conclusion of the investigation, the investigating officer(s) will produce a report setting out all of the facts relating to the case. The report shall be submitted to the Divisional Manager – Audit, Procurement and Operational Finance to determine how the matter should be progressed to a resolution. Dependent upon the circumstances of the case this decision may be taken in conjunction with the Strategic Director – Enterprise, Community & Resources, Operational Director (Legal and Democratic Services), Operational Director – Finance or the Chief Executive.

5. Recovery and Sanctions

5.1 Where an investigation indicates fraud or corruption, the Council will use the full range of sanctions available to it, including criminal prosecution, civil recovery, internal discipline and referral to other law enforcement agencies and professional bodies in order to deter fraud, bribery and any other associated offences.

5.2 The Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour. This may be in addition to any other recovery action or sanctions. Referral to the Police will not prohibit action under the disciplinary procedure.

6. Review of the Fraud Response Plan

The Fraud Response Plan will be reviewed and updated as required to reflect new legislative requirements, professional developments and any other relevant matters.

Fraud Sanction and Prosecution Policy**1. Policy Statement**

- 1.1 Halton Borough Council (the Council) will use the full range of sanctions available to it in order to deter fraud, bribery and any other associated offences. These sanctions may include criminal prosecution, civil recovery, internal discipline and referral to professional bodies. The Council will utilise its own Legal Services or agent solicitors and the Crown Prosecution Service to conduct prosecutions where appropriate. The Council will refer matters to the police and other law enforcement agencies or regulators where appropriate and support those agencies in bringing proceedings.

2. Introduction

- 2.1 The Council's Anti-Fraud, Bribery and Corruption Policy sets out the Council's aims and objectives with regard to tackling fraud and associated offences. The Council will seek the strongest possible sanction against any individual or organisation that defrauds, or seeks to defraud the Council. The use of sanctions will be governed by this policy and the principles of the policy shall apply equally to any fraud against the Council or against funds for which the Council has responsibility.

- 2.2 The objectives of this policy are:

- To ensure that the Council applies a full range of sanctions in a just and consistent manner;
- To ensure that sanctions are applied in an effective and cost efficient manner;
- To ensure that the sanction decision making process is stringent, robust and transparent.

- 2.3 This policy provides a framework to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the Council's Anti-Fraud, Bribery and Corruption Policy objectives, the individual circumstances of each person concerned and the overall impact of the sanction to both the individual and the community.

- 2.4 A range of sanctions are available to the Council. These include disciplinary action, civil recovery action, criminal proceedings and civil penalties. In appropriate cases the Council may take more than one form of action. For example, if an employee defrauds the Council, disciplinary action, prosecution and civil recovery action may all be taken.

- 2.5 When considering a case for prosecution it is generally accepted that there are two "tests" to be applied – the evidential test and the public interest test. These are currently set out in the Code for Crown Prosecutors 2018. The Evidential Stage test must be considered prior to the Public Interest Stage.

3. Evidential Stage Test

- 3.1 Investigators and prosecutors must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge. They must consider what the defence case may be, and how it is likely to affect the prospects of conviction. A case which does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be. The evidence must be acquired in a form which can be used by the court and be admissible and there must be enough evidence to form a realistic prospect of conviction.
- 3.2 In order to ensure that a “realistic prospect of conviction” exists, Investigation Officers will at all times ensure that investigations are conducted in accordance with all relevant legislation and Codes of Practice with regard to evidence gathering, interviewing and rules of disclosure.
- 3.3 The evidence gathered will be examined in the first instance by the investigator and their manager. When both are satisfied that sufficient evidence exists to successfully prosecute and that the Public Interest Stage is also satisfied the case file will be passed on to either the Council’s Legal Services, agent solicitors, or the Crown Prosecution Service. All prosecutors will then apply their own inspection of the evidence to ensure that both tests are met. Alternatively the case file may be passed to the police, other law enforcement agencies or regulators if appropriate.

4. Public Interest Test

- 4.1 A prosecution will usually take place unless the prosecutor is sure that public interest factors tending against prosecution outweigh those tending in favour. The more serious the offence or the offender’s record of criminal behaviour, the more likely it is that a prosecution will be required in the public interest. Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction as set out in the Code for Crown Prosecutors.

5. Sanctions Available

- 5.1 Legislation enables the Council to apply formal sanctions where appropriate these include:
- Imposing a financial penalty where a person has supplied incorrect information, failed to supply information requested or failed to notify the Council of a change of circumstances.
 - Offering a financial penalty as an alternative to a prosecution, or
 - Instigating prosecution proceedings.

The Council will only apply a formal sanction where permitted by certain legislation. Cases may however, be referred to the police or other law enforcement agencies for investigation. This may subsequently result in referral to the Crown Prosecution Service or other prosecutor.

5.2 **Penalty as Alternative to Prosecution**

5.2.1 A financial penalty can be offered as an alternative to prosecution. This will be offered usually in circumstances not deemed serious enough for prosecution and where the evidence indicates that:

- It was a first offence, or
- There was no planning involved, or
- There was no other person involved, and
- The person's circumstances and demeanour towards the offence indicates that a financial penalty would be the most appropriate action.

5.2.2 In these circumstances the Council may make an offer of a financial penalty as an alternative to prosecution in addition to requiring full repayment of the overpayment. However, there must be sufficient evidence to justify a prosecution. An individual does not have to admit an offence has been committed for a financial penalty to be offered as an alternative to prosecution. If a person refuses the offer of a financial penalty as an alternative to prosecution the case will be recommended for prosecution. The decision to issue a financial penalty as an alternative to prosecution, where permitted by certain legislation, will lay with the Divisional Manager – Audit, Procurement & Operational Finance.

5.3 **Financial penalty**

5.3.1 A financial penalty is a penalty that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects the amount of council tax support paid or council tax billed. An individual does not have to admit an offence has been committed for a Financial Penalty to be applied.

5.3.2 The decision to issue a financial penalty, where permitted by certain legislation, will lay with the Divisional Manager – Audit, Procurement & Operational Finance.

5.4 **Prosecution**

5.4.1 Prosecution proceedings will usually be instigated only after the evidential and public interest tests are satisfied as detailed in the Code for Crown Prosecutors.

5.4.2 Prosecution will be considered where:

- It was not a first offence, or
- The fraud has been deliberate and calculated, or
- The fraud had continued over a long period; or

- The person has failed to attend an interview under caution; or
- There were other persons involved in the fraud, or
- The person has declined the offer of a Financial Penalty or withdrawn agreement to pay a Financial Penalty.

5.4.3 The Council recognises that prosecution is a serious step to take and the decision to refer cases for prosecution will not be taken lightly. The ultimate decision on prosecution will be taken by the prosecuting body. In some cases this will be the Council, through the Council's Legal Services or agent solicitors, and in others the Crown Prosecution Service. The decision to refer cases to a prosecuting body will be taken by the Operational Director – Finance, the Strategic Director – Enterprise, Community and Resources or the Chief Executive.

5.5 Referrals to police, other law enforcement agencies or regulators

5.5.1 Referrals to police, other law enforcement agencies or regulators may occur in cases of staff fraud or the fraud is complex and/or of a serious nature. The decision to refer cases to the police or other agencies for investigation will be taken by the Operational Director – Finance, the Strategic Director – Enterprise, Community and Resources or the Chief Executive.

6. Publicity

6.1 It is the Council's intention to positively promote this policy as well as the outcome of any prosecutions, which will deter others from fraudulent activity.

7. Reporting and Review

7.1 An annual report on fraud and corruption matters will be produced for the Business Efficiency Board. This will provide a summary of actions taken under this Policy.

7.2 The Policy will be subject to periodic review and approval by the Business Efficiency Board, which is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption policies and arrangements.

Anti-Fraud, Bribery & Corruption Policy**1 Introduction**

1.1 Halton Borough Council (the Council), has a duty to ensure that it safeguards the public money for which it is responsible. The Council expects the highest standards of conduct and integrity from all that have dealings with it, including employees, elected members, contractors, volunteers and the public.

1.2 The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability so as to protect public safety and public money.

2 Policy Statement

2.1 The Council has a zero tolerance approach to fraud, bribery and corruption. This Policy outlines how the Council delivers an effective approach to managing the risk of fraud, bribery and corruption.

2.2 The aim of this Policy is to:

- Help prevent fraud, bribery and corruption;
- Promote early detection and ensure its effective investigation;
- Apply sanctions where appropriate and
- Ensure the recovery of any financial loss where possible.

