Public Document Pack

Audit and Governance Board

Wednesday, 18 March 2026 at 6.30 p.m.
The Board Room - Municipal Building, Widnes

Chief Executive

BOARD MEMBERSHIP

Councillor Rob Polhill (Chair)	Labour
Councillor Neil Connolly (Vice-Chair)	Labour
Councillor John Abbott	Labour
Councillor Valerie Hill	Labour
Councillor Colin Hughes	Labour
Councillor Margaret Ratcliffe	Liberal Democrats
Councillor Sharon Thornton	Labour

Please contact Gill Ferguson on 0151 511 8059 or e-mail gill.ferguson@halton.gov.uk for further information.

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

Part I

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.

13. INTERNAL AUDIT PROGRESS REPORT PART II	**152 - 348**

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

AUDIT AND GOVERNANCE BOARD

At a meeting of the Audit and Governance Board held on Wednesday, 19 November 2025 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Polhill (Chair), Connolly (Vice-Chair), Abbott, V. Hill, Ratcliffe, Thornton and Wallace

Apologies for Absence: None

Absence declared on Council business: None

Officers present: M. Guest, E. Dawson, M. Murphy and G. Ferguson

Also in attendance: M. Derrick – Grant Thornton UK LLP

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

AGB23 MINUTES

The Minutes of the meeting held on 24 September 2025, were taken as read and signed as a correct record.

AGB24 TREASURY MANAGEMENT 2025-26 HALF YEAR UPDATE

The Board considered a report from the Director of Finance, which presented the Treasury Management Half Year Report as at 30 September 2025. The report had previously been presented to the Executive Board at its meeting on 13 November 2025 and was noted.

These reports updated Members on the activities undertaken on the money market during the first half of the financial year to 30 September 2025, as required by the Treasury Management Policy.

The report provided supporting information on the economic outlook, interest rate forecast, short term borrowing rates, longer term borrowing rates, borrowing and investments, budget monitoring, new long term borrowing, policy guidelines and treasury management indicators. It was noted that no debt rescheduling had been undertaken

during the quarter.

RESOLVED: That the report be noted.

AGB25 RECRUITMENT OF AN INDEPENDENT MEMBER

The Board considered a report of the Director - Finance, that provided an update on the process to recruit an Independent Member to the Board. This followed the review and update of the Board's terms of reference and composition to ensure that they complied with Cipfa's recommended practice. It was noted that the post had been advertised in early November and the closing date for applications was 28 November 2025. It was hoped that interviews would be held in December 2025 and would be undertaken by a Panel comprising the Chair, Vice-Chair and Director of Finance.

RESOLVED: That the update on progress with the recruitment of an Independent Member to the Board, be noted.

AGB26 EXTERNAL AUDIT UPDATE

The Board received an update report regarding the completion of the audit of the Council's 2024/25 year-end accounts from Mr Derrick on behalf of the Council's external auditors Grant Thornton. He advised that it was anticipated that an Audit Certificate for 2024/25 would be issued to the Council shortly.

On behalf of Grant Thornton, he thanked the Council's Finance Team for their support during the audit of the Council accounts for 2024/25.

RESOLVED: That the verbal progress update from the Council's external auditor Grant Thornton UK LLP, be received.

AGB27 INTERNAL AUDIT PROGRESS REPORT

The Board received a report from the Head of Audit and Operational Finance, updating Members on the internal audit activity since the last progress report to the Board on 24 September 2025. It also highlighted any matters that were relevant to the Board's responsibilities as the Council's Audit Committee.

Members were referred to appendix 1, which listed all the planned work for the year and its current status. The

schedule of audits had been updated to reflect the progress made in completing audits since the last update to the Board. By the end of October 2025, 591 days of audit work had been completed, which represented 56.3% of the total planned days for the year.

The report's appendix set out the progress against 2025/26 Internal Audit Plan. Since the last progress report Internal Audit had finalised 11 audits, each of which included an overall assurance opinion. Full copies of the Internal Audit reports were included in the Part II of the agenda as they contained exempt information under Schedule 12A of the Local Government Act 1972.

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

AGB28 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

1) whether members of the press and public should be excluded from the meeting of the Board during consideration of the following items of business in accordance with Sub-Section 4 of Section 100A of the Local Government Act 1972, because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and

2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

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

(1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

AGB29 INTERNAL AUDIT PROGRESS REPORT (PART 2)

The Board received a report from the Head of Audit and Operational Finance, which provided full copies of the Internal Audit reports completed since the previous update on 24 September 2025.

RESOLVED: That the Internal Audit work completed during the reporting period be noted.

Meeting ended at 6.50 p.m.

REPORT TO: Audit & Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Director, Legal and Democratic Services/ Monitoring Officer

PORTFOLIO: Leader

SUBJECT: Standards Update

WARDS: Borough-Wide

1.0 PURPOSE OF THE REPORT

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

2.0 RECOMMENDATION: That the report be noted and referred to Council for information.

3.0 SUPPORTING INFORMATION

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

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

3.3 There are no proposed changes to the Code of Conduct for Members for the Board.to consider at this point but that may change in the light of anticipated legislation referred to in this report.

3.4 In terms of standards complaints since the last report, two similar issues have been raised about one councillor. A formal investigation was not appropriate in the circumstances and the matters were swiftly and properly dealt with by informal action. As for parishes, one complaint was received, which was about a private issue and therefore outside the scope of the Code of Conduct, and a request for information was received from a member of the public about registration of interests in another case.

3.5 The most significant national development has been the publication in November of the Government's response to the Strengthening the Standards and Conduct Framework for Local Authorities in England consultation, which had been shared with

all members in January 2025. The major changes which have been announced include :-

A mandatory minimum Code of Conduct. This will have to include provisions in respect of, for example, bullying, harassment, discrimination, and use of resources and social media. Our present Code was based on the LGA model, with some small local variations developed alongside the other LCR authorities.

Standards Committee. This will become a compulsory requirement and the form will become clear with the advent of legislation. We already have provision for a Hearings Panel drawn from the membership of this Board to hear Standards cases following investigation. Any necessary changes will be picked up in due course.

Sanctions and suspension. There will be power to impose suspension of up to 6 months in the most serious cases with the option to withhold allowances during suspension in the most severe circumstances Premises bans could be enforced, as could interim suspensions when there is a police investigation. Where there have been repeated offences, a disqualification of up to 5 years could be brought into effect.

Right of Appeal and national oversight. Both complainant and Councillor will have the right to appeal decisions on grounds to be set out in legislation. A new national appeals body will be set up to ensure consistency.

Support. Councils will have to provide support to complainants and councillors during investigations, and guidance will be produced.

The Government has indicated that the necessary legislation will be introduced when parliamentary time allows.

4.0 POLICY IMPLICATIONS

4.1 It is vital that the highest standards of conduct are maintained, and all changes required by forthcoming legislation will be implemented in due course.

5.0 FINANCIAL AND OTHER IMPLICATIONS

5.1 None at this stage.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Independence

None.

6.2 Building a Strong, Sustainable Local Economy

None

6.3 Supporting Children, Young People and Families None.

6.4 Tackling Inequality and Helping Those Who Are Most In Need

None.

6.5 Working Towards a Greener Future

None.

6.6 Valuing and Appreciating Halton and Our Community

None

7.0 RISK ANALYSIS

7.1 No risks have been identified which require control measures.

8.0 EQUALITY AND DIVERSITY ISSUES

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

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 None arising from this report.

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

9.1 None under the meaning of the Act.

REPORT TO: Audit and Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Director of Finance

SUBJECT: Anti-Fraud and Corruption Plan – 2026/27

PORTFOLIO: Corporate Services

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 This report provides details of the annual anti-fraud and corruption plan for 2026/27, which outlines the Council's operational approach to preventing, detecting, and responding to fraud and related irregularities.

The report is intended to provide assurance to the Board that the Council continues to take a proactive and coordinated approach to managing fraud risks and promoting integrity across its operations.

2.0 RECOMMENDATIONS:

The Board is asked to approve the Annual Fraud Plan 2026/27.

3.0 SUPPORTING INFORMATION

3.1 Anti-Fraud and Corruption Plan 2026 - 2027

The Annual Anti-Fraud and Corruption Plan (Appendix 1) details the Council's operational approach to managing fraud and related irregularities. It supports the objectives of the Counter Fraud Strategy 2025 - 2030 and aligns with national guidance, including the principles set out in the *Fighting Fraud and Corruption Locally (FFCL) strategy*.

The Plan sets out a structured programme of activity designed to address fraud risks across the organisation. It ensures that counter-fraud efforts are targeted at areas of highest risk, supports the delivery of corporate priorities, enables effective resource allocation, and establishes a framework for monitoring performance.

A detailed programme for 2026/27 is included, featuring proactive fraud detection work scheduled for the year. Plans for future activity are also outlined and will be updated annually in line with the outcomes of the Council's fraud risk assessment.

3.2 Governance and Oversight

In accordance with the Council's Constitution, the Audit and Governance Board holds delegated responsibility for oversight of counter-fraud and corruption matters. Specifically, the Board is tasked with:

- Reviewing the assessment of risks and potential harm to the Council from fraud and corruption
- Reviewing, approving and monitoring the Council's counter-fraud policies and strategies, counter-fraud activity, and associated resourcing

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 The Council's commitment to robust anti-fraud and corruption arrangements is reflected in the development and implementation of the Counter Fraud Strategy 2025 -2030 and the Annual Fraud Plan. These documents reinforce existing policy frameworks, including the Anti-Fraud, Bribery and Corruption Policy, and align with national best practice guidance.

4.2 There are no direct financial implications arising from this report. However, effective counter-fraud activity contributes to the protection of public funds, supports financial resilience, and helps to minimise losses due to fraud. The proactive measures outlined in the Annual Fraud Plan are designed to ensure that resources are targeted efficiently and that fraud risks are managed in a cost-effective manner.

4.3 The report also supports the Council's wider governance and assurance processes, including the Annual Governance Statement.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

Counter-fraud activity supports the responsible management of public funds, helping to ensure resources are used effectively and for their intended purpose. This directly contributes to the delivery of all Council priorities by protecting financial integrity, enabling efficient service delivery, and reinforcing public trust in the organisation.

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

See 5.1 above

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

See 5.1 above

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

See 5.1 above

5.5 **Working Towards a Greener Future**

See 5.1 above

5.6 **Valuing and Appreciating Halton and Our Community**

See 5.1 above

6.0 RISK ANALYSIS

6.1 Fraud and corruption remain key risks to the Council's finances, reputation, and service delivery. The previously approved Counter Fraud Strategy 2025–2030, supported by the 2026/27 Annual Fraud Plan, sets out the Council's approach to managing these risks through robust prevention, detection, and response arrangements.

6.2 Weaknesses in counter-fraud arrangements can expose the Council to financial loss, reputational harm, and diminished public trust. The proactive measures outlined in this report strengthen the Council's overall risk-management approach and provide supporting assurance for the Annual Governance Statement.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 There are no direct equality or diversity implications arising from this report. However, the Council's counter-fraud activity is delivered in accordance with its commitment to fairness, transparency, and inclusion. All investigations and related processes are conducted in line with the Council's Equality and Diversity Policy, ensuring that individuals are treated equitably and without bias.

8.0 CLIMATE CHANGE IMPLICATIONS

8.1 None arising directly from this report.

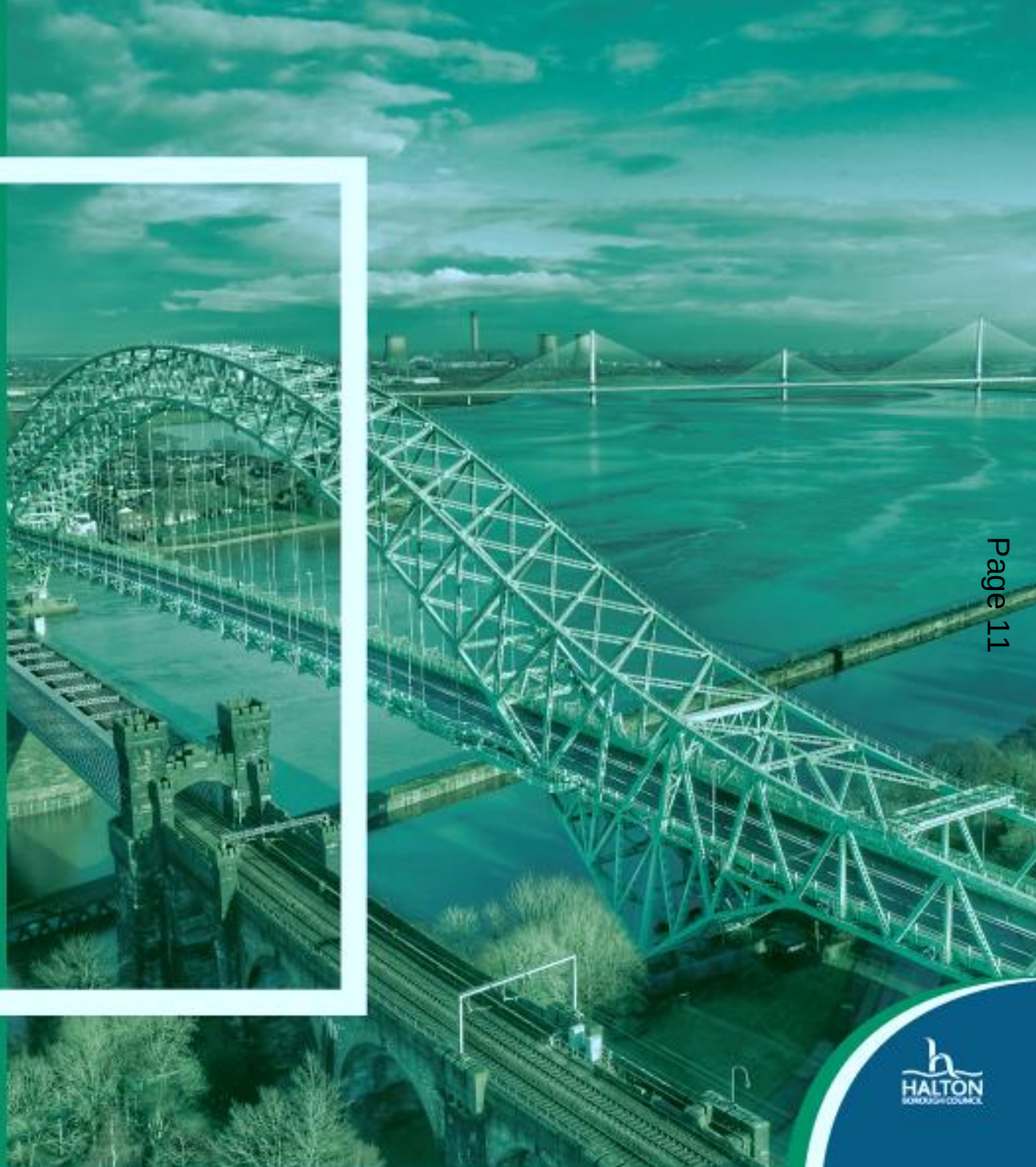
9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 None under the meaning of the Act.

Appendix 1

Anti-Fraud and Corruption Plan

2026/27



1 EXECUTIVE SUMMARY

1.1 Introduction

Halton Borough Council has a duty to safeguard the public funds entrusted to it. The Council expects the highest standards of conduct and integrity from everyone it engages with - this includes employees, elected members, contractors, volunteers, and members of the public.

The Council is firmly committed to the prevention and elimination of fraud and corruption. It is dedicated to conducting all of its activities ethically, transparently, and with the utmost honesty and accountability. This commitment is essential to protecting public funds and maintaining public safety.

Counter-fraud activity plays a critical role in protecting resources and ensuring that they are used efficiently and for their intended purpose. Through the prevention, detection, and investigation of fraud, the Investigations Team helps to uphold the integrity of the Council's operations and supports the delivery of high-quality, value-for-money services. This work reinforces public confidence and directly supports the Council's corporate priorities, including financial sustainability, service effectiveness, and public trust.

1.2 Purpose of the Anti-Fraud and Corruption Plan

The Anti-Fraud and Corruption Plan sets out the Council's approach to preventing, detecting, and responding to fraud and related irregularities. It supports the objectives of the Council's Fraud Strategy 2025–2030 and is aligned with national guidance, including the principles set out in the *Fighting Fraud and Corruption Locally (FFCL)* strategy.

The Plan provides a structured programme of activity aimed at addressing fraud risk across the organisation. It will ensure that counter-fraud efforts are focused on areas of greatest risk, support the achievement of corporate priorities, enable effective resource allocation, and provide a framework for monitoring performance.

1 EXECUTIVE SUMMARY

1.3 Key Principles

The Plan reaffirms the Council's zero tolerance approach to fraud and outlines how proactive prevention measures will be implemented alongside activities focused on detection, investigation, training, and strengthening internal controls.

Effective collaboration between Internal Audit, the Investigations Team, and individual service areas will be critical to ensuring that fraud risks are identified early and addressed appropriately.

1.4 Approach to Planning

This document summarises the results of the Investigation Team's planning in relation to anti-fraud work, and sets out the:

- Responsibilities and scope of the Investigations Team
- Resourcing and delivery of the Council's counter-fraud arrangements
- Arrangements for reporting of suspected fraud and corruption
- Proposed programme of work for 2026/27 (the Anti-Fraud and Corruption Plan)

In developing this Anti-Fraud and Corruption Plan, a range of internal and external sources have been considered to ensure that the programme of work is risk-based, proportionate, and appropriately targeted. These include:

- Key risks identified in the annual fraud risk assessment
- Findings and recommendations arising from previous internal audit and fraud investigation work
- Emerging fraud risks and trends, informed through engagement with professional networks such as the North West Fraud Group

2 RESPONSIBILITIES AND SCOPE

2.1 Responsibilities for fraud prevention and detection

The primary responsibility for the prevention and detection of fraud rests with management. This includes fostering a culture of integrity and ethical behaviour, where fraud is not tolerated and accountability is promoted at all levels of the organisation. Management is expected to identify and assess fraud risks relevant to their operations, implement robust internal controls, and ensure that these controls are reviewed regularly and updated. In addition, management should encourage the reporting of concerns, and respond promptly and effectively to any suspected incidents of fraud.

2.2 Responsibilities for fraud investigation

The Council operates a dedicated Investigations Team that is responsible for all fraud-related and HR investigatory work. Specifically, this includes:

- Reviewing and developing the Council's counter-fraud arrangements
- Assessing the main fraud and corruption risks faced by the Council
- Planning and delivering proactive counter-fraud work
- Investigating suspected fraud and corruption
- Investigation of stage two corporate complaints

2.3 Responsibilities of the Audit and Governance Board

The Audit and Governance Board is responsible for the following in relation to counter-fraud and corruption:

- To review the assessment of risks and potential harm to the Council from fraud and corruption
- To review, approve, and monitor the Council's counter-fraud policies and strategies, counter-fraud activity, and associated resourcing

2 RESPONSIBILITIES AND SCOPE

2.4 Scope of counter-fraud activities

The scope of counter-fraud work includes:

- Investigating suspected fraud and corruption and taking appropriate action
- Reviewing whistleblowing complaints and undertaking an investigation where appropriate
- Participation in the National Fraud Initiative (NFI) and investigation of the resulting data matches
- Delivering information and training in relation to fraud awareness across the Council
- Carrying out proactive fraud detection work and subsequent investigation of any anomalies
- Working to recover funds lost through fraud and error

3 RESOURCING

3.1 Resourcing and delivery of the Anti-Fraud and Corruption Plan

The 2026/27 Anti-Fraud and Corruption Plan will be delivered by an experienced and appropriately qualified in-house team comprising 3.8 FTE officers, with all four members of the team now holding accredited counter-fraud qualifications. This level of resourcing is considered sufficient to deliver the planned programme of work.

Where appropriate, the Investigations Team will also work jointly with colleagues from the Department of Work and Pensions (DWP) in relation to the completion of investigations and any subsequent legal action or recovery of funds.

3.2 Legislation

As Authorised Officers under Regulation 3 of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, the Investigating Officers can require organisations to provide information under Regulation 4 and Regulation 5 of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

The Public Authorities (Fraud, Error and Recovery) Bill 2025 gives the Public Sector Fraud Authority (PSFA), within the Cabinet Office, new powers to investigate fraud against public authorities outside of tax and social security. The PSFA are able to initiate or adopt investigations into public sector fraud at the request of the public authority.

The Data Protection Act 1998 permits sharing of personal data for the purposes of:

a) the prevention or detection of crime,

b) the apprehension or prosecution of offenders, or

c) the assessment or collection of a tax or duty or an imposition of a similar nature.

3.3 National Anti-Fraud Network (NAFN)

The team is a member of NAFN, which enables requests to be made for external organisations to provide information to support our investigations into suspected fraud.

3 RESOURCING

3.4 Reporting

The Anti-Fraud and Corruption Plan will be reviewed annually and submitted to the Board for approval each March. Progress in delivering the 2026/27 Plan will be reported through the Annual Fraud and Corruption Update, which will be presented to the Board in June 2027.

Progress against the 2025/26 Plan will be reported to the Board in June 2026.

4 KEY PRINCIPLES

This Plan is aligned with the five key principles set out in the Counter Fraud Strategy 2025 – 2030 and covers the period from April 2026 to March 2027.

Key Principle	Area	Context	Coverage
Zero tolerance to fraud	Fraud investigation	The Council takes a zero-tolerance approach to fraud and takes reports of suspected fraud seriously.	All reports of suspected fraud will be investigated and actions taken, where possible, to recover any losses.
	Use of sanctions policy	The Council's Fraud Sanction and Prosecution Policy allows sanctions to be imposed against any individual or organisation that defrauds, or seeks to defraud the Council.	Where fraud is proven, full use will be made of the available sanctions, including financial penalties or prosecution where appropriate.
Pro-active prevention and detection	Failure to prevent fraud duty	The failure to prevent fraud offence, introduced by the Economic Crime and Corporate Transparency Act 2023, came into force on 1 September 2025. In the event of prosecution, an organisation would have to demonstrate to the court that it had reasonable fraud prevention measures in place at the time that the fraud was committed.	Fraud-related policies and procedures are currently under review to ensure they reflect and address the implications of the new offence.
	Proactive fraud detection work	By proactively matching data sets and identifying anomalies, potential fraud can be investigated and any losses to the Council minimised.	See Section 5 for the details of proactive work to be undertaken in 2026/27.
Accountability and transparency	Corporate Risk Register	The risk of fraud is highlighted in the Corporate Risk Register as one of the Council's key strategic risks.	Ongoing monitoring of fraud risk and the effectiveness of associated mitigation measures will be reported to the Audit and Governance Board through updates to the Corporate Risk Register.
	Reporting to the Board	The Audit and Governance Board is responsible for approving and monitoring the Council's counter-fraud activity.	An annual Anti-Fraud and Corruption Plan will be submitted to the Board for approval in March each year, and a fraud update report will be presented in June each year.

4 KEY PRINCIPLES

Key Principle	Area	Context	Coverage
	Transparency Code	The Local Government Transparency Code requires local authorities to publish information about their counter fraud work.	The required information will be collated and published annually on the Council's website.
Collaboration	Internal Audit	The Investigations Team works closely with Internal Audit to identify fraud risks across the Council.	The Investigations Team will work collaboratively with Internal Audit to identify and investigate suspected fraud, and to explore opportunities for strengthening controls to reduce the risk of fraud.
	National Fraud Initiative	The National Fraud Initiative provides a data matching service to identify anomalies that may require investigation as suspected fraud.	Data will be compiled and submitted for the annual National Fraud Initiative exercise to match single occupancy discount data to the electoral roll to identify cases where a second, undeclared adult may be resident.
	Joint working	The Single Fraud Investigation Service (SFIS) allows local authorities to work closely with the Department for Work and Pensions (DWP) to investigate benefit fraud.	The Investigations Team will conduct joint investigations with DWP where appropriate.
	Regional fraud groups	Regional fraud groups enable local authorities to share resources, intelligence, and best practices to address fraud risks more effectively.	Attendance at the regional fraud group meetings and membership of the Fighting Fraud and Corruption Locally (FFCL) Knowledge Hub enables collaboration with other local authorities in the fight against fraud.
	National Anti-Fraud Network	The Council is a member of the National Anti-Fraud Network, which supports members in protecting the public interest by providing a secure, single point of contact to access a wide range of information providers using robust legal gateways.	Information will be sought through NAFN where required to support investigations.
Training and awareness	Fraud awareness training	The team has developed a fraud awareness e-learning module, which is mandatory for all staff.	The team will review and update the e-learning module training as necessary, as well as promoting it to staff and monitoring completion.

4 KEY PRINCIPLES

Key Principle	Area	Context	Coverage
	International Fraud Awareness Week	International Fraud Awareness Week takes place in November each year with the aim of raising awareness about fraud prevention.	Materials to raise awareness of fraud prevention will be developed to be circulated via social media during International Fraud Awareness Week.
	Fraud bulletins	Fraud alerts may be received from a number of sources, and provide valuable information relating to emerging fraud risks.	Fraud bulletins will be compiled and circulated across the organisation, as needed, to raise awareness of specific fraud risks and help services remain vigilant.
	Advice and support	If fraud is suspected, staff may require advice and support regarding the best way to deal with it.	Advice and support will be provided across the Council as required.

5 PROACTIVE FRAUD DETECTION WORK – 2026/27

The proactive fraud detection work to be undertaken in the 2026/27 financial year is detailed below, and is based on the results of the annual fraud risk assessment.

Area	Context	Planned Coverage
Council Tax – Single Person Discount (SPD) re-awarded	An exercise has recently been carried out by DataTank to match Council Tax accounts with SPD applied to credit reference data. As a result, SPD was cancelled on 517 accounts, generating an additional £244k in billed revenue. Residents are able to reapply for SPD online without any checks on eligibility or whether it is has been previously cancelled.	To review cases identified as part of the DataTank rolling exercise to establish whether a fraud investigation is required. To compare the list of accounts where Single Person Discount (SPD) was cancelled following the DataTank exercise with a list of accounts where SPD has been re-awarded since cancellation. This will help identify any cases where SPD may have been reclaimed fraudulently.
Council Tax Single Person Discount	Halton residents living in eligible properties are able to apply for a Local User Discount Scheme (LUDS) account for discounted bridge crossings. If there are two or more LUDS accounts registered at an address, this could indicate that a second adult is resident.	To match Council Tax accounts with Single Person Discount awarded to properties with more than one Local User Discount Scheme account registered.
Bankline payments	The NatWest's Bankline system is used to make Faster Payments and CHAPS payments directly from the Council's bank account. There is a risk that fraudulent payments may be made to an employee's own bank accounts using the Bankline system.	To match the recipient details of Bankline payments to employee bank details to identify payments that may have been made fraudulently.

6 PROACTIVE FRAUD DETECTION WORK – FUTURE YEARS

Proactive fraud detection work to be undertaken in future years is detailed below. This plan will be updated annually following review of the fraud risk assessment.

Area	Context	Planned Coverage
Purchasing – credit card expenditure	Corporate credit cards are in use across the Council to provide flexibility in purchasing. There is a risk that cardholders could fraudulently use the card for personal purchases.	Reviewing a sample of credit card statements may highlight anomalies warranting further investigation to establish whether the transactions represent legitimate Council expenditure.
Refunds	Elsewhere in the UK, a recent case of fraud involved a Council Tax manager diverting account refunds into their own personal bank account.	To match the bank details of Council Tax and Business Rates staff to refunds to identify any that have been paid to an employee.
Local User Discount Scheme	Residents of Halton are eligible to apply for the Local User Discount Scheme (LUDS), which provides unlimited bridge crossings for an annual fee. Applicants must evidence their residency by providing copies of their driving licence, council tax bill, and vehicle registration document. There is therefore a risk that individuals may continue to benefit from the scheme after moving out of the borough, without notifying the relevant authorities, thereby retaining access to discounted crossings to which they are no longer entitled.	By matching employees who have declared a Local User Discount Scheme (LUDS) account on the mileage claims system to their home addresses held in the payroll system, it may be possible to identify individuals who continue to benefit from a LUDS account despite residing outside of the borough. This could help detect cases where eligibility no longer applies and ensure that appropriate action is taken.
Car mileage	Home to work mileage cannot be claimed by employees in accordance with the Flexible Working Policy.	A comparison of home addresses recorded in the payroll system with journeys submitted on mileage claims could help identify cases where employees may have inappropriately claimed home-to-work mileage, which is generally not reimbursable. This would support the detection of potential errors or misuse of the mileage claims process.

6 PROACTIVE FRAUD DETECTION WORK – FUTURE YEARS

Area	Context	Planned Coverage
Bridge tolls	When making a mileage claim for business journeys, employees declare what type of account they hold with MerseyFlow (if any). This then determines whether they are reimbursed for business journeys that involve crossing either of the Mersey Gateway or Silver Jubilee bridges. Employees without a LUDS account are reimbursed for the cost of the toll, whereas the cost of the tolls for LUDS account holders is paid directly to MerseyFlow by the Council.	By matching the MerseyFlow account type declared for mileage claim purposes to home address recorded in the Payroll system, employees claiming toll reimbursement inappropriately could be identified.
Discretionary Support Scheme	The Discretionary Support Scheme offers short-term emergency assistance to residents in crisis and provides community support to individuals who need help establishing or maintaining independent living. Eligibility criteria apply, including a general limit of two applications within any 12-month rolling period, although exceptions may be considered in certain circumstances.	To identify cases where multiple successful claims have been made by individuals to verify whether they meet the eligibility criteria.

REPORT TO: Audit & Governance Board

DATE: 18th March 2026

REPORTING OFFICER: Director of HR and Corporate Affairs (Interim)

PORTFOLIO: Corporate Services

SUBJECT: Risk Management Progress Update

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 Following on from both an External Audit visit and a Corporate Peer Challenge visit, and their subsequent recommendations, the Council was advised to urgently revise its Risk Management Policy.

1.2 The purpose of this report is to share the progress that the Council has made in the subsequent months in that we have formulated and implemented a new policy, undertaken extensive training and are currently in the process of recruiting to a Risk Management Officer.

2.0 RECOMMENDED: That the report and progress made be noted.

3.0 SUPPORTING INFORMATION

3.1 A new proposed Policy, (Appendix A) was drafted in conjunction with subject matter experts at Zurich Municipal, the Council's Insurers.

3.2 The aim of the Policy was to provide direction and alignment to current Risk Management processes across all the Council's Directorates.

3.3 Management Team approved the new proposed policy on June 3rd 2025, with Executive Board approving said policy on September 11th 2025, and final approval by the Audit & Governance Board took place on September 24th 2025.

3.4 Zurich Municipal also supported us on the journey to improving the Council's Risk Management by providing training across the Council in order to support the introduction of this new policy. The training was delivered to 54 senior officers, along with the Council's Management Team.

3.5 It was considered imperative that in order to build on this new policy and training that we pushed ahead with appointing a designated full time Risk Management Officer position.

A Business Case (Appendix B) and Job Profile (Appendix C) has now been approved.

The postholder will ultimately be responsible for embedding this new policy and developing a more mature and consistent risk culture across the Council.

4.0 POLICY IMPLICATIONS

4.1 A new updated and operational Policy, together with risk toolkit formation, and risk register templates has been introduced, which collectively fosters a positive risk culture that values openness, transparency, constructive challenge, and collaboration across all levels of the organisation.

5.0 FINANCIAL IMPLICATIONS

5.1 An effective Policy will protect the Council's resources and reduce exposure to potential losses and liabilities.

5.2 In relation specifically to the Risk Management Officer post it has been agreed with the Leader and Portfolio Holder that it will be funded from the Council's contingency budget. The total estimated cost including oncosts of the HBC9 post will be around £55,000.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most In Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

There are no direct implications for any of the Council's priorities listed above.

7.0 RISK ANALYSIS

7.1 The risk of not updating the Risk Management Policy may have led to the Council being susceptible to potential accidents and claims. This Policy has put in place a number of key objectives which will collectively ensure effective Risk Management across the organisation.

7.2 The new Risk Management Officer position, when filled, will strengthen further these policy and processes.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 An Equality Impact Assessment has been undertaken as this is a requirement of any new Council Policy being implemented.

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 None under the meaning of the Act.

Appendix A: Halton Borough Council Risk Management Policy

Appendix B: Business Case: Risk Management Officer

Appendix C: Job Profile: Risk Management Officer

1. Project Overview:

To set out a proposed approach to augmenting capacity in the Corporate Risk Management function in the Council.

- **Title:** Corporate Risk Management Capacity
- **Date:** January 22nd 2026
- **Prepared by:** John Gallagher / Corporate Policy Team

2. Background / Current Situation:

The responsibility for corporate risk management currently sits within the Health & Safety Team, which has neither the dedicated capacity nor the specialist resource needed to drive a comprehensive risk management agenda. As a result, the Council's risk management processes are reactive and operational in focus, rather than strategic and organisation wide.

During the **June 2024 Peer Challenge**, the review team identified a significant gap in the Council's corporate capacity. Specifically, a lack of strategic oversight and coordination of risk management. This limitation is hindering the Council's ability to manage transformation programmes, deliver change, and maintain resilience in the face of growing complexity in local government operations.

The **Peer Challenge** found:

- Inconsistent risk identification and mitigation practices across directorates.
- A lack of clear ownership and accountability for risks at the corporate level.
- The need for risk management to become a strategic enabler rather than purely a compliance function.

In addition, **Grant Thornton's audit feedback** reaffirmed the need for a stronger focus on corporate risk maturity - recommending enhanced integration between risk, governance, and performance management.

The **Council's Zurich Assurance Review** also supported this, highlighting an opportunity to establish a more structured corporate risk framework and dedicated leadership to embed a more consistent approach across all services.

A **new Risk Management Policy and Framework** has recently been developed, but without a designated officer to coordinate, embed, and monitor delivery, its potential impact will be limited.

3. Proposed Solution:

It is proposed to create a **full-time, designated Risk Management Officer post**, with an accompanying **Job Profile** (attached). Following job evaluation (January 20th, 2026), the Steering Group has agreed that this post would be graded at **HBC9**.