3 Scope

3.1 The responsibility to control the risk of fraud, bribery and corruption occurring resides at all levels of the organisation.

3.2 This Policy applies to all employees and elected members. For the purpose of this Policy the term 'employee' refers to all full-time and part-time employees, temporary employees, agency workers, contractors and consultants.

3.3 This Policy should be read in conjunction with the Fraud Response Plan, Confidential Reporting Code (Whistleblowing Policy) and the Fraud Sanction and Prosecution Policy.

4 Definitions

4.1 The following definitions can be found at Appendix 1.

- Fraud
- Bribery
- Corruption
- Money Laundering

5 Aims & Objectives

5.1 In ensuring that necessary steps are taken to ensure that the public's assets and interests are protected, the Council will:

- Actively seek out instances of fraudulent and corrupt practices and pursue the perpetrators to the full extent of the law;
- Encourage people with concerns about potential fraud, bribery and corruption to inform the Council of their suspicions;
- Treat complaints of potential fraud, bribery and corruption positively, fairly and equitably;
- Regularly review its own procedures to ensure they offer effective protection of the Council's interests and reputation.

5.2 Delivery of these aims and objectives requires the establishment, communication and maintenance of:

- Top level commitment to prevent fraud, bribery and corruption;
- An anti-fraud, bribery and corruption culture;
- Supporting policies and strategies;
- Proportionate procedures to prevent fraud, bribery and corruption;
- Reporting and investigation arrangements;
- Access to information and publicity;
- Communication and awareness training.

6.0 CULTURE

6.1 The prevention and detection of fraud, bribery and corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Council's elected members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud, bribery or corruption may have occurred.

6.2 The Council will ensure that any allegations received, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner. The Council has a Confidential Reporting Code (Whistleblowing Policy) that sets out the approach to dealing with these types of allegation in more detail.

6.3 The Council will deal firmly with those who defraud or attempt to defraud the Council or who are corrupt, or where there has been financial malpractice. Any sanctions applied will be in compliance with the Council's Fraud Sanction and Prosecution Policy and or the Council's Disciplinary Policy.

6.4 When fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, management will ensure that appropriate improvements in systems of control are implemented in order to prevent a recurrence.

7 Responsibilities

- 7.1 All elected members, employees, consultants, contractors, service users and any other external partner organisations play a key role in the prevention and detection of fraud and corruption. They all have responsibility for ensuring they comply with the Council's policies, procedures and controls, which are intended to prevent and or identify fraud and corruption within the Council.
- 7.2 The Council expects all elected members, employees, consultants, contractors, service users and any other external and partner organisations to uphold the highest standards of integrity in their dealings for, and on behalf of the Council.
- 7.3 Key officers and service areas within the Council have specific responsibilities for the prevention, detection, and investigation of fraud and corruption. The responsibilities for the following officers and service areas can be found detailed at Appendix 2.

8. Reporting and Review

- 8.1 An annual report providing an update on fraud and corruption matters will be presented to the Business Efficiency Board, which is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption policies and arrangements.
- 8.2 This Policy forms part of the Council Constitution and is therefore subject to annual review. Any significant revisions will however be reviewed and endorsed by the Business Efficiency Board.

Definitions

Fraud

Fraud can be broadly described as acting dishonestly with the intention of making a personal gain or a gain for another, or inflicting a loss (or a risk of loss) on another; this includes but is not limited to:

- Dishonestly making a false representation
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Bribery

The Bribery Act 2010 defines bribery as ‘the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise’.

There are four key offences under the Bribery Act 2010:

- Offence of bribing another person
- Being bribed
- Bribery of foreign public officials
- Failure of commercial organisation to prevent bribery

Bribing another person; offences are committed where a person:

- Offers, promises or gives a financial, or other advantage to another person, and intends the advantage to induce a person to perform improperly a relevant function, or activity or to reward a person for the improper performance of such a function or activity or
- Offers, promises or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity

Being bribed; offences are committed where a person:

- Requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly
- Requests, agrees to receive or accepts a financial or other advantage and the request, agreement or acceptance itself constitutes the improper performance of the person of a relevant function or activity
- Requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity; or

- In anticipation of or in consequence of the person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly

Bribery of foreign public officials; offences are committed where a person:

- Intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business; or
- Offers, promises or gives any financial or other advantage to a foreign public official

Failure of commercial organisation to prevent bribery; a relevant commercial organisation is guilty of an offence:

- If a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such.

Corruption

Corruption can be defined as the misuse of public power for private gain, by those in positions of power, such as Council officers or elected members.

Corruption can incorporate many types of dishonest behaviours including offering, giving, soliciting or accepting of an inducement or reward, which may influence the action of any person, and misuse of public assets.

Money Laundering

Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for 'clean' money or other assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism. Money laundering takes many forms including:

- Handling the proceeds of crimes such as theft, fraud and tax evasion;
- Handling stolen goods;
- Being knowingly involved in any way with criminal or terrorist property;
- Entering into arrangements to facilitate laundering criminal or terrorist property.

The Council is required to ensure that effective anti-money laundering controls and monitoring are in place to prevent the Council from being used for money laundering.

Responsibilities

Chief Executive

The Chief Executive has overall responsibility for the operations and activities of the Council. This includes overall responsibility to ensure that the Council's arrangements in respect of fraud, bribery and corruption are adequate and effective.

Business Efficiency Board

The Business Efficiency Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud, bribery and corruption arrangements.

Strategic Directors

Strategic Directors will establish and maintain sound internal control systems, procedures and records within their areas of responsibility. The system of internal control should be designed to respond to and manage the whole range of risks which the Council faces, including minimising the scope for fraud, bribery and corruption.

Strategic Directors should immediately inform Internal Audit if they become aware of, or suspect, any matter that may indicate fraud, bribery or corruption.

Operational Director - Finance

The Operational Director of Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 to make sure that proper arrangements are made for the Council's affairs. As such, the Operational Director of Finance has the key role of ensuring that proper arrangements are in place in respect of fraud, bribery and corruption.

In accordance with the Accounts & Audit Regulations 2015, the Operational Director - Finance, as the Responsible Financial Officer, must determine the financial control system which includes measures to enable the prevention and detection of inaccuracies and fraud.

Divisional Manager - Audit, Procurement and Operational Finance

The Divisional Manager - Audit, Procurement and Operational Finance is delegated the role of Chief Audit Executive as defined in the Public Sector Internal Audit Standards. In accordance with this role, the post holder is responsible for reviewing how the Council manages fraud, bribery and corruption risks and ensuring that the potential for these to occur is evaluated.

The Divisional Manager - Audit, Procurement and Operational Finance is also responsible for establishing, maintaining, reviewing and monitoring the:

- Anti-Fraud, Bribery & Corruption Policy,
- Fraud, Bribery & Corruption Risk Assessment
- Fraud Response Plan
- Fraud Sanction and Prosecution Policy

The Divisional Manager - Audit, Procurement and Operational Finance will also advise the Business Efficiency Board on matters relating to fraud, bribery and corruption.

Investigations Team

The Investigations Team will liaise with the Single Fraud Investigation Service (SFIS), managed by the Department for Works & Pensions, and ensure that any Housing Benefit fraud is reported to SFIS for investigation.

The Investigations Team is responsible for ensuring investigations are conducted into suspected fraud or irregularity. They will liaise with Chief Officers, the Monitoring Officer, Human Resources, Legal Services, employees, other agencies and the Police as appropriate.

The Investigations Team will plan, co-ordinate and report on the Council's participation in the National Fraud Initiative.

Internal Audit

Internal Audit will assist in the detection and prevention of fraud, bribery and corruption by examining and evaluating the effectiveness of controls in line with the annual Internal Audit Plan.

Internal Audit will assist the Investigations Team in conducting investigations where appropriate.

Managers

Managers are responsible for assessing risks to their service area and ensuring that an adequate system of internal control is effectively maintained to mitigate all risks, including minimising the scope for fraud, bribery and corruption.

Managers are responsible for ensuring all employees in their service area adhere to this Policy and all associated policies and procedures and have undertaken all relevant training.

Managers have a responsibility to ensure that all suspected irregularity is reported to Internal Audit in a timely manner.