Zurich's advice on positioning the role within the organisation stated:

“It is very dependent, but for the risk manager to sit under the world of audit is not uncommon. They have similar functions and should work closely together to help build resilience across the organisation. It will be important to ensure that the different priorities are understood and that risk is not simply an extension of audit but has distinct responsibilities within the Council.”

Accordingly, it is recommended that the Risk Management Officer post report to Corporate Affairs, thus ensuring independence, strong alignment with corporate processes, along with effective oversight.

Research indicates that effective risk management, as recognised in comparable local authorities and recommended practice from Zurich and CIPFA, requires **dedicated professional capacity**. This post would fill that gap, enabling the Council to move from reactive risk handling to proactive management, aligning risks with performance and strategic objectives. This suggestion would meet all recommendations that have been outlined by the appropriate professional bodies.

4. Benefits:

The creation of a designated Risk Management Officer will deliver a range of operational and strategic benefits, including:

- **Enhanced Governance and Assurance:** A consistent and transparent framework for identifying, assessing, and managing risk across directorates.
- **Proactive Management Culture:** Reduced reliance on crisis response through earlier identification and mitigation of emerging risks.
- **Improved Decision-Making:** Better quality risk information supporting senior management and Members in strategic planning and priority setting.
- **Compliance and Audit Readiness:** Strengthened assurance for external auditors and regulators through demonstrable corporate oversight.
- **Organisational Resilience:** Improved ability to manage change, financial pressures, and service transformation.
- **False Economy Avoidance:** Without this post, the Council remains reactive, potentially incurring greater unbudgeted costs from unmanaged risk events.

5. Cost Estimate:

The post represents **an additional cost beyond the existing budget**, and if approved, will need to be **funded from the Council’s central contingency**.

Estimated Costs:

- **Salary (HBC9 scale):** £42,839 - £46,142 per annum
  Total Estimated Annual Cost: circa £44,000

The establishment of this post can be reviewed after 24 months to assess measurable improvements in assurance, governance outcomes, and risk maturity.

6. Risks & Limitations:

Potential Risks:

- *Do nothing:* The Council would not be responding to any risk recommendations that have been identified.
- *Budget availability:* If funds are not approved, the creation of the post would be delayed.
- *Role integration:* Ensuring clear differentiation between audit and risk functions to avoid duplication.
- *Embedding challenge:* The success of the role depends on strong corporate buy-in and engagement from senior managers.

Mitigation Measures:

- Early engagement with the Corporate Management Team, Directorate Leadership Teams and Audit and Governance Board to define responsibilities.
- Development of a phased implementation plan with key milestones.
- Ongoing reporting to the Corporate Management Team and Audit and Governance Board on progress and impact.

7. Implementation Plan:

The creation of the post will be implemented in the following stages:

Activity	Responsible	Target Date
Job evaluation completed	HR / Steering Group	January 2026
Approval of Business Case	CEO / CFO / Leader / Portfolio Holder	February 2026
Budget allocation confirmed	Finance	February/March 2026
Recruitment process launched	HR	March/April 2026
Appointment of postholder	Audit & Governance	June/July 2026
Development of Corporate Risk Register	New Officer & Zurich Advisor	August 2026
First update to Corporate Management Team and Audit and Governance Board	Risk Management Officer	Early 2027

This role will serve as the foundation for the Council's wider governance improvement effort, enhancing risk oversight through better integration with **performance management, Overview and Scrutiny (via Policy and Performance Boards), and the Audit and Governance Board.**

RISK MANAGEMENT OFFICER

Halton Borough Council
resourcing@halton.gov.uk

SALARY GRADE: HBC9

WORKING AT HALTON

All our colleagues at Halton have made a positive commitment to delivering great outcomes for our communities. Whoever joins us will share that passion for outstanding service, and strongly align with the values which define our workplace culture:

- Working Together – building fantastic relationships with colleagues and customers
- Continuous Improvement – keeping great service delivery at the heart of everything we do
- Personal Growth – learning, growing and developing ourselves
- Accountability – doing what we say we are going to do
- Inspiring Leadership – positive roles models and leading by example

To read more about our values, click HERE

We are immensely proud that when asked what's great about working for Halton, the most popular response from our workforce has been '*our colleagues*'.

Aside from working with a great team, our employees have access to a fantastic range of benefits, including:

- A generous annual holiday allowance starting at 34 days per year (including bank holidays), increasing with long service
- Membership of our defined benefit, salary-linked pension scheme with generous Employer Contributions
- 3 x Salary Life Cover via Local Government Pension Scheme
- Investment in your personal development
- Free Car Parking at HBC sites
- Flexible / hybrid working arrangements available
- Extensive employee benefits platform including discounted shopping, car leasing, gym memberships, wellbeing hub and Employee Assistance Programme.

For further information about all the benefits we offer, please click HERE.

ABOUT THE JOB

To support the Council in identifying, assessing, monitoring and reporting organisational risks. The post-holder will ensure that risk management is embedded across all services and that the Council meets its statutory, governance and regulatory responsibilities.

This is an independent role that will require resilience, self-sufficiency and autonomy, reporting to the Interim Director of HR and Corporate Affairs.

More specific responsibilities include:

- Maintain and monitor the Corporate and Directorate/Service Risk Registers.
- Work with services to identify risks, assess likelihood and impact, determine risk scores and evaluate the effectiveness of controls.
- Support officers in developing mitigation plans and monitor their implementation.
- Prepare clear, accurate risk and governance reports for senior management and relevant committees, including the Audit & Governance Board.
- Provide specialist advice, guidance and training on risk management policies, frameworks and procedures.
- Lead on the development and review of corporate risk management policies, strategies and toolkits.
- Maintain effective communication with services, senior managers and partners on risk developments, emerging issues and good practice.
- Support the Council's approach to business continuity, insurance, incident investigation, compliance and governance as required.
- Ensure work is carried out in accordance with information governance and data protection standards.
- Promote continuous improvement and contribute to the development of a strong organisational risk culture.

Other Responsibilities

- Maintain professional knowledge through continuous learning and development.
- Keeping abreast of good practice via appropriate networks.
- Support Council-wide initiatives to strengthen governance, performance and assurance.
- Demonstrate and embody the Council's values, behaviours, equality and diversity commitments.

ABOUT YOU

For this role you will need degree-level or equivalent relevant professional qualifications, or expertise and be able to demonstrate evidence of continuous personal and professional development. Professional training, experience or qualifications in risk management, audit, governance, compliance or willingness to work towards a relevant qualification.

It would also be desirable for the applicant to have membership of a relevant professional body; as well as a certification in risk, audit, governance, business continuity, data protection or health & safety.

Experience

Essential

- Experience in risk management, audit, compliance or governance.
- Experience developing or maintaining risk registers.
- Producing reports for senior managers and committees.
- Working collaboratively with multiple departments and stakeholders.

Desirable

- Experience within local government or the wider public sector.
- Experience in business continuity, insurance, incident reviews or health & safety risk assessments.
- Delivering training or guidance sessions.

Knowledge & Skills

Essential

- Understanding of risk management principles, internal control and governance frameworks.
- Ability to analyse information, evaluate risks and identify suitable mitigations.
- Strong communication skills, with the ability to present complex information clearly.
- Competence using Microsoft Office applications and ability to learn, implement and maintain risk management systems.
- Strong organisational and prioritisation skills.

Desirable

- Knowledge of legislation relevant to local authority governance, risk, information management, and health & safety.
- Awareness of ISO 31000, COSO frameworks or business continuity standards.

Personal Qualities

- Integrity, professionalism and discretion when handling sensitive information.
- Analytical thinker with sound judgement.
- Proactive, self-motivated and able to work independently.
- Attention to detail and methodical working approach.
- Able to influence and build constructive relationships.
- Resilient and adaptable under pressure.
- Commitment to equality, diversity and inclusion.

REPORT TO:	**Audit and Governance Board**
DATE:	**18 March 2026**
REPORTING OFFICER:	**Director of Finance**
PORTFOLIO:	**Corporate Services**
SUBJECT:	**External Auditor's Annual Report 2024/25 – Action Plan Update**
WARD(S):	**Borough-wide**

1.0 PURPOSE OF REPORT

1.1 To consider a progress update regarding the actions being taken to address the recommendations arising from the External Auditor's 2024/25 Annual Report (AAR).

2.0 RECOMMENDED: That

(i) the progress update regarding the 2024/25 AAR Action Plan as presented in the Appendix, be noted; and

(ii) a further update be presented to the Board in June 2026.

3.0 SUPPORTING INFORMATION

3.1 The Council's External Auditor, Grant Thornton UK LLP, is required to consider annually whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Auditor's Annual Report details the Council's overall arrangements, as well as providing recommendations regarding any significant weaknesses identified during the review. In addition, improvement recommendations are made which the Council may also decide to implement.

3.2 The External Auditor is required to report under three specific criteria, being:

- Financial Sustainability
- Governance
- Improving Economy, Efficiency and Effectiveness

3.3 The Auditor's Annual Report 2024/25 was presented to the Audit and Governance Board on 24 September 2025. The report included a number of key recommendations and improvement recommendations. It also included three statutory recommendations, which given their importance were required to be approved by Council on 22 October 2025. In addition, the External Auditor

highlighted a number of recommendations made for the previous year which were still being addressed.

3.4 An Action Plan was prepared to manage the work being undertaken in response to the External Auditor's recommendations. Good progress has been made with addressing all of the recommendations and the Appendix presents details of progress in relation to the Action Plan.

3.5 Given the many similarities, the recommendations from the Annual Auditor's Report along with the recommendations from the 2024 Peer Review and the 2025 Cipfa Financial Resilience Review, are currently being brought together into a single "Improvement Plan" for the Council. This will avoid duplication and enable progress with implementing all aspects to be overseen, monitored and reported upon in a joined-up manner

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 The AAR 2024/25 provided an external viewpoint on the financial sustainability of the Council. As is now the case for many local authorities, there are significant financial challenges for the Council in balancing future year budgets and managing spending within budgets.

5.2 The report identified a number of significant weaknesses regarding the arrangements the Council has in place to secure financial sustainability, governance, and improving economy, efficiency and effectiveness. A number of recommendations were made, for which the Action Plan is being used to manage their implementation.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most In Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

There are no implications for any of the Council's priorities listed above.

7.0 **RISK ANALYSIS**

7.1 The risks that have been considered as part of the Council having in place arrangements to secure economy, efficiency and effectiveness, were detailed in the AAR 2024/25.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None.

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 None under the meaning of the Act.

2024/25 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2026

SR - Statutory Recommendations KR – Key Recommendations IR – Improvement Recommendations PYR – Previous Year Recommendations

SR1	**The Council should improve its short and medium-term financial planning by;** • **Ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address continued overspending on agency staff** • **Implementing a more robust budget-setting approach, including public budget engagement** • **Ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the S25 report** • **Ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves** • **Ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan**
	Management Response: Agreed
	Responsible: Director of Finance
	Progress as at March 2026:
	The Medium Term Financial Strategy (MTFS) 2026-2030 and the Budget Report 2026/27 have been further developed to highlight risks regarding financial resilience and they reflect all significant forecast cost pressures that we are aware of. These are particularly highlighted within the S25 report. The MTFS has been extended to cover five years from 2026/27, to reflect the Council's challenging financial circumstances and financial risks. It outlines the particular pressure of agency staff costs and the work being undertaken corporately and across service directorates to address these pressures. Similar details and significant additional financial provision have been included within the Strategy for the key demand-led services experiencing significant financial pressures including; children's residential placements, independent fostering, home to school transport, adults community care, direct payments and in-house care homes. The MTFS was reported to Executive Board in September 2026, two months earlier than usual given the significant financial challenges facing the Council. It was prepared in light of the Government's Fair Funding consultation carried out over the Summer. Alongside the MTFS, a Financial Recovery Plan was reported to Executive Board in September 2026 to outline the scale of the financial challenge facing the Council and provide Members with scenarios/options by which a sustainable budget position might be achieved by 2030/31 and thereby remove reliance upon Exceptional Financial Support (EFS). Extensive work has been undertaken in terms of benchmarking Halton's Services against nearest neighbour comparators, which were highlighted as part of the Financial Recovery Plan report and are being used as a basis for re-shaping of the Transformation Programme. This will provide the evidence base to focus work upon those areas where opportunities exist to develop significant budget savings proposals, by exploring with comparator councils how similar services are being delivered at lower cost.

SR2	**The Council should develop and Implement the Transformation Programme at scale and pace to address the significant structural budget deficit. This should include;** • **Ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings** • **Ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and PMO** • **Ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation** • **Improving programme management to include officer as well as member assurance boards** • **Developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme** • **Ensuring the programme has a risk and issues log that the PMO updates and uses regularly**
	Management Response: Agreed
	Responsible: Interim Director of Transformation
	Progress as at March 2026:
	The reshaping of the Transformation Programme has been informed by comprehensive benchmarking utilising Grant Thornton's CFO Insights benchmarking tool. This has indicated key areas for examination and quantified budget variances against the average sector spend. These are being developed by the Transformation Delivery Board (officers) and the Transformation Programme Board (Members) to bring forward as part of the reshaped programme, with a key focus upon delivering budget savings. The Transformation Delivery Unit (TDU) and is being restructured and re-formed into the new Change and Innovation Group, with a greater focus upon specialist process and data analysis skills required to take the reshaped programme forward at pace. In particular, the approach utilised as part of transforming Children's Services over recent years will provide a model to be applied across other workstreams within the programme. External subject matter experts will be engaged in projects where technical knowledge and expertise is required quickly to fully understand the operating environment and associated cost reduction opportunities. The reporting, monitoring and governance arrangements associated with the Programme and it's individual workstreams are also being reviewed as part of the reshaping, to ensure they are effective and can support delivering at pace.

SR3	**Senior officers and elected members need to take effective corporate control of the issues highlighted by this report and prioritise at pace corporate effort in managing the issues identified in relation to financial sustainability and embed strengthened governance into the Council.** **The Council must ensure it has capacity and capability in its management team to achieve this and address the significant weaknesses we have identified in relation to financial sustainability.** **In time for budget setting 2026/27 we would expect to see a well developed medium-term corporate savings and transformation programme to manage MTFS funding gaps and to reduce future reliance on EFS, with clear responsibilities and timescales.**
	Management Response: Agreed
	Responsible: Interim Chief Executive
	Progress as at March 2026:
	The Interim Chief Executive and Leader have conveyed very clearly to managers, staff and Members that the Council's key priority must be to address the financial challenges it faces. As a result, a clear sense of urgency has been instilled across all departments. The impact of this has been reflected in the much improved current year spending position, where a significant overspend was forecast at mid-year but is now expected to deliver a significant underspend by year-end. The Interim Chief Executive has led monthly financial recovery meetings with each directorate's leadership team, to review progress with current year spending and to explore the development of savings proposals for next year and beyond. The latter savings proposals are being developed into a Financial Recovery Plan over the five year period of the MTFS and will include savings being developed via the Transformation Programme workstreams. Alongside this the Leader has held similar sessions with each Executive Director and relevant Portfolio Holders, to scrutinise their plans for curbing spending and the development of budget savings proposals. The first year savings proposals have formed the basis for the 2026/27 budget, with a number of approved proposals still to be finalised and implemented in-year. As the Financial Recovery Plan continues to be developed it will be used to inform the MTFS to assist with reducing the medium-term funding gaps and thereby reduce the reliance upon EFS.