Employees and Elected Members

Employees and elected members are responsible for complying with this Policy and all associated policies and procedures, and for reporting any suspected irregularities, corruption and money laundering to an appropriate person as detailed in the Council's Confidential Reporting Code (Whistleblowing Policy).

REPORT TO:	Business Efficiency Board
DATE:	24 July 2019
REPORTING OFFICER:	Divisional Manager – Audit, Procurement & Operational Finance
PORTFOLIO:	Resources
SUBJECT:	Internal Audit Annual Report – 2018/19
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual audit opinion and report, which can be used to inform the Annual Governance Statement.
- 1.2 This report summarises the work of internal audit during 2018/19 and presents the Head of Internal Audit's opinion on the effectiveness of the Council's overall risk management, control and governance processes.

2.0 RECOMMENDATION: That the Board considers and approves the Internal Audit Annual report.

3.0 SUPPORTING INFORMATION

- 3.1 Internal Audit is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.
- 3.2 The Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) require the Head of Internal Audit to provide an opinion on the Council's risk management, control and governance processes and a written report to those charged with governance, timed to support the Annual Governance Statement.
- 3.3 In February 2018, the Business Efficiency Board considered and approved an internal audit plan for 2018/19. Some amendments to the plan were reported to, and agreed by, the Board during the course of the year.
- 3.4 The work for the year is now sufficiently complete to support the overall opinion on the Council's risk management, control and governance processes.
- 3.5 The overall opinion is included in the Internal Audit Annual Report (attached as a separate appendix). The opinion is supported by the

Internal Audit progress reports that the Board has received throughout the year.

- 3.4 The Annual Report includes details of the evidence base supporting the opinion in the form of summary details of the audit assignments and the 'follow-up' audit assignments completed in the year.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

- 4.1 Under Regulation 6 of the Accounts & Audit Regulations 2015, 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 There are no direct policy implications arising from this report. However, the Head of Internal Audit's opinion on the Council's risk management, control and governance processes is one of the key sources of assurance that supports the Council's Annual Governance Statement.
- 4.3 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 Children and Young People in Halton

Internal audit provides assurance over the Council's risk management, control and governance processes, which help to support the achievement of the aims and objectives set out in the Corporate Plan.

5.2 Employment, Learning and Skills in Halton

See 5.1

5.3 A Healthy Halton

See 5.1

5.4 A Safer Halton

See 5.1

5.5 Halton's Urban Renewal

See 5.1

6.0 RISK ANALYSIS

Internal Audit adopts a risk based approach to its work and provides assurance over the Council's key business risks. In the course of its work, internal audit raises issues which have risk implications for the Council. The regular internal audit progress reports to the Business

Efficiency Board summarise these issues and provides details of the actions agreed with management to mitigate any risks identified.

There are no direct risk implications arising from this report.

7.0 EQUALITY AND DIVERSITY ISSUES

None

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

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact</u>
Internal Audit Plan 2018/19	1 st Floor, Kingsway House,	Merv Murphy
Internal Audit reports	Kingsway, Widnes	
Public Sector Internal Audit Standards		
Local Government Application Note for the UK Public Sector Internal Audit Standards		



Internal Audit Annual Report

Business Efficiency Board - 24 July 2019

2018/19

Section One

Executive summary

1.1 Introduction

In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. This is achieved through delivering a risk-based plan of work (the Internal Audit Plan), which has been agreed with management and approved by the Business Efficiency Board.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. However, the Head of Internal Audit's opinion forms one of the sources of assurance that underpins the Council's Annual Governance Statement.

1.2 Overall assurance

In providing an opinion it should be noted that assurance can never be absolute. The work of internal audit can only provide reasonable assurance that there are no major weaknesses in the Council's risk management, control and governance processes.

The opinion provided is based on the work completed by internal audit and reported to the Business Efficiency Board. It must be noted that there may be weaknesses in the Council's systems of internal control that have not been identified if they did not form part of the programme of audit work completed or were excluded from the scope of individual internal audit assignments.

1.3 Opinion

In the opinion of the Head of Internal Audit, the Council continues to maintain adequate and effective risk management, control and governance processes.

There has been positive engagement with management in agreeing recommendations where weaknesses in the design or application of controls were identified. Action plans are in place to address all issues identified through the work of internal audit.

The results of the follow up audits completed provide assurance that the actions agreed in response to audit reports are actually implemented.

Section Two

Basis of the opinion

2.1 Planned coverage and output

Internal audit delivered 883 of the 1,060 planned days of audit work during 2018/19. The level of audit coverage achieved was less than originally planned for due to staffing resources being impacted by a combination of long term sickness absence and maternity leave.

To mitigate the reduction in staffing resource the Business Efficiency Board agreed to defer a number of reviews and include them in the 2019/20 Audit Plan. Some additional resource was also brought in from a neighbouring authority to assist with the completion of work on the key financial systems.

The audit work completed during the year is considered sufficient and wide-ranging enough to allow a confident and evidence-based annual audit opinion.

2.2 Summary of work supporting the opinion

The audit work undertaken that forms the basis of the opinion includes:

- Review of the Council's risk management arrangements;
- Assessment of the range of audit opinions arising from audit assignments that have been reported to the Business Efficiency Board throughout the year. This assessment has taken account of the relative materiality of each area audited.
- Assessment of management's responses to internal audit's recommendations and the progress made in addressing risks and issues identified through audit work.

2.3 Audit assignments completed

A full list of the audit assignments that have helped inform the opinion is provided in Appendix A. Each audit is graded in terms of how well risks were managed in the area under review. Three different assurance levels are used: substantial, adequate and limited. Definitions of the assurance levels are provided in Appendix C.

51 audit reports were finalised and reported to the Board:

- 43 audits resulted in substantial assurance opinions;
- 7 audits resulted in adequate assurance opinions;
- One audit resulted in a limited assurance opinion.

Section Two

Basis of the opinion

The only audit to result in a limited assurance opinion was the audit of The Stadium. Whilst that audit identified a number of significant issues that needed to be addressed, the issues were specific to the Stadium's operations. As such they are not considered to be sufficiently material to impact on the overall opinion on the entire Council's risk management, control and governance processes. The follow up audit on The Stadium also provides assurance that substantial progress has since been made in addressing the issues identified in the original audit.

2.4 Follow-up audit assignments completed

13 'follow-up' audit assignments were completed during the year and are listed in Appendix B. These audits examine the progress that management has made in implementing previously agreed audit recommendations. A revised assurance opinion is issued for each 'follow up' audit, which is informed by the extent to which the issues identified in the original audit report have been addressed. The opinions issued are summarised below:

- 11 audits resulted in substantial assurance opinions;
- Two audits resulted in an adequate assurance opinion.

2.5 Limitations placed on internal audit

During the year, there have been no matters arising which have impacted on the independence of the internal audit service and there have been no inappropriate scope or resource limitations on internal audit work.

As previously reported to the Board, the Head of Internal Audit also has managerial responsibility for a number of other finance functions. Arrangements to safeguard the independence of internal audit have been established and agreed by the Business Efficiency Board. These arrangements have operated effectively throughout the year.

During 2018/19, the following audits were completed on areas which are managed by the Head of Internal Audit:

- Prepaid Cards
- Agresso Income Manager
- Accounts Receivable

Terms of reference for each of these audits were agreed with the Operational Director – Finance who approved the scope of the audit. Similarly, the draft report for each audit was shared with the Operational Director – Finance at the same time as being presented to Head of Internal Audit for review. This ensured that there was no opportunity for the suppression of any audit findings.

Section Two

Basis of the opinion

2.6 Conformance with the Public Sector Internal Audit Standards

Under PSIAS, internal audit services are required to have an external quality assessment every five years. The Council's external assessment was completed during 2017/18 and the overall conclusion was that the Council's internal audit arrangements substantially conform to the standards. There were no departures from these arrangements in 2018/19.

Section Three

Quality Assurance and Improvement Programme

3.1 Quality Assurance

Internal Audit operates a Quality Assurance and Improvement Programme (QAIP) to ensure that it maintains consistently high standards. Key elements of the quality assurance arrangements are described below:

- The internal audit team is made up of appropriately trained and qualified staff with significant local government experience. The majority of the team are members of professional institutes and comply with ethical rules, technical standards and professional practice laid down by those bodies.
- Internal audit work is based upon a detailed risk-based audit plan, which is agreed in consultation with management and is approved by the Business Efficiency Board;
- Internal audit employs an audit methodology that is in accordance with professional standards;
- Terms of reference are developed with key stakeholders for each audit assignment which set out the agreed coverage;
- Robust management review is undertaken of all audit files and reports prior to issue;
- There is a system of regular reporting of progress against the plan to the Business Efficiency Board;
- All internal audit staff complete annual declarations confirming their compliance with the Code of Ethics;
- There is a commitment to the continuing professional development of all internal audit staff through a range of learning and development opportunities. These include professional training, on the job training, e-learning and attendance at relevant training events and workshops.