KR1	**The Council should urgently address its increasing DSG deficit, and work at pace with its partners, to deliver a deficit management plan to restrict further deficit increases, while delivering the improvements to its SEND services. This plan must include the key actions that should be reported frequently to a clearly designated forum capable of holding officers to account.**
	Management Response: Agreed
	Responsible: Executive Director, Children's
	Progress as at March 2026:
	The Council is part of the DfE pilot for Delivering Best Value in SEND, for which a Delivery Plan was approved by the DfE and is being implemented, with support from partners, the DfE and Cipfa to address the spiralling demand and costs of High Need SEND pupils. Progress with delivery of the programme is being monitored by the Children & Young People's Policy and Performance Board. The MTFS 2026-2030 includes details of the forecast DSG deficits and the issues surrounding the statutory over-ride. This was also highlighted in the Section 25 Statement within the 2026/27 Budget Report. The DSG deficit issue affects many councils across the country. Whilst the Council is taking urgent steps to curb High Needs costs going forward, Government has recognised that a national solution is required and is proposing to fund 90% (£25m) of the accumulated deficit with grant funding during 2026/27. This will require the Council to submit a SEND Reform Plan to the DfE by June 2026, setting out the steps to be taken in order to curb the cost of High Needs SEND pupils. The DfE have also provided a specialist Adviser to support the Council with addressing the delivery of SEND services. Following the publication of the Schools White Paper, it is hoped that Government will also fund a proportion of the accumulated deficit arising over the next two years until the statutory override expires at 31st March 2028 and the funding of SEND moves under central control. In the meantime, the Council will strive to minimise the deficit through implementation of the SEND Reform Plan, to ensure the impact for the Council is limited and does not add to the EFS burden.
KR2	**The Council needs to work at pace to finalise and test its arrangements for business continuity and disaster recovery planning. It also needs to ensure all staff and members are trained in cyber security and it develops a process to validate how its ICT systems comply with cyber security arrangements.**
	Management Response: Agreed
	Responsible: Director of ICT Services

	Progress as at March 2026:
	Business Continuity Plans have been updated and the format revised to reflect emerging threats in the current operating environment. These incorporate disaster recovery factors, particularly around ICT security and are to be tested. Online training has been rolled out to ensure all officers and Members are fully conversant with cyber security and the associated risks and mitigations. The 2026 update of each service's Business Continuity Plan is currently in progress.
KR3	**The Council needs to improve its performance management arrangements by;** • **Establishing a golden thread for the Council, by improving the performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and reporting these to the public.** • **Agreeing performance outcomes that can be measured at least annually as part of the new performance management framework** • **Improving performance reporting to include benchmarking with nearest neighbours' data where possible** • **Integrating performance, risk and finance reporting to drive improvement and sharing these reports quarterly with Executive Board** • **Ensuring consistency across directorates regarding the reporting of corporate performance data to enable outcomes to be tracked**
	Management Response: Agreed
	Responsible: Interim Director of HR & Corporate Affairs
	Progress as at March 2026:
	A new performance management framework has been rolled out, with a core set of Key Performance Indicators incorporated into the quarterly performance reporting regime, linked to the new corporate priorities and built upon Departmental business plans and performance monitoring. A corporate data project is being implemented to pull together relevant performance data and provide links to service data, with increased use of benchmarking in setting targets and monitoring outcomes. The intention is for this data to then be streamed to relevant stakeholders for review and scrutiny through tailored dashboards.
KR4	**The Council needs to significantly improve its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by delivering the improvement plan to address the wider children's services inspection findings.**
	Management Response: Agreed
	Responsible: Executive Director, Children's

	Progress as at March 2026:
	As outlined under KR1, the Council is required to submit a SEND Reform Plan to the DfE by June 2026, setting out the steps to be taken in order to curb the cost of High Needs SEND pupils and develop its approach to the delivery of SEND services. The DfE have also provided a specialist Adviser to support the Council with addressing the delivery of SEND services. Progress with delivery of the SEND Reform Plan will be monitored by the Children & Young People's Policy and Performance Board. The independently chaired Ofsted Improvement Board are continuing to monitor implementation of the Improvement Delivery Plan which will deliver improved outcomes for children and reduced costs. This work is continuing with support from corporate departments, partner organisations, and a DfE representative on the Board.
IR1	**The Council should continue to improve its arrangements for risk management by:** **• Improving the CRR format to include target risk score, assurance and risk treatment and risk appetite.** **• Reflecting changes to the CRR for directorate level risk management.** **• Ensuring the S25 statement includes quantified risks which are assessed as part of the robustness for estimates.** **• Embedding the new risk policy across the Council through training for officers an elected members on risk management.** **• Ensuring the CRR is reported quarterly to the Executive and to Audit and Governance Board aligned with performance and financial reporting.**
	Management Response: Agreed
	Responsible: Interim Director of HR & Corporate Affairs
	Progress as at March 2026:
	The Council has reviewed its approach to risk management, with external support from Zurich Municipal (the Council's Insurers). A new risk management policy was approved by Executive Board on 11th September 2025, following which a new corporate risk register and monitoring regime is being implemented, supported by training for officers and Members. A new post of Risk Management Officer is currently being recruited to, who will lead on Risk Management for the Council.
IR2	**The Council should further enhance its internal audit arrangements by:** **• Improving audit reporting to demonstrate transparency and provide members with reasons why some audits have limited assurance in the progress report and the recommendations being made together with the timescale.** **• Ensuring the AGS identifies the statutory and key recommendations made by external audit together with actions and timescales to address these.** **• Strengthening the Audit and Governance Board to include formal reports on standards, making internal audit reports Part A to improve transparency, and providing reporting on the Financial Management Code and on Treasury Management.**

	Management Response: Agreed
	Responsible: Director of Finance
	Progress as at March 2026:
	Copies of all Internal Audit reports are already provided in full within the progress reports submitted to the Audit and Governance Board. Members therefore have access to complete information for each audit, including the reasons for any limited assurance opinion. Each Internal Audit report presented to the Board also includes the agreed management actions and the associated timescales for implementation. Internal Audit's reporting arrangements have been reviewed. A summary progress report is presented in Part 1 of the Audit and Governance Board agenda to enhance transparency. Individual audit reports continue to be presented in Part 2 because they may contain sensitive details of control weaknesses which, if publicly available, could expose the Council to increased fraud or security risks. The final version of the Annual Governance Statement for 2024/25, presented to the Audit and Governance Board at its September meeting, included the statutory and key recommendations made by external audit, together with the actions and timescales to address them. An assessment against the CIPFA Financial Management Code was reported to the Audit and Governance Board at its meeting in September 2025. Updates on Standards are provided to the Audit and Governance Board whenever relevant matters arise. Regular updates on Treasury Management activities are now reported to the Audit and Governance Board, in addition to reporting to the Executive Board.
IR3	**The Council needs to review its overview and scrutiny arrangements to provide a greater focus on earlier engagement of scrutiny to enhance decision-making and ensure scrutiny receive reports for consideration to provide an opportunity for challenge.**
	Management Response: Agreed
	Responsible: Director of Legal and Democratic Services

	Progress as at March 2026:
	Scrutiny processes are being reviewed via the Members' Scrutiny Chairs Group, to develop and enhance the Council's scrutiny arrangements. Policy and Performance Board titles and terms of reference have been amended which reflect the Council's new priorities in the Corporate Plan. Scrutiny training has been provided by external advisors for both officers and Members, to further enhance the Council's scrutiny processes.
IR4	**The Council needs to improve its arrangements for Member and officer declarations of interest, by updating Member and officer declarations annually at the start of each year.**
	Management Response: Agreed
	Responsible: Director of Legal and Democratic Services
	Progress as at March 2026:
	The Council recognises the importance of having an up-to-date declaration of interests and has taken steps to ensure its arrangements are robust. Legislation requires that Members register their interests upon election and then notify any subsequent changes within 28 days of them taking place. However, all Members are now asked to update their registrations of interest at the start of each municipal year in May.
IR5	**The Council should improve its contract management arrangements by putting in place formal contract management review processes and ensuring performance and financial management are included in contract review meetings and are formally documented. It also needs to ensure that the inter authority agreement with MRWA is formally agreed and signed by both parties and the waste contract is amended to enable the Council to fulfil its statutory duties.**
	Management Response: Agreed
	Responsible: Director of Finance
	Progress as at March 2026:
	The Transformation Delivery Unit have reviewed council-wide contract management arrangements and will be making recommendations to the Transformation Board to put in place more formal contract management review processes and documentation. Steps have been taken to ensure the inter-authority agreement with MRWA is formally agreed and signed by both parties and the waste contract is amended to enable the Council to fulfil its statutory duties.

REPORT TO: **Audit & Governance Board**

DATE: **18 March 2026**

REPORTING OFFICER: **Director of Finance**

PORTFOLIO: **Corporate Services**

SUBJECT: **External Audit Plan – 2025/26 Year-End**

WARD(S): **Borough-wide**

1.0 PURPOSE OF REPORT

1.1 To consider the External Audit Plan relating to the 2025/26 financial year-end, which will be presented by the Council's external auditor, Grant Thornton UK LLP.

2.0 RECOMMENDATION: That the contents of the External Audit Plan for the 2025/26 financial year-end, be noted.

3.0 SUPPORTING INFORMATION

3.1 The External Audit Plan for 2025/26 financial year-end is attached to this report and will be presented at the Board by Grant Thornton UK LLP.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 The report contains details of the external audit fees for 2025/26.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most In Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

There are no implications for any of the Council's priorities listed above.

7.0 RISK ANALYSIS

7.1 The external audit plan is based upon Grant Thornton UK LLP's risk-based approach to audit planning. The risks that have been considered as part of the opinion planning process are detailed in the attached report.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 None

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

10.1 None under the meaning of the Act.

The Audit Plan for Halton Borough Council

Year ending 31 March 2026

18 March 2026

Contents

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Halton Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Halton Borough Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Board); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit and Governance Board of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Land and Buildings
- Valuation of Net Pension Fund Liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £14.205m (PY £9.259m) for the Council, which equates to 2.5% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Our assessment of performance materiality (PM) concluded that it was appropriate to set PM at 70%, down slightly from 75% in the prior year, based on the number and value of amendments required in 2024/25. Clearly trivial has been set at £0.710m (PY £0.432m).

Value for Money arrangements

Our 2024/25 Auditor's Annual Report identified seven significant weaknesses resulting in three statutory recommendations and four key recommendations.

Our 2025/26 risk assessment regarding your arrangements to secure value for money has identified risks of significant weakness across the three key areas of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

We will follow up progress against recommendations made in 2024/25 and ensure that our work assesses the current arrangements in place. See page 18 for further detail of our VFM risk assessment.

Audit logistics

Our planning work audit commenced in late January 2026 and our interim audit is planned to conclude in April. Our final visit will take place between late June through to September 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £348,059 (PY: £350,864) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

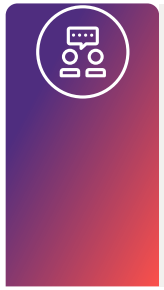
Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • review accounting estimates, judgements and decisions made by management; • review unusual significant transactions; • make enquiries of finance staff regarding their knowledge of potential instances of management override of controls; • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and • test a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.

"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transactions as: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable.	Where the risk has been rebutted we do not consider this to be a significant risk for the Council however standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. We will: – evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; – update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls; – agree on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence; and – we will carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of revenue for all expenditure streams and concluded that there is not a significant risk. This is due to • the low fraud risk in the nature of the underlying nature of the transaction; • there being little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds; and • the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable. We have identified a higher risk of error in the recognition of other service expenditure for the completeness of this expenditure stream. We have identified the risk to be a higher risk of cut-off of expenditure accruals at year-end. We have also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk based on the factors set out above.	Despite expenditure recognition not being a significant risk, we will still undertake the following procedures to ensure expenditure included within the financial statements is materially correct. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate. We will: • evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; • update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls; • agree on a sample basis relevant expenditure and year end creditors and accruals to invoices or other supporting evidence; and • carry out testing on sample basis of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings	The valuation of land and buildings represents a significant estimate in the financial statements. Revaluations are shared between the Council's Internal Valuer and an external valuation expert, Sanderson Weatherall. The Code for 2025/26 now requires indexation in the intervening years between revaluations. The council will be adopting this for the first time and applying indexation to property plant and equipment. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.	For assurance over the balance sheet valuation of land & buildings (including valuations undertaken by both the internal and external valuation experts), we will: • evaluate management's processes and assumptions for the calculation of the valuation estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write out to the valuation expert and discuss with the valuer the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • evaluate the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable; • test a selection of other asset revaluations made during the year to ensure they have been input accurately into the Council's asset register, revaluation and Comprehensive Income and Expenditure Statement; • evaluate the appropriateness of key indices used by the Council and check the basis of accounting entries; and • agree the basis of revaluations relating to Assets Held For Sale.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	The valuation of the pension fund net asset liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.	We will: • update our understanding of the processes and controls put in place by management to ensure the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary - Hymans) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, including confirmation of the scope of the actuary's work and whether the application of IFRIC 14 has been considered; • obtain assurances from the auditor of Cheshire Pension Scheme as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements: and • following the publication of the triennial valuation of Cheshire Pension Fund as at 31 March 2025, we will consider the impact of this on the pension fund net liability.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description	Planned audit procedures
Determination We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements	We determine planning materiality in order to: • establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements • assist in establishing the scope of our audit engagement and audit tests • determine sample sizes and • assist in evaluating the effect of known and likely misstatements in the financial statements.
Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	An item may be considered to be material by nature when it relates to instances where greater precision is required.
Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the Council financial statements	14.205 Million (m)	Financial performance of the Council with a focus on performance on total expenditure. We have calculated materiality based on 2.5% (1.5% PY) of the total expenditure set out in the 2024/25 audited financial statements. The Local Audit Regulations 2025 changed the threshold for major local audits (MLAs) in England from £500 million to £875 million in total income or expenditure and as a result Halton is no longer classified as a MLA. This change has allowed us to apply a higher percentage threshold for calculation of the appropriate 2025/26 materiality.
Performance Materiality (PM) for the Council financial statements	9.943 m	We base our assessment on a number of factors that include the quality of working papers in prior year, extent of misstatements identified in previous years and the Council response to audit queries. Based on these factors we have set PM at 70% of materiality for the Council's financial statements
Trivial Matters	0.710 m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. This is set at 5% of overall materiality.
Materiality for specific transactions, balances or disclosures	0.058 m	Materiality is reduced for remuneration disclosures due to the sensitive nature and public interest. Based on 2.5% of total Senior Officer expenditure in the 2024/25 audited financial statements. Any related party adjustments are considered on a case–by-case basis as to whether it is material to either party

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in four recommendations being reported in our 2024/25 Audit Findings Report with Management responses provided. Set out below is an updated response from Management setting out the latest position. At Page 15 we set out recommendations from 2023/24 that were still to be fully addressed as at 31 March 2025, again with an updated Management response.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	**Accounts preparation** Our review of valuations of land & buildings identified that the draft accounts and fixed asset register had been updated based on the incorrect version of the valuation report provided by the Councils' external valuer. This resulted in the understatement of assets by £5.8m. Our review of IFRS 16 implementation identified some instances of lease arrangements that had not been sufficiently assessed and considered as part of the transition to the new accounting standard.	We recommend that management implement robust quality review procedures to ensure that the draft financial statements and supporting working papers fully reconcile to the underlying data, regardless of whether the information is generated internally or provided by external experts. Additionally, management should proactively prepare for potential technical challenges or changes in reporting requirements and ensure appropriate systems and expertise are in place to respond effectively. **Management response - November 2025** The Council will increase the checks balancing the final accounts to the underlying valuation data and build this into the closedown checklist. **Management Update – March 2026** As per Management response November 2025
In progress	**Fully depreciated assets held at nil Net Book Value (NBV) assets** In our testing we identified many assets in Property, Plant & Equipment which were fully depreciated on the Fixed Asset Register. There is a risk that some of these items are no longer in use and should be recorded as disposed otherwise the gross cost and accumulated depreciation balance is overstated. We identified items which were incorrectly held on the Fixed Asset Register and further review identified a material value of assets which were disposed. Following review by management, we identified one further error in the remaining population of fully depreciated assets.	We recommend that management ensure appropriate procedures and controls are in place to ensure regular review of assets nearing the end of the useful economic life and identify unrecorded disposals of assets. **Management response – November 2025** The Council had increased the checks on nil Net Book Value assets following the recommendation from previous audits. This will be widened to include intangible assets from 2025/26. **Management Update – March 2026** As per Management response November 2025

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	**Capital expenditure recognition** Our substantive testing of payments and creditor invoices after the year end identified £1.2m of capital expenditure in 3 transactions which had incorrectly been recorded in the following financial year, 2025/26 but which occurred prior to 31 March 2025.	We recommend that management implements an appropriate control to review and identify capital expenditure around the year-end to ensure transactions are recorded and allocated to the correct financial period. **Management response – November 2025** Controls were increased on the timing of debtors and creditors as part of the 2024/25 accounts process. The capital invoices were received at the end of April after we had reviewed the year end transactions. Further checks will take place up to May 2026. **Management Update – March 2026** As per Management response November 2025
In progress	**Member Declarations** In our 2023/24 audit, we noted during our audit testing that some members had not disclosed all their interests on their declarations. **Update at September 2025–** Management acknowledged the need for all declarations to be made and carried out further audit testing to verify completeness and timeliness of relevant declarations as part of our 2024/25 audit. We identified that not all members had declared all their interests as expected.	We recommend that all declarations are completed fully by both officers and members. **Management response – November 2025** The Council will continue to try and ensure all members interests are declared as part of 2025/26 accounts process. **Management Update – March 2026** As per Management response November 2025

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Our work on cash during the 2023/24 audit noted that bank reconciliations are not always carried out at the month-end date and also that some school bank accounts were still included within cash when they shouldn't have been. The amounts concerned are below our triviality level so no adjustment was required. We also noted the same issue as in 2022/23 where reconciling items were posted to debtors automatically rather than considered as reconciling items as part of the cash balance. The amounts are below trivial **2024/25 audit findings** Management acknowledged that further training was required and that reconciliations would be performed monthly. We reconfirmed that the bank reconciliations were not completed in a timely manner at month-end dates and that the schools bank reconciliations required amendment to fully reconcile the cash balances and these were provided for audit on 5 September 2025.	We recommended that reconciliations are performed fully at period-ends and that the amounts which should no longer be in schools' cash are transferred to the appropriate place in the Council's accounts. **Management Update – March 2026** Reconciliations will be fully updated at financial year-end. Processes are being put in place to ensure reconciliations are performed fully at period ends.
In progress	From our work and discussions with management during 2023/24 we understand that there is no internal formal impairment process performed. Whilst we understand that the valuer will review impairment as part of their review, management need to demonstrate how they have considered their own estate for potential impairment via the estates team and how issues have been discussed with the valuer such as plans to stop using certain assets, condition surveys etc. **2024/25 audit findings** Management agreed to build this process into the annual closedown procedures and we reviewed the impairment review carried out by management and based on the documentation available it was not clear whether all assets have been sufficiently considered and assessed for the risk of impairment. As best practice, we would expect a full list of assets to be circularised at least annually to asset owners requiring positive confirmation that an assessment of impairment risk factors has been completed. We did not consider the process as fully implemented or adequately addressing the recommendation.	We recommended that management introduce a formal impairment process on at least an annual basis. **Management Update – March 2026** Financial Management will work with the Council's valuer to ensure a full list of assets is circulated, assessed and updated at financial year-end.