3.2 Feedback from audit clients

Internal Audit invites feedback on the quality of service provided by issuing a 'satisfaction questionnaire' at the end of each audit. 18 surveys were completed since the last Annual Report. The feedback received was universally positive and there were no common themes in the questionnaires returned that highlighted any particular areas for improvement.

A sample of comments received through the questionnaires is included below:

- *The internal audit was undertaken in a competent and professional manner.*

Section Three

Quality Assurance and Improvement Programme

- *Clear, precise, detailed analysis, great co-working between internal audit and the service. Good engagement on development of the Terms of Reference and understanding the key areas for enquiry.*
- *Quite happy with the process as it has given clarity in respect of areas to focus on.*
- *The auditor conducted the audit in a professional manner. She was keen to listen to our views and discuss processes that are in place in school. The auditor is a true professional. She did a thorough job at gathering all information. At the same time, she was very approachable and made the whole experience a positive and productive process.*
- *The auditor was supportive, knowledgeable and understood what was required and provided challenge.*
- *Very thorough piece of work. The auditor made some very helpful observations and recommendations which have been fully absorbed into the service area's work. It was very helpful to have the service examined by someone who was not familiar with the area and who could therefore ask intelligent questions but from a position of detachment.*
- *The auditor had a good understanding of the systems and processes involved, which made the audit process very simple and straightforward.*
- *Excellent support and challenge throughout the process.*
- *The auditor demonstrated a sound understanding of the system and our processes and we are happy with the time taken to complete the review.*
- *Thank you for your support and the 'working together' approach to improve system controls and delivery.*

3.2 Areas for development

Internal Audit's quality assurance arrangements have identified two areas that the team will be looking to develop further in 2019/20:

- One internal performance measure relates to the prompt reporting of audit work. During 2018/19 there were occasions when there were delays in issuing draft audit reports. These delays were sometimes unavoidable but it is recognised that a more robust system is required to ensure that management is kept informed about delays in reporting and that extensions to reporting deadlines are formally agreed and documented.
- Another internal performance measure relates to the completion of audits within budget. During 2018/19 there were a number of occasions when the budget for individual assignments was exceeded, sometimes significantly. This can happen for many

Section Three

Quality Assurance and Improvement Programme

reasons and is not necessarily a reflection on the performance of the internal audit team. However, overruns on audit assignments inevitably impact on the completion of other planned work and therefore need to be managed.

To address this issue a more formalised approach to agreeing extensions to budgets for individual assignments has been introduced. Where it is identified that additional time is required to complete an audit assignment the budget for the assignment will be revised and documented. The increase in budget will then be formally allocated from the contingency budget. Should the contingency budget be exhausted the remaining work for the year will be reprioritised and lower priority work may be deferred until the following year.

Appendix A

Summary of audit assignments

A summary of the audit assignments completed in the year is set out below showing the assurance ratings and the number and priority of recommendations made. The audits are grouped according to the Business Efficiency Board meeting at which they were presented:

21 November 2018

Assignment	Assurance Rating	Recommendations made		
		High	Medium	Low
1. Loans & Investments	Substantial	0	0	0
2. Cybersecurity	Substantial	0	3	0
3. Mental Health Services	Substantial	0	1	3
4. The Stadium	Limited	6	3	2
5. Troubled Families Grant Claim (July 2018)	Substantial	0	0	0
6. Troubled Families Grant Claim (October 2018)	Substantial	0	0	0
7. Bus Subsidy Ring-Fenced Revenue Grant Claim	Substantial	0	0	0
8. LGF Grant Claim Quarter One - Silver Jubilee Bridge	Substantial	0	0	0
9. LGF Grant Claim Quarter One - Silver Jubilee Bridge Variation Grant	Substantial	0	0	0
10. Key Route Network Grant – Quarter One	Substantial	0	0	0
11. Key Route Network Grant – Quarter Two	Substantial	0	0	0
12. LGF STEP Grant – Quarter One	Substantial	0	0	0
13. LGF STEP Grant – Quarter Two	Substantial	0	0	0
14. St. Bede's Infants School	Substantial	0	0	0
15. Simms Cross Primary School	Adequate	0	2	4
16. St. Bede's Juniors School	Substantial	0	1	4
17. Halton Lodge Primary School	Adequate	0	3	2
18. Prepaid Cards	Substantial	0	0	2

Appendix A

Summary of audit assignments

27 March 2019

	Assignment	Assurance Rating	Recommendations made		
			High	Medium	Low
19.	Highways	Substantial	0	0	2
20.	Agresso – Income Manager	Substantial	0	0	0
21.	Mersey Gateway – Financial Arrangements	Substantial	0	2	0
22.	Windmill Hill Primary School	Substantial	0	0	4
23.	St. Michael’s Catholic Primary School	Substantial	0	0	4
24.	Children’s Centres	Substantial	0	0	2
25.	The Bridge School	Substantial	0	1	6
26.	Halton Integrated Community Equipment Service	Adequate	1	2	2
27.	Kennelling Service	Substantial	0	1	1
28.	Castle View Primary School	Substantial	0	0	1
29.	Hillview Primary School	Substantial	0	0	0
30.	Key Route Network Grant – A557 – Q3 2018/19	Substantial	0	0	0
31.	Key Route Network Grant – Silver Jubilee Bridge - Q3 2018/19	Substantial	0	0	0
32.	Housing Benefit	Substantial	0	0	2
33.	Markets	Adequate	0	6	1
34.	Troubled Families – Grant Claim (February 2019)	Substantial	0	1	0

Appendix A

Summary of audit assignments

24 July 2019

Assignment		Assurance Rating	Recommendations made		
			High	Medium	Low
35.	Troubled Families Grant Claim (March 2019)	Substantial	0	0	0
36.	Plant, Machinery & Work Equipment	Substantial	0	0	1
37.	Payroll	Substantial	0	0	0
38.	Care Management (Adults) – Information Workflows	Adequate	1	1	2
39.	Foster Care	Substantial	0	0	4
40.	Residential Placements - Children	Adequate	1	1	3
41.	Adult Social Care - Debt Recovery	Adequate	1	2	1
42.	Accounts Receivable	Substantial	0	0	1
43.	Taxi Licensing	Substantial	0	0	2
44.	Business Rates	Substantial	0	0	0
45.	Troubled Families Grant Claim (May 2019)	Substantial	0	0	0
46.	Mersey Gateway - Employee Toll Reimbursement Scheme	Substantial	0	1	1
47.	Key Route Network Grant – Silver Jubilee Bridge - Q4 2018/19	Substantial	0	0	0
48.	Sustainable Transport Enhancement Package Grant – Q4 2018/19	Substantial	0	0	0
49.	Key Route Network Grant – A557 – Q4 2018/19	Substantial	0	0	0
50.	Local Growth Fund Grant - Silver Jubilee Bridge - Q4 2018/19	Substantial	0	0	0
51.	Risk Management	Substantial	0	1	0

Appendix B




Summary of follow-up audit assignments

The Public Sector Internal Audit Standards require the ‘chief audit executive’ to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This process involves internal audit carrying out work to determine the progress that management has made in implementing recommendations previously agreed. A follow-up audit report is then issued summarising the results of this work.