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In Progress	Our work on REFCUS (Revenue Expenditure Funded from Capital Under Statute) identified several items that should not have been classified as REFCUS and this led to the misstatements we reported in the Audit Findings Report in 2023/24. **2024/25 audit findings** Management agreed to build this into the annual closedown checklist. Our testing in 2024/25 identified one transaction which was incorrectly classified as REFCUS as it related to works completed on a Council building. We were satisfied that it was not material however, we consider further improvement is necessary to ensure REFCUS is appropriately classified.	We recommend that the Council review any expenditure it is classifying as REFCUS as part of its annual closedown to ensure it meets the definition and is therefore accounted for correctly **Management Update – March 2026** Financial Management will review any expenditure it is classifying as REFCUS as part of annual closedown to ensure it meets the definition and is accounted for correctly.
Management response noted – We agree to remove as a recommendation in future periods	We noted that there is no formal review or authorisation process for journals. The mitigating control is that each cost centre is monitored by the relevant budget holder. The budget holder reviews transactions against cost centre codes periodically to ensure no unusual or incorrect postings have been made. **2024/25 audit findings** Management view was that this was not required. Our review remains that a preventative control is necessary in line with best practice.	Management should consider putting in place a preventative control in addition to the existing detective control so that journals are authorised prior to them being posted. **Management Update – March 2026** We remain of the view this is not required as other control measures are in place.

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso/Unit 4 ERP	Financial reporting	Assessment of design and implementation of relevant IT general controls operated by the Council. To review IT general controls related to security management, development and maintenance and technology infrastructure

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

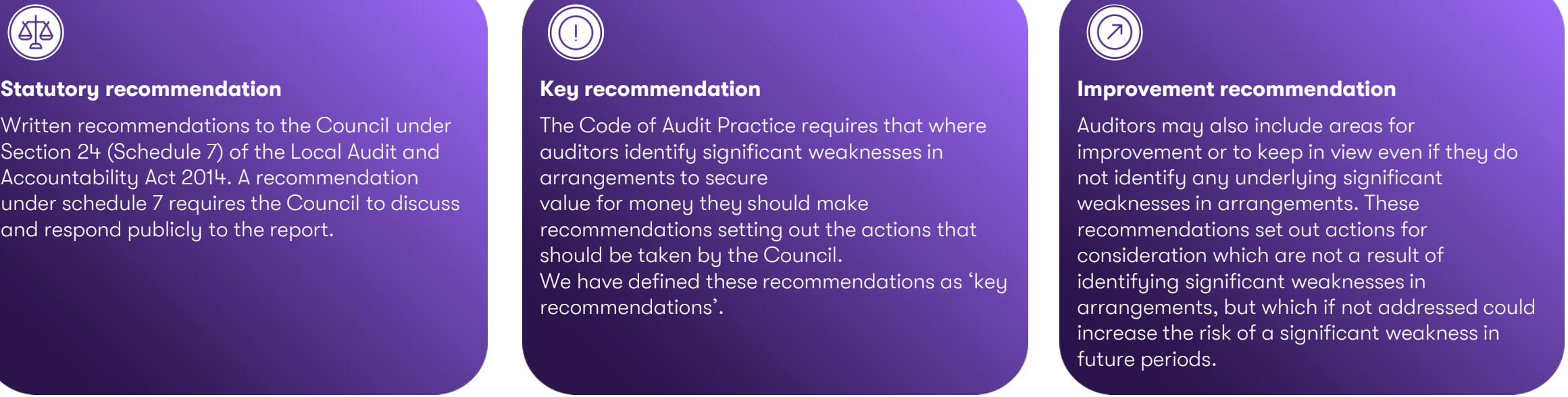
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council.
We have defined these recommendations as 'key recommendations'.

Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	R	We confirmed three significant weaknesses in arrangements for financial planning, transformation and Dedicated Schools Grant (DSG) were identified, and statutory recommendations retained for financial planning and transformation and a key recommendation retained for DSG.	Risk of significant weakness in 2025/26 arrangements based on prior year findings	Given the risk of significant weakness identified, we will undertake additional risk-based procedures to assess the robustness of arrangements to secure financial sustainability with regard to developing the 2026/27 budget, the Medium-Term Financial Outlook, development of transformation and savings plans, and mitigating the DSG deficit.

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendation(s) made.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	R	We confirmed a significant weakness in arrangements for corporate control and capacity resulting in a statutory recommendation. We re-confirmed a significant weakness for business continuity and disaster recovery and retained a key recommendation.	Risk of significant weakness in 2025/26 arrangements based on prior year findings	Given the risk of significant weakness identified we will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2024/25, to ensure that performance management arrangements are strengthened, and how the Council are driving improvements in children's social care. We will also follow up the progress made addressing the improvement recommendation we raised in 2024/25
Improving economy, efficiency and effectiveness	R	We reconfirmed two significant weaknesses in arrangements in relation to performance management and children's services.	Risk of significant weakness in 2025/26 arrangements based on prior year findings	We will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2024/25, to ensure that performance management arrangements are strengthened, and how the Council are driving improvements in children's social care. We will also follow up the progress made addressing the improvement recommendation we raised in 2024/25

Logistics

The audit timeline

Key Dates

Audit phases:

Key elements

- Planning meetings with management to confirm audit scope
- Risk assessment and associated testing to be completed
- Commence VFM assessment
- Issue the Audit Plan to management and Audit & Governance Board

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Complete planned early testing.

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Key elements

- Audit Findings meeting with management
- Draft Audit Findings issued to management
- Draft Audit Findings presented to Audit & Governance Board
- Auditor's Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Liz Luddington
Engagement Lead/Key Audit Partner

- Key contact for senior management and Audit and Governance Board
- Overall quality assurance

Chris Whittingham
Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

Dan Povey
VfM Senior Manager

- VFM Audit planning
- Resource management
- Performance management reporting

Rhea Morang
Audit In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists (e.g. IT audit), when required.

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Audit Plan • Audit Progress reports and sector updates • Audit Findings Report • Auditor's Annual Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit;
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements;
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements;
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment; and
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Valuation of operational land and buildings; and
  - Valuation of Pension Fund Liability.

Previous year

In 2024/25 the scale fee set by PSAA was £338,579. The actual fee charged for the audit was £350,864.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Halton Borough Council Audit	338,579	348,059
Implementation of IFRS 16	12.285	N/a
Total (Exc. VAT)	**350,864**	**348,059**

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £348,059.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, we confirm there are no matters that we are required to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Furthermore, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following table below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor. None of the below services were provided on a contingent fee basis

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Halton Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that we set out below.

Assurance Service Fees

Service	Amounts billed since 1 April 2025 or to be billed (£)	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	34,987 – relates to 2023/24 28,130* - relates to 2024/25 28,113 ** - relates to 2025/26	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £34,987 in comparison to the total fee for the audit of £348,059 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Teachers' Pension Agency Certification	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £348,059 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Other non-audit services

CFO Insights – Other service	18,886 – relates to 2024 licence 12,500 – relates to 2025 licence	Self-Interest	The fee is a subscription and is therefore a self-interest consideration. However, the fee for this work is negligible in comparison to the total fee for the audit and in particular Grant Thornton UK LLP's turnover overall. It is also a fixed fee with no contingent element. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	**Relating to 2025/26 - £53,113** **Relating to earlier years - £94,503**		

Key

*Final amount is still to be confirmed (TBC)

**Core fee will be subject to inflationary uplift and is TBC

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027/28.

REPORT TO: **Audit and Governance Board**

DATE: **18 March 2026**

REPORTING OFFICER: **Director of Finance**

PORTFOLIO: **Corporate Services**

SUBJECT: **Informing the External Audit Risk Assessment**

WARD(S): **Borough-wide**

1.0 PURPOSE OF REPORT

1.1 To present the response to the annual letter from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

2.0 RECOMMENDATION: That;

(i) the proposed responses shown in the Appendix be approved;

(ii) the responses be provided to the Council's External Auditors.

3.0 SUPPORTING INFORMATION

3.1 International Auditing Standards require the Council's external auditors, Grant Thornton, to seek an understanding of how those charged with governance within the Council (ie. the Audit and Governance Board) gain assurance regarding management processes and arrangements, in the context of the year-end audit of accounts.

3.2 The Appendix presents draft responses to a number of questions contained in a letter from Grant Thornton, which it is proposed to provide to assist with the year-end audit of accounts.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most in Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

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

7.0 **RISK ANALYSIS**

7.1 The responses to the questions in the Appendix set out the arrangements that the Council has in place to manage the risk of fraud and to ensure that the Council complies with relevant laws and regulations.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None.

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 None under the meaning of the Act.

Inquiries of management and others

ISA 315 (Revised 2019).14 requires risk assessment procedures to include inquiries of management and other within the entity. The purpose of this is to support an appropriate basis for the identification and assessment of risks, and design of further audit procedures. Inquiries of management and those responsible for financial reporting and of other appropriate individuals within the entity and other employees with different levels of authority may offer the auditor varying perspectives when identifying and assessing risks of material misstatement. [ISA 315 (Revised 2019).14 A22-A24].

The purpose of this working paper to support our inquiries and discussions with management and others. This work paper does not supersede the questions in planning inquiries, and is additional to those which need to be asked of management/ TCWG/ internal audit etc.

Meeting details

Date:

Time:

Teams meeting/ Location:

Attendees:

Guidance for audit teams

The agenda below is a list of possible areas for discussion with management to support the risk assessment. Audit teams should tailor these questions as required to the audited body and may wish to share the agenda/ questions with management before the meeting. The audit team may wish to add audit logistics to the agenda (e.g. timing of audit work, Audit Committee dates etc.). The audit team should consider the impact for each item on the risk assessment and ensure these have been appropriately addressed and documented on the LEAP file.

Agenda	Meeting notes	Consideration of impact on risk assessment	x-ref to section of LEAP
General inquiries			
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 25/26?	1. Biggest impact will be the Council's reliance on Exceptional Financial Support to help bridge the budget deficit. Levels of support requested, include: 2024/25 - £10m confirmed		

	2025/26 - £29m Estimated and pending Government final approval. 2026/27 - £35m Estimated and pending Government final approval. Exceptional Financial Support is having an adverse impact on Council cashflow's which will result in increased borrowing costs. 2.Council spending has been brought under control during the financial year 2025.26. Early outturn estimates forecasted an overspend in the region of £6m. This has gradually eroded over the course of the year with the latest forecast (as at end of January 26) estimated year-end net cost to be £1.3m under the approved budget. There are still concerns over the Council's cost base, this needs to reduce significantly if the Council can remove reliance on Exceptional Financial Support and bring net spend to a sustainable position. 3. Dedicated Schools Grant deficit is expected to be in region of £27m at the end of March 2026. Government have confirmed that up to 90% funding will be available to help fund the deficit but this is dependent on a SEND Reform Plan being approved by		

	Government. Unsure at point of writing what the requirements of a SEND Reform Plan will look like. Narrative reference will be made in Statement of Accounts to the impact of the Governments contribution to the DSG deficit. With the statutory override being in place we don't foresee any impact on any of the financial statements until 2028/29 accounts. 4. Mersey Gateway triennial review of balances will take place at the end of March 2026. This will have an impact on balances relating to Mersey Gateway, plan will be to follow the same approach for the last financial review as at the end of March 2023.		
2. Have you considered the appropriateness of the accounting policies adopted by Halton Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The Council's accounting policies are still to be finalised. At this point it is considered there have been no events or transactions which have required changes to or the adoption of new accounting policies.		
3. Is there any use of financial instruments, including derivatives? If so, please explain	There is use of financial instruments, but not derivatives. The policy on the use of financial instruments is reported through the Treasury Management Strategy and reviewed through the Treasury Management monitoring process.		

4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	1. Capitalisation of spend on the Council's Transformation Programme took place during 2025/26. A use of capital receipts strategy was shared with MHCLG in March 2025 for the year 2025/26. This was in addition to the request for Exceptional Financial Support. 2. Council is likely to use approx. £29m of Exceptional Financial Support during 2025/26.		
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	None in which the Council are aware of.		
6. Are you aware of any guarantee contracts? If so, please provide further details	None in which the Council are aware of.		
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	Nothing of a material value which will impact the financial statements.		
8. Other than in-house solicitors, can you provide details of those solicitors utilised by [**name of body**] during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Weightmans provide the Council with advice on personnel matters. Greenhalgh Kerr used for council tax and business rate recovery. Key venture (7HS) provision of support used for children's advocacy.		
9. Have any of Halton Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No.		

10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	PWC provided advice on VAT and CIS matters. Gallagher provide advice as the Council's insurance broker. MUFG (Mitsubishi UFG) provided treasury management advice during the year and will provide information on the Financial Instruments note to the Council's financial accounts. Consultants were in place to support the Council's 3 year transformation programme.		
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Credit loss provisions considered on an annual basis for both general and collection fund matters.		
Fraud inquiries			
12. Has Halton BC assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do Halton BC's risk management processes link to financial reporting?	The Council assesses the risk of material misstatement in its financial statements due to fraud as minimal. This confidence is based on the following key factors: • Strong Anti-Fraud Measures: The Council has robust anti-fraud arrangements in place, and internal fraud levels remain consistently low. External fraud tends to be minor and mainly related to Council Tax and Benefits. • Qualified and Experienced Staff:		

	Financial statements are prepared by appropriately qualified and experienced staff. A rigorous quality assurance process ensures accuracy and minimises the risk of material errors. • Internal Audit Assurance: Regular reviews of core systems by Internal Audit provide assurance that financial data is reliable, reducing the risk of misstatement. • Effective Fraud Risk Management: Fraud risk is actively considered in the Council's planning processes. The Audit & Governance Board receives regular updates on corporate risk management and reviews the Corporate Risk Register, which explicitly acknowledges fraud risks and the Council's control measures. • Established Anti-Fraud Policies: The Council's Anti-Fraud & Corruption Strategy, Fraud Response Plan, and Confidential Reporting Code (Whistleblowing Policy) are integral parts of its Constitution, reinforcing its commitment to fraud prevention.		

	• Fraud Awareness and Investigation: □ Internal Audit considers fraud risk in every audit assignment and periodically raises fraud awareness among employees and members. □ A dedicated Investigations Team, comprising three investigator posts, provides a specialised resource for conducting fraud investigations across the Council. These measures collectively ensure that the Council maintains a strong stance against fraud, safeguarding financial integrity and public trust. The Council has also undertaken a fraud risk assessment which informs the annual Fraud Plan. In the private sector, managers may be motivated to manipulate financial results to meet profit targets, influence share prices or secure bonuses or performance-linked rewards. In local government, managers are not rewarded based on financial performance, and there is no profit motive or share price to influence. This significantly reduces the incentive for intentional misstatement / override of controls.		

13. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton. Other areas at risk of fraud include: • Insurance claims against the Council • Procurement • Supplier invoices, Bank mandate fraud • Council Tax – Single Person Discounts and Council Tax Reduction Scheme • Business Rates • Payroll & Pensions • Recruitment • Electoral fraud • School admission application fraud • Direct Payments / personal budgets • Adult Social Care – Financial Assessments • Grants to individuals or organisations • Development control • Cash handling • Expenses		

	• Blue badges and concessionary travel • Accounting Journals		
14. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Halton BC as a whole, or within specific departments since 1 April 2025? If so, please provide details	No. The Council's Investigations Team is constantly investigating low level fraud. However, the Council is unaware of any allegations of fraud, errors or other irregularities that would be considered material in terms of the financial statements.		
15. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Risk issues, including those relating to fraud, are communicated to those charged with governance primarily through regular reporting to the Audit & Governance Board. The Board receives routine updates on the Council's corporate risk management arrangements and reviews the Corporate Risk Register, which explicitly acknowledges the risk of fraud and sets out the controls and mitigation measures in place. Through this process, the Board is able to assess the robustness of the Council's risk management framework. Risk matters identified through Internal Audit activity are reported to the Audit & Governance Board via regular Internal Audit progress reports, which highlight significant findings, emerging risks, and management responses. In addition, the Board receives an		

	annual report on the Council's anti-fraud and corruption arrangements; the most recent report was presented to the Board in September 2025. Any emerging significant risk issues would be communicated to elected members through appropriate channels as they arise. Furthermore, the Council's standard reporting template for Board and committee reports includes a dedicated section requiring officers to outline the risks associated with proposed decisions, ensuring that risk considerations are consistently and transparently presented to decision-makers.		
16. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Halton BC where fraud is more likely to occur?	The main fraud risk areas identified are listed in response to Q13. The Council's Investigations Team has also completed a fraud risk assessment that informs the Annual Fraud Plan.		
17. What processes do Halton BC have in place to identify and respond to risks of fraud?	The Council has a well-established risk management process, ensuring that fraud risks are actively considered as part of strategic planning. Key measures include: • Regular Risk Monitoring: □ Management Team frequently reviews and monitors the Corporate Risk Register,		

	ensuring that fraud risks are identified and addressed. □ The Audit & Governance Board receives regular reports on corporate risk management and assesses the robustness of risk controls. □ Fraud risk is explicitly acknowledged in the Corporate Risk Register, alongside the preventive measures the Council has in place. • Comprehensive Anti-Fraud Framework: □ The Council's Anti-Fraud & Corruption Strategy, Fraud Response Plan, and Confidential Reporting Code (Whistleblowing Policy) are integral parts of the Council Constitution, reinforcing its commitment to transparency and accountability. • Internal Audit and Fraud Awareness: □ Internal Audit considers fraud risk in all audit assignments and periodically conducts fraud awareness initiatives for employees and members. □ A dedicated Investigations Team of three specialist investigators provides a Council-wide resource for tackling fraud. • Public Engagement in Fraud Prevention:		

	The Council operates a fraud reporting system, enabling members of the public to report concerns about potentially fraudulent activities. Other arrangements to identify and respond to the risk of fraud include: • Crime insurance policy to indemnify the Council against significant financial loss resulting from fraud • Participation in the National Fraud Initiative • Collaboration with other local authorities and sharing of best practice in regard to tackling fraud and corruption • Formal arrangements with the DWP to participate in joint criminal fraud investigations relating to the Council Tax Reduction Scheme (CTRS) and social security benefit fraud • Membership of the National Anti-Fraud Network (NAFN), which is the largest shared service in the country and provides data, intelligence and best practice in support of fraud and investigation work These measures ensure that fraud risk is managed as far as is reasonably practicable.		

18. How do you assess the overall control environment for Halton BC, including the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness of the system of internal control? If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details	The Council maintains a strong and well-established control environment, as consistently reflected in the annual opinions of the Head of Internal Audit over an extended period. Key measures ensuring financial integrity and governance include: • Comprehensive Internal Audit Oversight: - Internal Audit provides continuous monitoring of the Council's control framework, conducting regular reviews of core systems that inform the financial statements. - Each audit includes an assessment of internal controls and fraud risk, ensuring a proactive approach to fraud risk management. • Action Plans for Continuous Improvement: - Any significant internal control weaknesses identified through Internal Audit, External Audit, or other assurance providers are addressed with targeted action plans. - The results of all audit reviews, including follow-up audits, are reported to the Audit & Governance Board, ensuring accountability and transparency.		

	• Fraud Awareness and Prevention: - The Council promotes a strong anti-fraud culture, supported by an e-learning module designed to raise staff awareness of fraud risks. • High Standards in Financial Reporting: - Staff responsible for financial statement preparation are highly qualified and experienced. - A rigorous quality assurance process ensures that financial statements remain accurate and free from material error. • Governance Oversight: - The Audit & Governance Board reviews and approves the Annual Governance Statement, incorporating assurances from multiple sources to reinforce the Council's internal control framework. Appropriate segregation of duty is inbuilt into the Council's finance and banking systems to ensure that the same officer cannot initiate a transaction and authorise it. The Council is not aware of any instances where controls have been overridden or where inappropriate influence has been		

	exerted over the financial reporting process.		
19. Are there any areas where there is potential for misreporting? If so, please provide details	The Council has established robust reporting processes to ensure accuracy, completeness, and transparency in financial reporting. We have no known areas of concern regarding potential misreporting. Key safeguards include: • Comprehensive Reconciliation Procedures – The Council has established robust reporting processes to ensure accuracy, completeness, and transparency in financial reporting. We have no known areas of concern regarding potential misreporting. • Rigorous Verification and Review – Figures are subject to thorough verification, checking, and challenge before being reported, further mitigating any risk of misreporting. These measures reinforce the Council's commitment to accurate and reliable financial reporting.		
20. How does Halton BC communicate and encourage ethical behaviours and business processes of its staff and contractors? How do you encourage staff to report their concerns about fraud?	The Council's Local Code of Corporate Governance, which forms an integral part of the Council Constitution, sets out the processes and expectations that ensure officers uphold high standards of conduct and maintain effective governance. These		

What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details	arrangements are supported by a wide range of policies and guidance, communicated to staff through induction procedures, the Employee Code of Conduct, Finance and Procurement Standing Orders, registers of interests, staff communications, registers of gifts and hospitality, whistleblowing procedures, HR policies, and fraud-awareness training. E-learning modules have been introduced to strengthen employee awareness of the Bribery Act, fraud and corruption, and Information Governance requirements. Staff are encouraged to report any concerns about potential fraud, corruption, or unethical or unprofessional behaviour. The Council's whistleblowing policy provides a clear mechanism for both staff and contractors to raise concerns, and the reporting channels are widely publicised. All reports received are handled appropriately and subject to thorough investigation.		
21. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Chief Officer posts have the highest levels of financial delegation and may therefore be considered potentially higher-risk from a fraud and corruption perspective, along with roles involved in the procurement of contracts. However, the Council		

	operates a comprehensive Scheme of Delegation that provides a clear structure of financial authorisation, helping to mitigate these risks. Appropriate segregation of duties is built into the Council's finance and banking systems to ensure that no officer can both initiate and authorise the same transaction. The Council also maintains robust procurement arrangements, overseen by the Procurement Team. This oversight helps ensure that all procurement activity is legally compliant and adheres to the Council's Procurement Standing Orders, providing further assurance over the integrity and transparency of purchasing processes.		
22. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details How do you mitigate the risks associated with fraud related to related party relationships and transactions?	A list of related parties will be included within the Council's draft 2024/25 Statement of Accounts. We are not aware that any of these relationships or transactions could give rise to instances of fraud.		
23. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?	The Audit & Governance Board receives regular reports on the Council's corporate risk management arrangements, including routine updates on the Corporate Risk Register. The risk of fraud is explicitly recognised within the Corporate Risk Register, which sets out the measures in place to prevent, detect, and		

	respond to fraud. Through its review of the Register and related reports, the Audit & Governance Board provides oversight of the robustness of the Council's risk management arrangements. Fraud-related issues identified through Internal Audit work are reported to the Audit & Governance Board through Internal Audit progress reports presented at each meeting. These reports highlight any significant control weaknesses, emerging risks, or incidents identified during audit activity, enabling Members to challenge and scrutinise management's response. In addition, the Audit & Governance Board receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the 2024/25 report in September 2025, and the 2025/26 report will be presented in June 2026. This annual update provides assurance on the effectiveness of the Council's counter-fraud framework, including policy compliance, investigations, training, and awareness activity. No significant fraud issues or risks were reported to the Audit & Governance Board during 20245/26.		

24. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	All whistleblowing complaints are logged and investigated by the Audit & Investigations Team. A summary of the complaints received, along with the outcomes, is presented to the Audit & Governance Board as part of the annual report on the Council's anti-fraud and corruption arrangements. No whistleblowing complaints have been received during 2025/26 that would have a material impact of the Council's financial statements.		
25. Have any reports been made under the Bribery Act? If so, please provide details	No		
Laws and regulations			
26. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Halton BC have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to Halton BC's regulatory environment that may have a significant impact on the Council's financial statements?	1. Seniors Officers, the Legal Department and Finance Officers are responsible for ensuring compliance with relevant laws and regulations. Internal Audit review such arrangements as part of its annual plan of work and report on any non-compliance. 2. The Council also operates whistleblowing arrangements which provides various assessments of compliance. 3. There have not been any changes to the Council's regulatory environment which would have a significant impact upon the financial statements.		

27. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	1. The Audit and Governance Board considers the Annual Governance Statement which provides various assessments of compliance. 2. Assurances are also provided by the arrangements operated by the Council's statutory Section 151 Officer and Monitoring Officer.		
28. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2025 with an on-going impact on the 25/26 financial statements? If so, please provide details	There have been no such instances of non-compliance or suspected non-compliance since 01 April 2025.		
29. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	Only for those where it is possible the liability is with the Council and there is uncertainty over the amounts. These are covered within the contingent liabilities note.		
30. What arrangements does Halton BC have in place to identify, evaluate and account for litigation or claims?	Senior Officers, the Legal Department and Finance Officers are requested on an annual basis to consider potential litigation and claims. Regular financial reporting and budget monitoring also helps with the identification process. Assessments are undertaken by the Revenues and Financial Management Division and decisions taken on how to account for claims in line with accounting standards and the CIPFA Code of Practice. A provision is set for all insurance claims, in order to quantify the full potential cost of all		

	outstanding claims. Regular meetings take place with service providers that will highlight these events.		
31. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	None.		
Related parties			
32. Have there been any changes in the related parties including those disclosed in Halton BC's 25/26 financial statements? If so, please summarise: • the nature of the relationship between these related parties and Halton BC • whether Halton BC has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions	No changes, a list of related parties will be included within the draft 2025/26 Statement of Accounts.		
33. What controls does Halton BC have in place to identify, account for and disclose related party transactions and relationships?	An exercise is undertaken annually as part of the process in preparing the Statement of Accounts, to identify potential related party transactions and ensure they are properly accounted for.		
34. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	All transactions for related parties are subject to the Council's normal controls over authorisation and approval of transactions in line with Finance Standing Orders.		
35. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Any transactions outside the normal course of business are subject to the Chief Executive using emergency decision powers which are all required to be		

	reported at a later date to the Council Executive Board.		
Going concern			
36. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Halton BC will no longer continue?	Council Executive Board receive reports covering the Council's financial position every other month. These reports includes details on the Council's reserve levels and a financial risk register. Financial Management undertake forecasting of the estimated outturn position during the financial year and a rolling medium term financial forecast is also produced which reviews the Council's financial position over a three year term.		
37. Are management aware of any factors which may mean Halton BC that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Despite the Council's financial position, statutory services will continue to be provided.		
38. With regard to the statutory services currently provided by Halton BC, does Halton BC expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Halton BC to cease to exist?	There are no plans for the Council to cease to exist therefore statutory services will continue to be provided by the Council.		
39. Are management satisfied that the financial reporting framework permits Halton BC to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Management are satisfied on both counts.		
Accounting estimates			

40. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Property, Plant and Equipment Pensions Liability Provisions		
41. How does the Councils's risk management process identify and address risks relating to accounting estimates?	Consideration is given to such when preparing the financial statements. These will be noted in the 2025/26 Statement of Accounts.		
42. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Professional advice is taken with regards these estimates. The Council's internal valuer (via Sandersons Weatherall) provides advice on PPE. Advice on the value of the pension fund is taken from the scheme actuary. Advice, economic climate and use of best available data is used with regard to provisions.		
43. How does management review the outcomes of previous accounting estimates?	Comparison of values is undertaken between current and prior year. Where material differences apply guidance is sought on the reasons.		
44. Were any changes made to the estimation processes in [**add relevant year**] and, if so, what was the reason for these?	No changes are proposed.		
45. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Need for specialist skills or knowledge will be considered separately for each class of estimation.		
46. How does the Council determine what control activities are needed for significant accounting estimates, including	Control activities are set out in engagement contracts with service providers or management experts.		

the controls at any service providers or management experts?	Control activities will be determined in line with CIPFA Code of Practice and International Accounting Standards.		
47. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification is sought where there are material differences in estimates between years which have not been addressed.		
48. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: • Management's process for making significant accounting estimates • The methods and models used The resultant accounting estimates are included in the financial statements.	Detailed information on each estimate is included within the Statement of Accounts.		
49. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	None		
50. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Use of service providers or management experts where required.		
51. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	Use of service providers or management experts where required.		

Appendix A – Accounting Estimates

Possible examples include land and buildings valuations, council dwelling valuations, investment property valuations, valuation of defined benefit net pension fund liability/asset, fair value estimates, level 2 and 3 investments, PFI liabilities, provisions, accruals, credit loss and impairment allowances, leases.

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuation	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Depreciation	Estimated useful lives are applied for each different class of asset.	Depreciation applied to valuation provided by management experts	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Assets held for sale	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Valuation of defined benefit net pension fund liabilities	Management experts engaged through Cheshire Pension Service to provide information	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Provisions	Historical experience and current available information	Comparison made to previous years	No	To be considered if material	No

Fair value estimates	The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: a) In the principal market for the asset or liability, or b) In the absence of a principal market, in the most advantageous market for the asset or liability.	Market and economic conditions	No	To be considered if material	No
Accruals	Latest available information	Comparison made to previous years	No	To be considered if material	No
Credit loss and impairment	Historical experience and current available information	Comparison made to previous years. Market and economic conditions	No	To be considered if material	No
Amounts due under finance leases	Latest available information	Comparison made to previous years	No	To be considered if material	No
PFI Liabilities	Model based on latest available information and information relevant to PFI type schemes	Comparison to previous years	Experts used in previous years in setting up initial models	To be considered if material	No

REPORT TO: Audit and Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Director of Finance

PORTFOLIO: Corporate Services

SUBJECT: Recruitment of an Independent Member

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 A verbal update will be provided regarding the process to recruit an Independent Member to the Board.

2.0 RECOMMENDATION: That the verbal update on progress with recruitment of an Independent Member to the Board, be noted.

3.0 SUPPORTING INFORMATION

3.1 On 24 September 2025 the Board approved a report setting out the requirements for appointing a suitably qualified Independent Member to the Board, who would provide additional expertise and knowledge relevant to the Board's role, particularly that of the Council's Audit Committee.

3.2 This followed the review and update of the Board's terms of reference and composition, to ensure they comply with Cipfa's recommended practice.

3.3 The post was advertised via the careers page on the Council's website and via social media with a closing date for applications of 28th November 2025.

3.4 A verbal update will be provided to the Board regarding progress with the recruitment process.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 Travelling expenses will be provided in accordance with the Member's expenses scheme. There is currently no allowance paid for the post.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most In Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

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

7.0 RISK ANALYSIS

7.1 If it does not prove possible to recruit a suitable candidate to the post, the approach taken to the recruitment will need to be reconsidered.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 There are none.

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

10.1 There are none under the meaning of the Act.

REPORT TO: Audit and Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Head of Audit and Operational Finance

PORTFOLIO: Corporate Services

SUBJECT: Internal Audit Plan – 2026/27

WARD(S) Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 This report seeks the Board's approval for the planned programme of Internal Audit work for 2026/27.

2.0 **RECOMMENDATION:**

The Board is requested to review and approve the Annual Internal Audit Plan for 2026/27, ensuring that the plan's scope and priorities align with the Board's expectations.

3.0 **SUPPORTING INFORMATION**

3.1 All local authorities must make proper provision for internal audit in accordance with the Local Government Act 1972 (Section 151) and the Accounts and Audit Regulations 2015. The Regulations require authorities to *"undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."*

3.2 Best practice for internal audit is governed by the Global Internal Audit Standards (GIAS). In line with these Standards, the Chief Audit Executive must create an internal audit plan that supports the organisation's objectives and is based on a documented assessment of its strategies, objectives, and risks. This assessment must draw on input from the Board and senior management, together with the Chief Audit Executive's understanding of the organisation's risk management, control, and governance environment.

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

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

- The plan has been structured to provide sufficient, balanced coverage to enable the Head of Internal Audit to give an annual opinion on the adequacy of the Council's risk management, control, and governance arrangements.

- It is recognised that full annual coverage of all Council systems, services, and risks is neither practical nor necessary. Internal Audit must therefore balance depth and breadth, focusing on those significant risks where assurance is considered necessary, rather than seeking to audit every high-risk area each year. This approach helps to ensure sufficient overall coverage to support the annual audit opinion.
- Senior management across all directorates have been consulted to identify priority risks, areas of concern, and significant organisational change. Their input forms a key part of the risk assessment.
- Insight gathered from these discussions, together with the Corporate Risk Register, previous audit findings, and other assurance sources, has been used to shape a risk-based programme aligned with organisational priorities.
- Relevant 2025/26 assignments that remain priorities have been carried forward into the 2026/27 Plan with the agreement of the responsible service managers.
- Planned coverage has been agreed with the Council's Section 151 Officer to ensure it supports the discharge of their statutory responsibilities.
- The plan serves as a statement of intent but must remain flexible to accommodate changes in the organisational risk environment and internal audit resources throughout the year.
- Capacity has been allocated within the Audit Plan to respond to management requests for special investigations, consultancy, and other advisory or assurance services.

3.5 When defining the scope of individual assignments, Internal Audit will take account of the Council's assurance framework and Transformation Programme to ensure effort is targeted appropriately.

3.6 The draft Audit Plan for 2026/27 is attached as an appendix. It outlines the role and scope of Internal Audit, how it is resourced and delivered, the reporting arrangements, and the planning methodology adopted. It also includes a detailed list of planned audit engagements for 2026/27, along with the underlying risk rationale for each assignment.

3.7 The 2026/27 Audit Plan comprises 960 planned audit days, based on a forecast staffing establishment of 5.2 FTE. This reflects a reduction of 0.4 FTE from 2025/26 following a planned restructure linked to a previously agreed budget saving proposal.