Each follow-up audit provides an overall assurance opinion, which is based on the extent to which the risks identified in the original audit have been addressed. The following table summarises the results of the follow-up assignments completed during the year:

Assignment		Assurance Rating	Status of agreed actions			
			Implemented	Ongoing	Outstanding	No longer relevant
21 November 2018						
1.	Brookfields School	Substantial	6	1	0	0
2.	Brookvale Primary School	Substantial	6	0	0	0
3.	Document Management	Substantial	4	0	0	0
4.	Weston Primary School	Substantial	14	0	0	1
5.	Care Financials	Substantial	2	1	0	1
6.	Deprivation of Liberty Safeguards	Substantial	7	0	0	0
7.	The Brindley	Substantial	4	3	0	0
24 July 2019						
8.	The Holy Spirit Catholic Primary School	Substantial	6	0	0	0
9.	Leisure Centres	Substantial	7	1	0	0
10.	Gypsy Traveller Sites	Substantial	7	1	0	0
11.	Property Insurance	Adequate	4	4	0	0
12.	Chesnut Lodge School	Substantial	6	0	0	0
13.	The Stadium	Adequate	7	4	0	0

Appendix C: Assurance Level Definitions

<i>Conclusions from Audit Findings</i>	<i>Assurance Level</i>
Improvements in procedures and controls are required to strengthen the management of risk(s) fundamental or material to the activities reviewed.	 Limited
In the main there are appropriate procedures and controls in place to mitigate the key risks to the activities reviewed. However, some opportunities were identified to improvement the management of some risks.	 Adequate
Effective procedures and controls in place to mitigate the key risks to the activities reviewed.	 Substantial

REPORT TO: Business Efficiency Board

DATE: 24 July 2019

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

SUBJECT: Draft Annual Governance Statement - 2018/19

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

Local authorities are required to produce an annual statement of corporate governance. This statement is a public document and is available on the Council's website.

This report presents the Council's draft 2018/19 Annual Governance Statement (AGS). It reflects changes to structures, governance procedures and policies since the 2017/18 AGS and also highlights the governance issues the Council is facing in the current financial year.

The format of the statement is consistent with the format used for the 2017/18 version and follows the 2016 best practice guidance issued by CIPFA / Society of Local Authority Chief Executives (SOLACE).

2.0 RECOMMENDATIONS:

The Board is asked to consider and approve the 2018/19 Annual Governance Statement subject to any changes or additions that Members feel appropriate.

3.0 SUPPORTING INFORMATION

- 3.1 The Delivering Good Governance in Local Government: Framework, published by the CIPFA / SOLACE, sets the standard for local authority governance in the UK. The Council's draft AGS for 2018/19 has been developed with reference to this guidance and is attached as an appendix to this report.
- 3.2 The AGS provides an overview of the governance framework in place for 2018/19 and up to the date the accounts are signed off by the Council's external auditor. A key aspect of the statement is the identification of any areas where the Council's governance arrangements need to be developed and to provide a commitment to addressing those issues.
- 3.3 The process followed in producing the AGS was the same as in previous years being led by a group of officers who have key roles in the maintenance and development of the Council's governance framework:
 - Strategic Director - Enterprise, Community & Resources

- Operational Director - Finance
- Operational Director - Legal & Democratic Services
- Divisional Manager - Audit, Procurement & Operational Finance

3.4 In producing the draft AGS consideration has been given to various sources of assurance over the Council's governance arrangements. Consideration has also been given to identifying any areas where these arrangements require further development.

3.5 The draft AGS was published on the Council's website alongside the Statement of Accounts and Narrative Report from 3 June to 12 July as required under the following legislation:

- The Local Audit and Accountability Act 2014
- The Accounts and Audit Regulations 2015
- The Local Audit (Public Access to Documents) Act 2017

3.6 The Council's Constitution delegates the responsibility to review and approve the AGS to the Business Efficiency Board. Once approved, the AGS is signed by the Council Leader and Chief Executive and is published on the Council's website.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

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

4.2 The powers and duties of the Business Efficiency Board include responsibility for considering the Council's corporate governance arrangements and agreeing necessary actions to ensure compliance with best practice. The AGS provides a commitment to address the governance challenges identified by the Council.

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

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

Good governance leads to good management, good performance and good stewardship of public money. It therefore enables the Council to implement its vision in accordance with its values and to engage effectively with its citizens and service users and ensure good outcomes for them.

5.2 Employment, Learning and Skills in Halton

See 5.1 above

5.3 A Healthy Halton

See 5.1 above

5.4 A Safer Halton

See 5.1 above

5.5 Halton's Urban Renewal

See 5.1 above

6.0 RISK ANALYSIS

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

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equalities Act 2010 and related statutes. Proper governance arrangements will ensure that equality and diversity issues are appropriately addressed.

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

Document	Place of Inspection	Contact
CIPFA / SOLACE – Delivering good governance in Local Government: Framework (2016)	Kingsway House, Widnes	Merv Murphy
CIPFA / SOLACE - Delivering good governance in Local Government: Guidance note for English authorities (2016)		

2018/19

HALTON BOROUGH COUNCIL - ANNUAL GOVERNANCE STATEMENT



What is Governance?

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

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

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

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

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

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

What is the Annual Governance Statement?

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

In this document the Council:

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

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

How has the Annual Governance Statement been prepared?

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

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

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

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

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

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

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

- **The Operational Director – Finance**

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

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

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

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

In preparing the annual governance statement the Council has:

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

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

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

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

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

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

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

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

Ensuring openness and comprehensive stakeholder engagement

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

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

SUPPORTING PRINCIPLES

- Defining outcomes
- Sustainable economic, social and environmental benefits

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

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

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

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

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

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

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

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

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

SUPPORTING PRINCIPLES

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

EXAMPLES OF HOW WE DID THIS IN 2018/19:

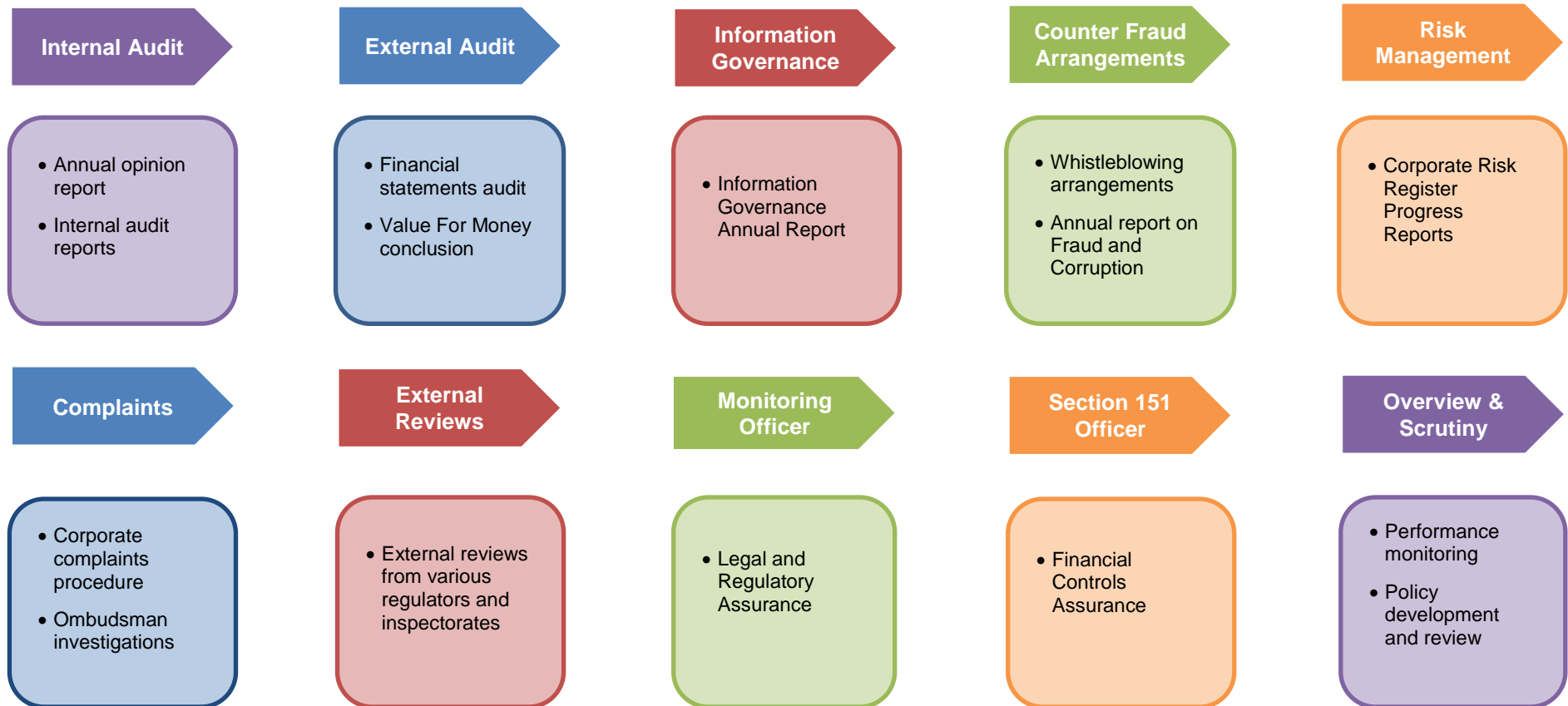
- The Council fully complies with the Local Government Transparency Code 2015 and publishes a wide range of information on its website. This includes details of meetings, minutes and agendas, policies and plans, the Council Constitution, the Statement of Accounts, details of members' allowances and expenses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

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

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

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

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



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

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

What the issue was:

Funding

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

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

What we did:

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

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

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

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

What the issue was:

Liverpool City Region Combined Authority

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

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

What we did:

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

What the issue was:

Local Code of Corporate Governance

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

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

What we did:

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

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

What are the governance issues for 2019/20?