3.8 Performance against the Audit Plan will be monitored throughout the year, with regular progress reports provided to the Audit and Governance Board. Any significant issues affecting delivery of the plan, or requiring substantial adjustment, will be identified, addressed, and reported to the Board as necessary.

3.9 Internal Audit will liaise with the Council's external auditor, Grant Thornton, as appropriate to minimise potential duplication and ensure efficient use of the overall audit resource.

4.0 POLICY IMPLICATIONS

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

5.0 FINANCIAL IMPLICATIONS

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

5.2 The proposed Internal Audit Plan and the resources needed to deliver it do not result in any additional resource implications for the Council.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

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

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

6.2 Building a Strong, Sustainable Local Economy

See 6.1

6.3 Supporting Children, Young People and Families

See 6.1

6.4 Tackling Inequality and Helping Those Who Are Most In Need

See 6.1

6.5 Working Towards a Greener Future

See 6.1

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

See 6.1

7.0 **RISK ANALYSIS**

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

7.2 The GIAS require that the Internal Audit Plan be dynamic and updated in a timely manner in response to changes in the organisation's business, risks, operations, programmes, systems, controls, and organisational culture. As such, adjustments to the planned work may be necessary throughout the year. Minor amendments to the plan will be agreed with the Director – Finance. Any significant changes, including issues that may affect completion of the plan or require substantial revisions, will be reported to the Board for consideration.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

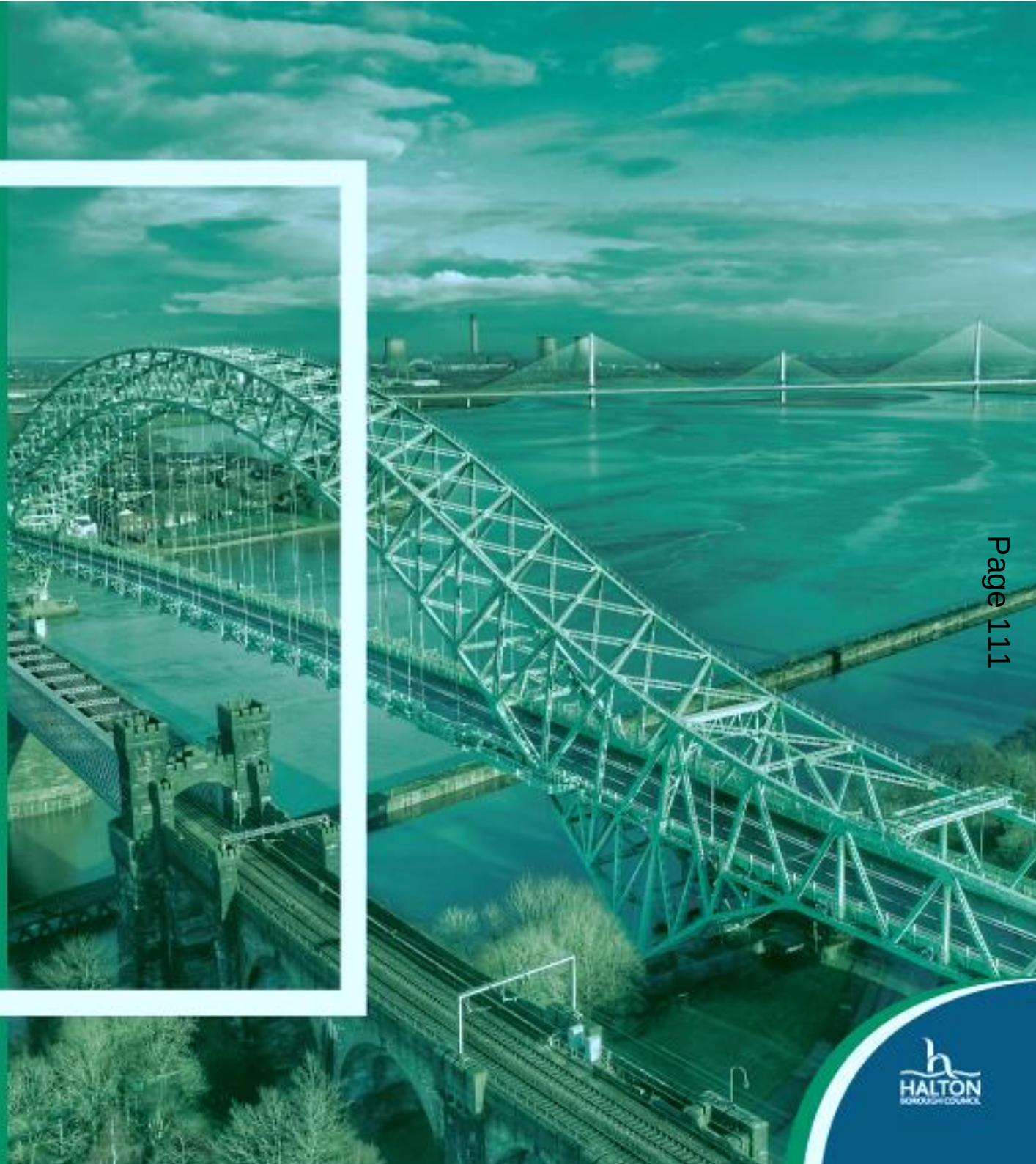
9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None

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

None

Internal Audit Plan 2026/27



1 INTRODUCTION

1.1 This document summarises the outcome of Internal Audit's annual planning process. It sets out the key elements that underpin the delivery of the Council's internal audit service, including:

- Responsibilities of internal audit, management and the Audit and Governance Board
- Scope, resourcing and delivery of the Council's internal audit service
- Arrangements for reporting internal audit work
- Planning methodology
- Proposed programme of work for 2026/27 (the Audit Plan)

1.2 The Internal Audit Plan for 2026/27 has been prepared with reference to the Global Internal Audit Standards (GIAS). The GIAS represent mandatory professional practice for internal audit functions and set the benchmark for the delivery of high-quality, independent assurance across the public sector.

1.3 The Council has adopted the GIAS definition of internal auditing:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

1.4 Internal audit work plays a vital role in supporting the Council's ambition to be a resilient, continuously improving organisation. Through the provision of independent assurance and advice, internal audit helps ensure that the Council's services are delivered efficiently, effectively, and in the public interest. In doing so, the function contributes directly to the achievement of the Council's wider corporate aims, objectives, and statutory responsibilities.

1.5 The GIAS require that the internal audit service is delivered and developed in accordance with the Internal Audit Charter. The principles and responsibilities set out within the Charter are also embedded in section 6.2 of the Council's Finance Standing Orders, ensuring a clear and robust governance framework for internal audit activity.

3 INTERNAL AUDIT – SCOPE, RESOURCING & DELIVERY

2.1 Responsibilities of internal audit

The internal audit function is responsible for:

- Supporting effective governance by providing independent, objective assurance and advice that enhances organisational success
- Promoting appropriate ethics and values by setting expectations for integrity, objectivity, and ethical behaviour within the internal audit activity
- Strengthening performance management and accountability by improving decision-making and supporting the organisation's ability to serve the public interest
- Coordinating effectively with the Audit and Governance Board, external audit, and management to support an integrated approach to assurance
- Evaluating the effectiveness of the Council's risk management processes and contributing to their ongoing improvement
- Providing independent assurance over the Council's control environment through the delivery of engagements that assess the adequacy and effectiveness of governance, risk management, and control

2.2 Responsibilities of management

Management is responsible for:

- Establishing, operating, and maintaining effective internal control systems, including supporting the internal audit function and ensuring that identified control weaknesses are addressed in a timely manner.
- Implementing and maintaining effective controls to manage risk within their service areas. While Internal Audit may recommend improvements to strengthen the control environment and reduce risk, responsibility for implementation rests with management, and Internal Audit cannot eliminate risk entirely.

2.3 Responsibilities of the Audit and Governance Board

In regard to internal audit, the Audit and Governance Board is responsible for:

- Approving the internal audit charter
- Reviewing proposals made in relation to the provision of internal audit services and to make recommendations
- Approving the risk-based internal audit plan, including internal audit's resource requirement, the approach to using other sources of assurance, and any work required to place reliance upon those other sources

- Approving significant interim changes to the risk-based internal audit plan and resource requirements
- Making appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations
- Considering any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit, and approving and periodically reviewing safeguards to limit such impairments
- Considering reports from the Head of Internal Audit on internal audit's performance, including the performance of external providers of internal audit services if applicable
- Considering the Head of Internal Audit's annual report
- Considering summaries of specific internal audit reports
- Receiving reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council, or there are concerns about progress with the implementation of agreed actions
- Contributing to the external assessment of internal audit that takes place at least once every five years
- Supporting the development of effective communication with the Head of Internal Audit, including providing free and unfettered access to the Chair of the Audit and Governance Board

2.4 Responsibilities for fraud prevention and detection

The primary responsibility for preventing and detecting fraud lies with management. This includes establishing a culture of integrity, identifying fraud risks, and implementing appropriate anti-fraud controls.

Internal Audit may assess the adequacy and effectiveness of fraud risk management within the areas audited, but it does not own or operate the organisation's fraud controls.

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

3 INTERNAL AUDIT – SCOPE, RESOURCING & DELIVERY

3.1 Scope of internal audit activities

The scope of internal audit work includes:

- The Council's entire control environment, covering both financial and non-financial systems.
- Reviewing the adequacy and effectiveness of controls that safeguard the Council's interests in its partnerships and other collaborative arrangements.

Internal Audit may also provide assurance services to external bodies where approved by the Audit and Governance Board. This includes longstanding assurance work for the Manchester Port Health Authority (MPHA), delivered under a service level agreement, and assurance work for the Connect2Halton joint venture, established in 2024 in partnership with Commercial Services Group Limited.

3.2 Resource requirements

The level of resource required to deliver an effective internal audit service has been assessed with reference to the need to provide sufficient audit coverage of the Council's:

- Business critical systems
- Risk management and governance arrangements
- Grant certification work
- Front line services
- Support services
- Procurement and contract management activity
- Information management and technology governance
- Fraud risks
- Schools

In assessing resource requirements, account has also been taken of the need to provide capacity for:

- Unplanned work which may arise during the year
- Follow up work to provide assurance that previously agreed actions are implemented
- Provision of advice and consultancy

The Council's challenging financial position inevitably influences the resources available for internal audit. While the audit plan has been structured to ensure that priority risk areas receive appropriate coverage, it is not feasible nor necessary to review all high-risk areas every year. As a result, the audit plan focuses on those areas where further independent assurance is judged to be most valuable, while ensuring that the internal audit service remains adaptable and able to respond to emerging risks within the constraints of available resources.

3 INTERNAL AUDIT – SCOPE, RESOURCING & DELIVERY

3.3 Delivery of the internal audit service

The 2026/27 audit plan will be delivered by an experienced and suitably qualified in-house team of 5.2 FTE auditors. This level of resourcing is considered sufficient to support the delivery of a robust annual internal audit opinion to the Board.

Where necessary, additional specialist support may be commissioned to supplement the in-house team and ensure that planned audit work can be delivered to the required standard. The Internal Audit team will also, where appropriate, collaborate with audit colleagues from other local authorities, enabling access to wider expertise and strengthening the delivery of specific assignments.

This approach ensures that the internal audit function has the capacity, competence, and flexibility to meet its responsibilities, respond to emerging risks, and maintain the quality and effectiveness of its work throughout the year.

3.4 Mitigation of any potential impairment to independence and objectivity

The Internal Audit team is managed by the Head of Audit & Operational Finance, who also has management responsibility for the following functions:

- Purchase to pay
- Income control (collection and reconciliation of income)
- Insurance
- Corporate appointeeships and deputyships
- Direct payments
- Financial assessments (Adult social care)
- Social care provider payments
- Income recovery

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

3.5 Approach to placing reliance on other sources of assurance

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

4 INTERNAL AUDIT – REPORTING

4.1 Distribution of internal audit reports

At the conclusion of each audit assignment, a draft report is issued to the manager responsible for the area which has been audited. A final report containing management responses to any issues identified is subsequently distributed as follows:

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

4.2 Overall assurance opinion

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

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

Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management, and control to effectively manage risks to the achievement of objectives in the area audited.
Adequate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

4 INTERNAL AUDIT – REPORTING

4.3 Grading of recommendations

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

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

4.4 Reporting to elected members

Throughout the year regular internal audit progress reports are presented to the Audit and Governance Board summarising the outcomes of internal audit work and any significant matters identified. Such matters may include risk exposures, governance weaknesses, performance improvement opportunities, and value for money issues.

4.5 Annual audit opinion

An annual report is presented to the Audit and Governance Board, providing the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's risk management, control, and governance arrangements. This opinion is a key component of the Council's assurance framework and directly informs the Annual Governance Statement. It is based on a balanced evaluation of all internal audit work undertaken during the year, including the outcomes of planned audit engagements, follow-up work, any advisory activity, and the extent to which management has implemented agreed actions.

5 INTERNAL AUDIT – PLANNING METHODOLOGY

5.1 Requirements of the Global Sector Internal Audit Standards

The GIAS state that the 'chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.'

5.2 Development of the Audit Plan

In developing the audit plan, account has been taken of:

- Planned work deferred from the 2025/26 audit plan that is still considered important
- Senior management's views on risk in their areas of responsibility
- The results of previous internal audit work
- The Council's assurance framework, including the work of external audit
- Work being undertaken as part of the reimagine Halton Transformation Programme
- Known changes to the Council's business, operations, systems, and controls
- Issues identified in the Corporate Risk Register
- The requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion

5.3 Links to the Council's Corporate Priorities

Achieving the Council's corporate priorities depends on the efficient and effective use of resources, supported by strong, transparent, and accountable governance arrangements. The delivery of the audit plan therefore contributes to all Council priorities by promoting probity, integrity, accountability, value for money, and the effective stewardship of public funds.

The plan sets out a series of risk-based assignments designed to provide assurance over the adequacy and effectiveness of measures in place to mitigate risks that may affect the Council's ability to deliver its priorities. Each assignment is informed by an assessment of organisational risk, and, where relevant, is directly aligned to risks captured within the Council's Corporate Risk Register. A summary of the Corporate Risk Register is provided at Section 8 for reference.

5.4 Budgeted time allocations

The resource requirements for each audit assignment are determined using a combination of professional judgement, the level of assurance required, and the complexity of the area under review. While indicative time budgets are set during the planning stage, the final scope of each assignment is agreed with management at the outset of the review. This scoping process ensures that the audit work remains proportionate, risk-focused, and targeted to the areas where independent assurance will provide the greatest value.

5 INTERNAL AUDIT – PLANNING METHODOLOGY

As the year progresses, it is normal for the Council's risk profile, operational priorities, and assurance needs to evolve. In response, internal audit resources may need to be reallocated to ensure that assurance remains aligned to the most significant risks and emerging issues.

Adjustments to time budgets may therefore be made to reflect changes in:

- The urgency or sensitivity of specific risks
- The complexity or depth of work required to form an opinion
- New or emerging issues requiring assurance
- The need to respond to unplanned work or management requests
- The extent of follow-up activity required where weaknesses have been identified

5.5 Timing and prioritisation of audit work

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

- The need to complete any outstanding work carried forward from the 2025/26 Audit Plan
- The prioritisation of any reviews deferred from the 2025/26 Audit Plan
- Input from management regarding the most appropriate timing for work within service areas
- Other operational or contextual factors that may influence the scheduling of specific assignments
- The need to respond to urgent or unplanned work that may arise during the year
- Any changes in the availability of internal audit resources

5.6 Significant interim changes to planned work

The audit plan will be kept under review during the year and it may be necessary to make revisions to planned work in order to respond to changes in priorities or changes in the level of internal audit resources. As in previous years, minor changes will be agreed with the Director – Finance. Any significant changes will be reported to the Audit and Governance Board.