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

Issue	Lead Officer	Timescale
<p><u>Funding</u></p> <p>The Council continues to face significant funding reductions whilst demand for Council services is increasing. Forecasting the Council's funding for 2020/21 onwards is extremely difficult. This is due to the uncertain impact of a number of national funding and other changes, including: 2019 Public Sector Spending Review, Local Government Fair Funding Review, 75% Business Rates Retention, Business Rates Baseline Reset, Social Care Green Paper and EU Exit.</p> <p>The Medium Term Financial Strategy forecasts that the Council will need to identify £12m of budget savings in order to set a balanced budget for 2020/21.</p> <p>The Council recognises that maintenance of effective governance arrangements is critically important in an era of financial pressures, increasing demand for services and rapid change. A key challenge for the Council is therefore to maintain both sufficient front-line and support service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2020/21 and beyond.</p>	<p>Strategic Director – Enterprise, Community & Resources</p>	<p>Ongoing</p>

Issue	Lead Officer	Timescale
<p><u>Peer Review</u></p> <p>The Council has invited the Local Government Association to undertake a Corporate Peer Challenge of the Council during 2019/20. This is a process that involves a small team of senior local government officers and councillors spending time at the Council as peers to provide challenge and share learning. The focus of the Peer Challenge is on improvement.</p> <p>The core components of the Peer Challenge will cover the Council's:</p> <ul style="list-style-type: none"> • Understanding of its local context and place and how that informs a clear vision and set of priorities; • Leadership through its elected members, officers and partnerships with external stakeholders; • Financial planning and viability; • Organisational leadership and governance; • Organisational capacity to deliver the Council's priorities; 	Chief Executive	September 2019

Issue	Lead Officer	Timescale
<p><u>Corporate Priorities</u></p> <p>The Council is reviewing both its Corporate Plan and priorities with support and challenge from the Local Government Association. It is doing this in the light of the financial challenges it continues to face. It will test whether its existing Corporate Plan is still fit for purpose and whether it still reflects the political priorities of the Council.</p>	David Parr – Chief Executive	March 2020
<p><u>Ward Boundary Review</u></p> <p>The Local Government Boundary Commission for England is in the process of finalising an Electoral Review of the Council. The review was triggered by the fact that the electorate in the Farnworth Ward in Widnes is 33% higher than the average electorate across each of the wards in the Borough. Significant divergence in the size of one ward from the average electorate in other wards of the Borough is one of the Commission’s criteria that triggers a review.</p> <p>The Council has formally responded to the Commission’s draft recommendations for revised ward boundaries. Once the report and recommendations are finalised the Council will be responsible for implementing any changes required. In practice this may result in changes to the boundaries and the names of some wards in the borough.</p> <p>A Parliamentary Order will be made in summer 2019 confirming the new changes and the first ‘all out’ elections will take place with the new warding arrangements in May 2020.</p>	Strategic Director – Enterprise, Community & Resources	May 2020

Certification

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

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

Signed on behalf of Halton Borough Council:

David Parr - Chief Executive

Rob Polhill - Leader of the Council

REPORT TO: Business Efficiency Board

DATE: 24 July 2019

REPORTING OFFICER: Strategic Director - Enterprise Community & Resources

PORTFOLIO: Resources

SUBJECT: Annual Review of Corporate Risk Register 2019/20

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To provide an annual review update for the risk control measures as identified in the Corporate Risk Register for 2019/20.

2.0 RECOMMENDATION: That the update of actions be noted.

3.0 SUPPORTING INFORMATION

3.1 The report contains an annual review of the measures in managing the corporate risks for this year and will be taken to the Business Efficiency Board in order to determine the adequacy of arrangements.

3.2 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance, this document being one of many processes and activities making a contribution to this management.

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

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

3.5 Together with consultation with internal stakeholders, Directorate Risk Registers are central to any reviews and updates of the Corporate Risk Register. This ensures that the council maximises its

opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton.

3.6 The Risk Control Measures have been reviewed and updated in line with current changes within the Authority and as proposed by managers and internal stakeholders.

3.7 The risks have been grouped in order of priority and the scores relate to 'Unmitigated Risk Scores' and then to 'Mitigated Risk Scores'. The review includes the introduction of a higher scoring risk matrix and the priority has been given to risks around people and the headings and scores in order are:

- i. European Union Exit (25:20)
- ii. Delivery of Services to Vulnerable Adults (20:16);
- iii. Safeguarding Children and Adults (25:20);
- iv. Cyber Risk (25:20)
- v. Data Security (25:15)
- vi. Capacity and Resilience (20:16);
- vii. Budget Reductions (25:20);
- viii. Keeping Halton Community Safe (15:12);
- ix. Changes to Government Arrangements (25:15);
- x. Mersey Gateway (15:10);
- xi. Community Expectations (20:12);
- xii. Partnerships (9:4);
- xiii. Fraud (16:6); and
- xiv. Funding and Income Generation (16:12) (20:16).

4.0 **POLICY IMPLICATIONS**

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

5.0 **FINANCIAL IMPLICATIONS**

5.1 There are no financial implications.

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

6.1 **Children & Young People in Halton**

There are no direct implications on the Council's 'Children & Young People in Halton' priority.

6.2 **Employment, Learning & Skills in Halton**

There are no direct implications on the Council's 'Employment, Learning & Skills in Halton' priority

6.3 **A Healthy Halton**

There are no direct implications on the Council's 'A Healthy Halton' priority

6.4 **A Safer Halton**

There are no direct implications on the Council's 'A Safer Halton' priority

6.5 **Halton's Urban Renewal**

There are no direct implications on the Council's 'Halton's Urban Renewal'.

7.0 **RISK ANALYSIS**

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

8.0 **EQUALITY AND DIVERSITY ISSUES**

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

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

None

Corporate Risk Register

Lead Strategic Director: **Ian Leivesley**

Risk Management Coordinator: **Lynn P Ramsden**

Initial Register Completion Date: **November 2011**

Register Review Date: **March 2019**

Progress update:

Appendix 'A' – Scoring Mechanism 28

EUROPEAN UNION EXIT

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1	Local, sub-regional and nationwide identified and unidentified risks	5	5	25	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Dedicated EU Exit working group dealing with arising issues on a bi-weekly basis • Dedicated EU Exit SharePoint area on Council Intranet holding all relevant information • As part of Cheshire Resillience Forum, the Authority takes part in the Strategic Co-ordination Group Tele Conferences on a fortnightly basis • Tactical Co-ordination Group teleconferences take place on a weekly basis • Risk Assessments are submitted via the Cheshire Resillience Forum to MHCLG (Ministry of Housing, Communities and Local Government) on a weekly basis 	5	5	20	6 monthly	Strategic Director Enterprise, Community & Resources (Ian Leivesley)

DELIVERY OF SERVICES TO VULNERABLE ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
2	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing i.e. increasing complex care needs, ageing population, reduction in available funding, recruitment and provider failure	4	5	20	A Healthy Halton / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Effectively allocating and using available finances and resources in the delivery of services • Integration of Health and Social Care with a view to improving the outcomes for people using the services • Transformation of provider markets so that responsive and sustainable markets in adult social care can be developed and supported • Delivery of prevention and early intervention to vulnerable adults • Effective use of alternative funding streams and community assets • Joint approach with Health to ensure efficient quality assurance 	4	4	16	6 monthly	Strategic Director - People (Milorad Vasic)

SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3	Failure to support and protect the safeguarding of children and adults could adversely impact on their health, safety and opportunity to reach their potential	5	5	25	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

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

<ul style="list-style-type: none"> Halton's Children's and Adult's Safeguarding Boards fully operational with appropriate resources and are operating within statutory guidance and towards identified priorities Representatives from the Children's and Adult's Safeguarding Boards to work in partnership through attending corresponding boards Children's and Adult's Safeguarding Board's to work with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding Services regularly audit Children's and Adult's cases for quality and consistency of practices Comprehensive suite of performance reports for Children's and Adults are reviewed at least monthly and compared with regional and national benchmarks 	5	4	20	6 monthly	Strategic Director - People (Milorad Vasic)
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<ul style="list-style-type: none"> • Progress reports for Children’s and Adults are taken to the Board and Members for their attention • In order to provide a multi-agency response to the needs of children at risk of or being sexually exploited, multi agency team initiated overseen by project board • Improving the health and wellbeing of children and adults through early intervention and treatment services delivered in house and externally via a range of providers and partners • Providing efficient safeguards to support vulnerable adults who lack capacity and require the support of the Deprivation of Liberty Safeguards and the Court of Protection • Support local care home providers to drive up the quality of care within their homes to ensure positive outcomes for vulnerable adults 					
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CYBER RISK

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
4	Risk of adverse business Impact as a result of the failure of key business systems brought about by cyber incidents	5	5	25	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Council adopts a range of activities to manage the risk of loss of services as a result of Cyber threats, which includes risk elimination, reduction, transfer and acceptance A dedicated service within ICT Services that has the responsibility of managing the cyber risk facing the Council Clear reporting lines to senior management allowing the risk to be managed Numerous Compliance regimes that provide the necessary assurance frameworks to demonstrate how the Council complies with industry standards Ongoing education and awareness programme for key staff 	5	4	20	6 monthly	All Strategic Directors

DATA SECURITY

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
5	Data Protection: Risk of breach of data by inadequate data handling and not adequately preventing and minimising security incidents, including ICT incidents, resulting in loss of data, unlawful sharing of data, reputational damage and significant financial penalties levied by the Information Commissioner's Office Failure to comply with information governance requirements, eg Data Protection Act (General Data Protection Regulation); Freedom of Information Act	5	5	25	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Policies and procedures for council staff including Data Protection • Policy and Information Governance Handbook. • Wide range of guidance about handling personal data available to council staff on the internal intranet site. • Mandatory training for council staff via E-Learning module Reporting to internal Information Governance Group, ICT Strategy Board and senior Management Team Reviews and internal audits. 	5	3	15	6 monthly	All Strategic Directors

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

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

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

BUDGET REDUCTIONS

Item	Identified risk	Impact ¹ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7	A significant reduction in the Council's funding from Government grant and/or locally raised business rates/council tax, leads to an inability to deliver the Council's key service priorities, especially those services essential for the support of the most vulnerable members of the community	5	5	25	Corporate Efficiency Effectiveness and

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Financial Planning is undertaken to compare available financial resources with spending requirements over the medium term (3 years), resulting in preparation of the Medium Term Financial Strategy which allows overall budget gaps to be identified at an early stage and appropriate plans put in place to tackle them Proposed developments regarding the future funding of Local Government nationally are monitored, to assess the potential impact for the Council and take account of this within the Medium Term Strategy. Responses will be submitted to the Government's consultations on "Fair Funding – a Review of Relative Needs and Resources" and "Business Rates Retention Reform" both individually and jointly with the LCR councils and Sigoma. The indications from Government regarding the development of the 2019 Spending Review will also be closely monitored 	5	4	20	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)

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

Item	Identified risk	Impact ⁱⁱ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8	A failure to monitor and appropriately manage the risks created by global, national and local events, and how these might impact on local community tensions, could potentially lead to a threat to security and have an adverse effect on the stability of Halton's communities.	5	3	15	A Healthy Halton / Environment and Regeneration / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Safer Halton Partnership (SHP) involves joint working, clear communications and information sharing across various partner agencies, including emergency services. The SHP works to ensure that there is community cohesion with safe and secure neighbourhood environments Multi agency Community Safety team that addresses anti-social behaviour and crime thus supporting the SHP agenda The Channel Panel is a multi-agency group which provides support for those who are vulnerable to be drawn into terrorism through a programme of early intervention and diversion Emergency Planning team have developed and tested Multi-Agency Response plans in place for all risks within the borough 	4	3	12	6 monthly	Chief Executive (David Parr)

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

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services	5	5	25	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton / Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Ensuring that both Members and officers from the Council plays an active role in the Combined Authority for the Liverpool City Region The potential impact on resources of schools moving to Academy status is being monitored termly through early engagement to gain an understanding of the level of risk 	5	3	15	6 monthly	Chief Executive (David Parr)

MERSEY GATEWAY

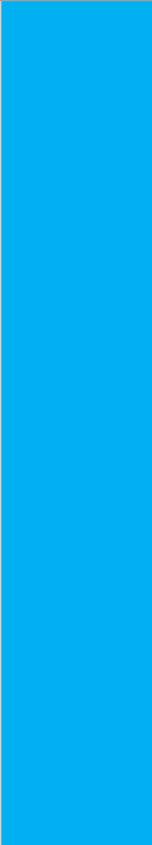
Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
10	Lack of effective management of and adherence to governance arrangements / contractual requirements or disrupted journeys could lead to increased project costs. In addition these could also lead to adverse publicity and reputational risks to the Council	5	3	15	Environment and Regeneration / Employment, Learning and Skills

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<u>Demand Management Participation Agreement (DMPA)</u> <ul style="list-style-type: none"> • Base line is realistic and achievable • Agreed contract is designed to incentivise an increase in volumes of traffic • Mersey Gateway Crossings Board has a role in managing the DMPA • Effective publicity around speed and reliability of bridge 	5	2	10	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)
<u>Tolling Risk</u> <ul style="list-style-type: none"> • In order to mitigate the risk of the project not delivering sufficient toll revenue each year to meet project costs, a liquidity reserve of £19m has been established jointly by the Department for Transport and Halton Borough Council (through borrowing funded from future toll 					

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

Conclusion of Construction Phase to Subsequent Operating Phase

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



COMMUNITY EXPECTATIONS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
11	Failure to effectively realise community expectations could lead to damage to the Authorities reputation and credibility resulting in negative views towards the transparency of the decision making process	5	4	20	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Consultation and community engagement embedded in the Council's constitution (local code of corporate governance) • Utilising recognised mediums to identify, communicate and coordinate community expectations and priorities. These include: <ul style="list-style-type: none"> Surveys; Customer analysis; On line services; Local and social media; Target consultation exercises for specific projects; Service user groups; Elected member surgeries; and Other meetings • Conducting Equality Impact Assessments with new and revised Policies 	4	3	12	6 monthly	All Strategic Directors

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

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
12	Ineffective and poorly governed partnerships with statutory and non-statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities.	3	3	9	A Healthy Halton / Employment Learning and Skills / Children and Young People / A Safer Halton / Environment and Regeneration

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Having efficient and effective arrangements with external partners through a shared strategic vision and action plans enables and influences partners to deliver at local levels • Maintaining financial probity with the pooled budgets, as appropriate, with partners through effective governance arrangements • Engagement with communities and partners on service priorities in order to identify and design alternative forms of delivery, as appropriate, maximising opportunities for joint working • Collaborating with partners to identify and address community issues 	2	2	4	6 monthly	Chief Executive (David Parr)

FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
13	Inadequate control systems lead to an increase in fraud and financial loss	4	4	16	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Business Efficiency Board monitors and reviews the adequacy of the Council’s anti-fraud and corruption policies and arrangements and has in place dedicated Fraud Investigation officers who focus on internal and external fraud <p>External</p> <ul style="list-style-type: none"> The Authority is an active participant in the National Fraud Initiative The Council runs regular fraud awareness campaigns encouraging members of the public and employees to raise any concerns about fraud and corruption The Council collaborates with other local authorities across the region and shares best practice in regard to tackling fraud and corruption <p>Internal</p> <p>The Council maintains an effective system of internal control, which includes:</p> <ul style="list-style-type: none"> Relevant policies and systems, e.g. Procurement Standing Orders, Finance Standing Orders, etc. 	3	2	6	6 monthly	Strategic Director – Enterprise, Community & Resources (Ian Leivesley)

<ul style="list-style-type: none"> • Rigorous pre-employment checks of new employees • Whistleblowing arrangements • Anti-Fraud, Bribery & Corruption Strategy • Fraud Response Plan • Fraud Sanction and Prosecution Policy • Fraud and bribery awareness training • A continuous internal audit of the Council's systems and services • Crime insurance policy in place to indemnify the Council against significant financial loss resulting from fraud 					
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FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
14	Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities	4	4	16	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Continuing to identify funding streams and income generating options through horizon scanning, alternative untapped funding opportunities and shared partnerships with 3rd sector, private sector, and other public sector bodies During the budget setting process Directorates identify and prioritise funding requirements biannually including ensuring that there are systems to capture and report when funding comes to an end Corporate External Funding Team reports to Executive Board and Management Team to highlight services the Team can offer and meets with Departments to identify funding requirements; regularly signposts Council services to specific funding streams Commercially focussed through establishing trading and income generation possibilities in order to protect and effectively use funds; pilot Charging Policy for bid-writing introduced September 2018 for 12 months 	3	4	12	6 monthly	All Strategic Directors

FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
14.1	<p>Uncertainty surrounding transition arrangements in respect of European Funding</p> <p>Lack of certainty regarding the length of European Programmes and Successor Funding through the 'Transformation and Prosperity Fund'</p>	4	5	20	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Work with Combined Authority to lobby Central Government for a fair and proper allocation of the 'Shared Prosperity Fund'. 	4	4	16	6 monthly	All Strategic Directors

Version Control Record

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

6.1		10.9.17	Progress Commentary	
7.0		01.4.18	Reviewed and updated	01.9.18
7.1		01.9.18	Progress Commentary	
8.0		01.4.19	Reviewed and updated	

Scoring Mechanism

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



I
M
P
A
C
T

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

LIKELIHOOD

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

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

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

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

REPORT TO: Business Efficiency Board

DATE: 24 July 2019

REPORTING OFFICER: Operational Director, Finance

PORTFOLIO: Resources

SUBJECT: 2018/19 Statement of Accounts Position Statement

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the latest position on the external audit of the Council's 2018/19 Statement of Accounts.

2.0 RECOMMENDED that;

(i) **The External Auditor's Position Statement report at Appendix A is noted.**

3.0 BACKGROUND

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

3.2 Legislation within the Accounts and Audit Regulations 2015 states authorities must after approving but not later than 31 July of the financial year to which the statement relates publish the statement of accounts together with any audit certificate or opinion.

3.3 Where an audit of accounts has not been concluded before the specified date, the authority must publish as soon as reasonably practicable on or after the date of 31 July 2019 a notice stating it has not been able to publish the Statement of Accounts and the reasons for this.

3.4 Due to a technical accounting issue with regard to the valuation on the Mersey Gateway Crossing the External Auditor will be unable to publish an audit certificate or opinion by 31 July 2019. Council Officers are working with the External Auditor to reach agreement on the issue, this is likely to result in restatement of the Council's 2017/18 Statement of Accounts.

3.5 At Appendix 1 there is a report from the External Auditor which gives further detail on the technical accounting issue together with an update on audit work completed to date and detail on the remaining scope of the audit.

3.6 It is planned the final audited Statement of Accounts will be reported to Business Efficiency Board on 25 September 2019. In accordance with the Accounts and Audit Regulations 2015 the Council will publish the final Statement of Accounts together with relevant audit certificate as soon as reasonably practicable following the certificate date.

3.7 The External Auditor will report on findings of the Value for Money conclusion at the same time as reporting on the final certificate for the Statement of Accounts.

4.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

4.1 Children and Young People in Halton

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

4.2 Employment, Learning and Skills in Halton

See 4.1

4.3 A Healthy Halton

See 4.1

4.4 A Safer Halton

See 4.1

4.5 Halton’s Urban Renewal

See 4.1

5.0 RISK ANALYSIS

The Accounts and Audit Regulations require that the Statement of Accounts is certified by the External Auditor and published by 31 July 2019 or as soon as is reasonable practicable thereafter.

6.0 EQUALITY AND DIVERSITY ISSUES

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

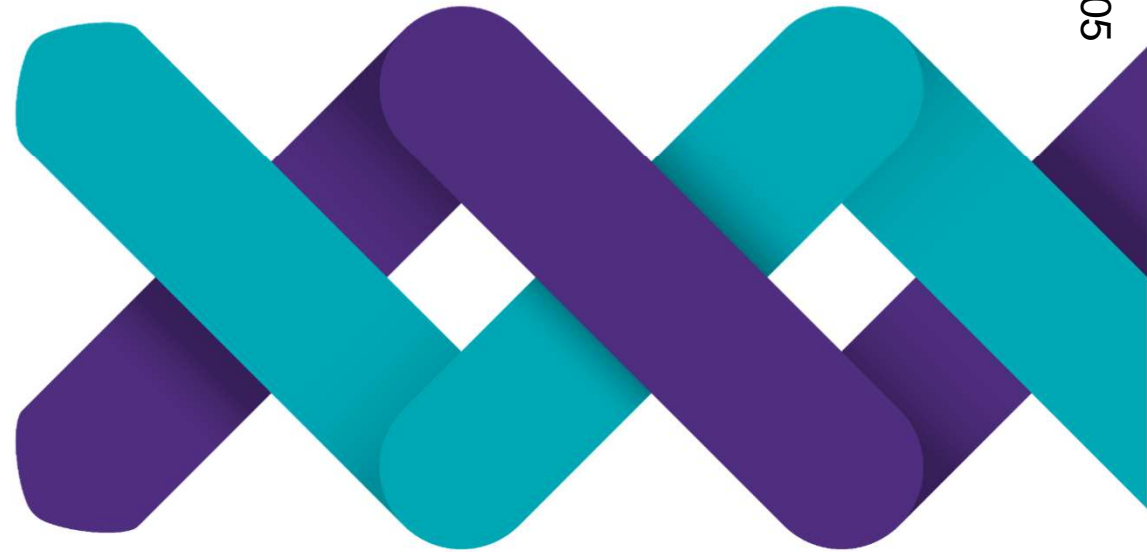
7.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

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

Audit Progress Report

Halton Borough Council
Year ending 31 March 2019

July 2019



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Progress at July 2019	4

Introduction

Mark Heap

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This paper provides the Business Efficiency Board with a report on progress in delivering our responsibilities as Halton Borough Council's 2018/19 external auditors.

Members of the Business Efficiency Board can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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Engagement Manager

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Progress at July 2019

Financial Statements Audit

Our audit is in progress. We have concluded our work in several areas, but there are other areas with outstanding queries that we are currently progressing. There are in particular two issues which are requiring further detailed audit work.

The Bridge – accounting arrangements

We issued our detailed Audit Plan and shared this with the Business Efficiency Board in January 2019. This set out our proposed approach to the audit of the Council's 2018/19 financial statements. One of the areas of focus on the audit is those significant figures in the financial statements that are subject to estimation uncertainty. As the 2018/19 audit has progressed we identified specifically the valuation of the Mersey Gateway Bridge as an area subject to significant estimation in 2018/19. We are continuing to work with officers to review the accounting arrangements with respect to the Bridge and its valuation. However, we will be unable to issue our audit opinion by 31 July 2019 as work is ongoing in this respect.

Pensions legal issues

A legal ruling on age discrimination within Pension Schemes (specifically the Firefighters new 2015 transitional schemes) has implications for other public service schemes where they have implemented transitional arrangements on changing benefits. The impact of this has meant that there is a 'present legal obligation due' and employer bodies (ie the Council) are expected to:

- recognise the assessed impact as an IAS19 past service cost (and current service cost for any in year impact) and an increase to the IAS19 gross pension liability
- make additional disclosures within the pensions note including the past service cost and increase to the gross pension liability resulting from the legal judgement.

The Council contacted their actuary (Hymans Robertson) in early July 2019 and have been provided with updated Local Government pensions calculations. We are currently completing work to examine the revised calculations and disclosures within the amended financial statements. This is a national issue which only crystallised in June 2019 when a further appeal court hearing was rejected.

Delay in opinion

The Council's responsibility under the Accounts and Audit Regulations 2015 is to publish an explanation of why the audited accounts are not available by 31 July 2019. The Regulations do not require the audit to be completed by this date. The Council intend to publish an explanation of the delay on the website and will not be in breach of its requirements under the Audit and Accountability Act 2014.

We have agreed with the Council that we will work towards the finalisation of our work as soon as possible. We will update the committee at the next scheduled Business Efficiency Board meeting on 25 September 2019.

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

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