6 SUMMARY INTERNAL AUDIT PLAN – 2026/27

A high-level summary of the planned allocation of internal audit resources for 2026/27 is shown in the following table:

Planned allocation of Internal Audit resources	Days
Adults Directorate	150
Chief Executive's Directorate	210
Children's Directorate	80
Environment & Regeneration Directorate	30
Public Health Directorate	30
Grants	175
Corporate support	75
Schools	120
Follow up audits	24
Contingency	60
External work	6
Total	**960**

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

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Debt Recovery – Adult Social Care clients	Adult Social Care client debt remains substantial, with total outstanding debt currently around £7 million. Aged debt is particularly difficult to recover and poses a significant risk to the Council's financial resilience, directly affecting cash flow and reducing the interest income generated on available balances. The scale and age profile of this debt also increases the risk of irrecoverable amounts, leading to potential budget pressures and the need for write-offs where recovery options have been exhausted. This audit was originally scheduled for 2025/26 but was deferred due to internal audit resource limitations, with the agreement of Adult Social Care management. Given the financial materiality of the debt, the increasing challenge of recovery, and the wider implications for the Council's financial sustainability, the area has now been prioritised for inclusion in the 2026/27 Audit Plan with the agreement of the Interim Director of Adult Social Care.	The review will provide independent assurance over the effectiveness of debt management arrangements, the robustness of recovery processes, and the adequacy of oversight and reporting.	Risks 2, 8B

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Care Homes	The Council's in-house care homes are forecasting an overspend of £0.385M, driven by unbudgeted agency staffing costs, along with a number of other operational pressures. Employee-related expenditure alone is projected to exceed budget by £0.152M by year-end. Although recent reductions in agency spending have been achieved through work to improve sickness absence, historic spending patterns over the past three years indicate that staffing pressures remain a significant financial risk. The reliance on agency staff due to ongoing recruitment challenges has the potential to impact both service quality and financial sustainability. This review was originally planned for 2025/26 but was deferred due to internal audit resource constraints, with the agreement of Interim Director of Adult Social Care. The scale and persistence of staffing cost pressures make this an important area for scrutiny during 2026/27.	The audit will examine the effectiveness of staffing arrangements within the Council's care homes, focusing on recruitment and retention practices, staffing levels, rota management, and the use of agency workers. It will also assess whether staffing deployment is efficient, well-controlled, and whether the use of agency staff is appropriately justified, monitored, and kept to the minimum necessary to maintain safe service delivery.	Risks 1A, 2, 8B

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Housing Solutions	The Housing Solutions team provides an emergency homelessness service and delivers statutory housing functions, including assessing entitlement for individuals who are homeless or at risk of homelessness. A significant rise in homelessness presentations is placing increased pressure on capacity, decision-making, and the Council's ability to meet its statutory duties. This demand heightens the risk of delays, inconsistent assessments, and financial pressures linked to temporary accommodation. This audit was originally scheduled for 2025/26 but was deferred due to resource constraints. Given the continuing increase in demand, the associated statutory, financial, and reputational risks, and the time elapsed since the area was last independently reviewed, it has been prioritised for inclusion in the 2026/27 Audit Plan with the agreement of Interim Director of Adult Social Care.	The audit will examine the Council's compliance with homelessness legislation in relation to assessment of entitlement to housing.	Risks 1A, 2, 8B, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Domiciliary Care Contract	The Council re-tendered its domiciliary care contract and transitioned from a single provider to four main providers from April 2025. Domiciliary care represents a material area of expenditure and delivers essential support to a large number of vulnerable residents. The shift to a multi-provider model introduces additional complexity, increasing the risks associated with provider performance, continuity of care, safeguarding, and financial management. Ensuring that contractual arrangements, quality monitoring processes, and governance controls are robust is considered critical as the new model embeds. This audit was originally scheduled for inclusion in the 2025/26 Audit Plan but was deferred, with the agreement of the Interim Director of Adult Social Care, due to internal audit resource limitations. Given the scale of the contract, the vulnerability of the service users involved, and the significant operational and financial risks associated with the new delivery model, the review has been prioritised for inclusion in the 2026/27 Audit Plan.	The audit will examine the contract management arrangements for the new contracts and the associated arrangements to reconcile payments due to the providers.	Risks 1A, 2, 8B, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Capital Programme	The Capital Programme represents one of the Council's most financially significant areas of activity, with major implications for long-term affordability, borrowing levels, and the Council's overall financial sustainability. The CIPFA External Assurance Review completed in December 2025 recommended that the Council specify an affordable limit for the Capital Programme to reduce reliance on borrowing and ensure projects are prioritised based on clear, evidence-based revenue benefits. This recommendation highlights the need for stronger oversight, more disciplined prioritisation, and improved assurance over the financial and strategic justification for capital investments. Given the scale of the programme and the increasing financial pressures facing the Council, there is an elevated risk that capital commitments may exceed the Council's capacity to fund them sustainably, or that projects may not deliver the expected financial returns or service benefits. Weaknesses in governance, appraisal processes, financial modelling, and programme management could result in cost increases, delays, and long-term budget pressures. In light of these risks, and the importance of responding to the findings of the external review, an audit of the Capital Programme has been included in the 2026/27 Audit Plan. This audit has been agreed with the Director of Finance and Head of Revenues & Financial Management.	The audit will assess the effectiveness of governance, financial oversight, and decision-making arrangements supporting the Council's Capital Programme. Coverage will include the processes for project appraisal and prioritisation, the robustness of business cases and financial modelling, and the arrangements in place for setting and monitoring programme affordability.	Risks 8A, 8B

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Council Tax	Council Tax represents one of the Council's most significant sources of income, playing a critical role in funding essential local services and supporting the Council's overall financial sustainability. Any weaknesses in Council Tax billing, collection, or recovery processes can therefore have a material impact on the Council's cashflow, budget delivery, and ability to manage financial pressures. The CIPFA External Assurance Review completed in December 2025 recommended that the Council review its Council Tax recovery policy and enforcement practices. This recommendation signals a need for independent assurance over the robustness of current arrangements, the adequacy of controls supporting collection and recovery, and the effectiveness of governance and oversight in mitigating the financial risks associated with non-payment. This audit has been agreed with the Director of Finance and Head of Revenues & Financial Management.	The audit will review the effectiveness of the Council's Council Tax billing, collection, and recovery arrangements, with a particular focus on the application and consistency of recovery policies and enforcement practices.	Risks 5, 8A, 8B

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Income control and reconciliation	During 2025/26, the Council implemented a replacement income management system, Heycentric, which is now used to reconcile the Council's bank account and to post income receipts. As a core financial system processing high-volume and high-value transactions, the accuracy and reliability of Heycentric are critical to safeguarding the Council's income and maintaining effective financial control. New systems introduce inherent risks relating to configuration, data migration, user access, reconciliations, and the operation of key controls. Any weaknesses in these areas could lead to misstatements, delays in income recognition, reconciliation errors, or failures in financial reporting. Given the system's central role in managing the Council's cashflow and financial integrity, and the fact that it has not yet undergone an independent post-implementation review, an audit of the system has been included in the 2026/27 Audit Plan. This audit has been agreed with the Director of Finance.	The review will focus on the adequacy of system configuration, the completeness and accuracy of income processing, the effectiveness of bank reconciliation controls, the robustness of user access and permissions, and whether appropriate arrangements were in place for data migration and system transition. The audit will also consider whether residual implementation risks have been identified and addressed, and whether the system provides reliable information to support the Council's financial management and reporting.	Risks 5, 6, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Solar Farm project	The Council has approved plans for a new solar microgrid at the former St Michael's Golf Course, with the scheme expected to generate approximately four megawatts of electricity to power several Council buildings, including the newly constructed leisure centre. The project represents a major capital investment, with an estimated cost of around £10.8 million, and forms part of the Council's wider strategy to reduce energy costs and support environmental sustainability objectives. Large capital schemes of this nature carry inherent risks relating to project governance, procurement, contractor performance, cost control, timetable slippage, and the realisation of expected financial and environmental benefits. Given the scale and profile of the investment, any weaknesses in project oversight or delivery could have significant financial and reputational implications for the Council. This audit was initially included in the 2025/26 Audit Plan but was deferred because project timetable delays prevented meaningful assurance work from being carried out at that stage.	As the scheme enters key delivery phases during 2026/27, the audit will provide independent assurance over the overall effectiveness of project governance, financial oversight, and risk management arrangements supporting this major capital project. A current-contract audit approach will be adopted, examining the adequacy of arrangements for contract funding, contract management, risk identification and mitigation, and the authorisation and monitoring of interim payments.	Risks 8B, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Connect2Halton Joint Venture	During 2025/26, the Council established a joint venture company, Connect2Halton, in partnership with Commercial Services Group (a company wholly owned by Kent County Council). The joint venture specialises in temporary, fixed-term contract, and casual recruitment, and was created to help the Council bring greater control and oversight to its expenditure on temporary workers. Given the scale of agency staffing costs and the strategic importance of ensuring value for money, compliance, and effective workforce planning, the joint venture represents a material area of financial and operational risk. As a newly established entity operating in a sensitive and high-spend area, there are inherent risks relating to governance arrangements, contract management, performance monitoring, transparency, and the effectiveness of controls designed to ensure the joint venture delivers its intended benefits. This audit was originally scheduled for 2025/26 but was deferred due to internal audit resource limitations. With the joint venture now operational and the financial exposure associated with temporary staffing remaining significant, the review has been prioritised for inclusion in the 2026/27 Audit Plan.	The audit will assess the governance arrangements for the joint venture, ensuring that effective frameworks are in place for decision-making, conflict management, transparency, performance oversight, risk management, and overall alignment with the joint venture's objectives.	Risks 3B, 4B, 7B, 8B, 8C, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Risk Management	An audit of the Council's risk management arrangements has been included in recognition of repeated external recommendations for improvement. In March 2024, the Council's external auditor highlighted the need to strengthen the Council's approach to risk management. This message was reinforced in September 2024 by the LGA Corporate Peer Challenge team, which advised the Council to further develop the role and effectiveness of risk management. A further improvement recommendation issued by the external auditor in September 2025 again emphasised the need for significant enhancement in this area. Given the frequency and consistency of these external findings, an audit is included to provide independent assurance on the progress made and to assess whether current arrangements are sufficiently robust, embedded, and capable of supporting effective governance and decision-making. The audit was originally planned for 2025/26 but has been deferred due to slippage in implementing revised risk management arrangements.	The audit will review the progress made in developing the Council's risk management arrangements following recommendations made by the Council's external auditor and the LGA Corporate Peer Challenge.	All risks in the Corporate Risk Register

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Halton Data Platform	The Halton Data Platform is now a core, Council-owned system that brings together key information from across the organisation, such as finance, HR, social care, revenues, public health, and other operational services, and provides live, easy-to-use insight through Power BI dashboards available in Microsoft Teams. Because the platform is intended to play a central role in supporting day-to-day financial and operational decision-making, it also brings several important risks that need independent assurance. These include risks around data accuracy and consistency (ensuring everyone is working from the same reliable information), data privacy and security (making sure information is properly protected and only accessed by the right people), system resilience (continuing to provide essential information even if other systems are disrupted), and whether the platform is delivering the expected benefits (such as saving staff time, reducing costs, and improving the quality of decisions). This audit has been agreed with the Director of IT and Support Services in recognition of the platform's strategic importance and the need for assurance over its governance, operation, and continued development.	The audit will provide independent assurance that governance, security, data management, performance monitoring, and benefits-tracking arrangements relating to the project are robust, and that the platform reliably supports evidence-based decision-making.	Risks 6, 8C

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Children's Directorate	Emergency Duty Team	An audit of the Children's Emergency Duty Team (EDT) has been included at the request of the Director of Children's Social Care and Early Help, following concerns about the effectiveness and resilience of current out-of-hours safeguarding arrangements. The service has not been subject to a full review for several years, and recent feedback from partners has highlighted issues relating to response times and the overall capacity of the team to meet service needs across both local authorities supported by the EDT. Work already undertaken by management has highlighted increasing operational pressures, with analysis of call volumes, waiting times, escalation patterns, staffing levels, and case complexity indicating potential risks to the timely and safe delivery of emergency safeguarding interventions.	The audit will assess the effectiveness and resilience of the Children's Emergency Duty Team's out-of-hours safeguarding arrangements. It will review call volumes, waiting times, escalation activity, staffing levels, and the mix and complexity of cases handled, drawing on the data and analysis already collated by management. The audit will also examine governance and oversight arrangements, the adequacy of current contractual and costing information, and feedback from staff and stakeholders to evaluate whether the service is meeting expected standards and responding appropriately to demand.	Risk 3A, 7A

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Children's Directorate	Direct Payments	The number of children with disabilities receiving direct payments continues to increase significantly, with more than 320 children now being supported. While direct payments provide families with valuable flexibility and choice, this flexibility also introduces heightened risks relating to the appropriate use of funds, financial oversight, and compliance with agreed support plans. As volumes grow, so too does the potential exposure to misuse, error, or insufficient monitoring, and the effectiveness of current controls becomes increasingly critical. This audit was originally scheduled for 2025/26 but was deferred due to internal audit resource limitations, with the agreement of the Director of Children's Social Care and Early Help. Given the continued growth in demand, the financial and safeguarding implications associated with direct payments, and the length of time since the area was last reviewed, the audit has now been prioritised for inclusion in the 2026/27 Audit Plan.	The audit will assess the adequacy of the policy governing the use of direct payments and evaluate the effectiveness of the oversight arrangements to prevent misuse.	Risks 3A, 3B, 8B, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Environment and Regeneration Directorate	Property Services - Procurement arrangements	An audit of procurement arrangements within Property Services has been included due to the significant level of expenditure managed within this area and the associated financial and contractual risks. Property-related works, maintenance, and capital projects depend on effective and compliant procurement processes to ensure value for money, transparency, and strong contractor performance. Weaknesses in these arrangements could result in cost inefficiencies, contractual disputes, or challenges to the fairness and robustness of procurement decisions. The inclusion of this audit has been agreed with the Executive Director of Environment and Regeneration.	The review will provide targeted assurance over the adequacy of controls and oversight supporting procurement activity within Property Services.	Risks 8B, 11
Public Health Directorate	Food Health and Safety	The Council is statutorily required to ensure that food businesses comply with statutory hygiene and safety standards. Any weaknesses in oversight could lead to harm to the public, regulatory action, or loss of confidence in the Council's assurance arrangements. In addition, this area has not been subject to internal audit review since 2011/12, increasing the risk that changes in legislation, service delivery, or local risk profiles may not have been independently assessed for over a decade. The inclusion of this audit has been agreed with the Executive Director of Public Health.	The audit will examine how the Council discharges its statutory responsibilities in relation to food health and safety, including the inspection and monitoring of food businesses.	Risks 4A, 8B, 11

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Grants	Various grant claims and returns	A general provision has been included for grant claim work, covering those grants that require the Head of Internal Audit to certify that the amounts claimed are eligible and have been calculated in accordance with the relevant grant conditions.	Grant claim assurance and certification work	Risks 8B, 11, 12
Corporate Support	Annual Governance Statement	There is a statutory requirement for the Council to produce an Annual Governance Statement, and internal audit plays an important role in supporting its development. The Head of Internal Audit provides independent insight into the effectiveness of the Council's governance, risk management, and internal control arrangements, which are all key areas that must be evidenced within the AGS. A provision is therefore made within the audit plan to allow internal audit to contribute to the AGS process by sharing relevant audit findings, highlighting any significant governance issues identified during the year, and offering professional advice to ensure the Statement is complete, accurate, and reflects the Council's overall control environment.	Internal Audit will have input to the work of the Corporate Governance Group which develops the Annual Governance Statement.	All risks in the Corporate Risk Register
Corporate Support	Corporate Complaints - Stage 2	The Council has a formal corporate complaints procedure to enable individuals to express their dissatisfaction about Council services that they have received and for identified failings to be remedied. Internal Audit is responsible for undertaking Stage Two investigations of complaints that have not been resolved by the service manager at Stage One of the complaint procedure.	Stage Two complaint investigations will be undertaken as required. Internal Audit will undertake an independent internal review of unresolved Stage One complaint issues and of complaints that are of a more serious or complex nature.	No specific linkage to the Corporate Risk Register but effective management of complaints is a key part of the Council's governance arrangements.

7 DETAILED INTERNAL AUDIT PLAN – 2026/27

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Corporate Support	Council Constitution	The Council Constitution is reviewed annually to ensure that it is updated to reflect changes to the Council's governance arrangements, legislative requirements, policies and procedures.	Internal Audit will contribute to a working party that meets each year to review and propose changes to the Council's Constitution.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's governance arrangements.
Corporate Support	General advice / attendance at working groups etc.	Throughout the year the Internal Audit function receives regular requests from client departments for advice and support	Reactive advisory and consultancy work, and input to working groups as required	No specific link to the Corporate Risk Register; however, advice and guidance from Internal Audit contributes to maintenance of the Council's risk management, control and governance arrangements.
Corporate Support	Reporting to Audit and Governance Board	The Council Constitution requires Internal Audit to report to the Audit & Governance Board.	Attendance at, and preparation of reports for, the Audit & Governance Board on internal audit and governance related matters.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's risk management, control and governance arrangements.
Schools	Six schools to be audited during 2026/27	A programme of school audits is undertaken each year. A risk-based approach is used to determine which schools are selected, taking into account factors such as previous audit outcomes, changes in leadership or governance, financial pressures, and other intelligence provided by the service. The proposed schools for 2026/27 have been agreed with the Director of Education, Inclusion and Provision.	An audit programme has been developed for school audits, which will be tailored to each school as required.	No specific link to Corporate Risk Register. However, the completion of school audits provides assurance over the risk management, control and governance processes in place across the Council's schools.

7 DETAILED INTERNAL AUDIT PLAN – 2026/27

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Follow up of audit recommendations	Various	Follow up work is completed to provide assurance that previously agreed internal audit recommendations are implemented.	Coverage to be determined on the audit recommendations falling due for implementation.	Follow up work provides assurance that recommendations made to improve the Council's risk management, control and governance processes are implemented. Links to the risk register will vary according to the follow up work completed.
Contingency	Not known at this stage	A general contingency is provided to allow Internal Audit to respond to requests for audit work that arise during the year.	Not known at this stage	Not known at this stage
External work	Manchester Port Health Authority	The Council undertakes annual fee earning assurance work as part of an SLA with Manchester Port Health Authority.	To be agreed with Manchester Port Health Authority.	Not applicable

8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

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

8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

Risk Reference	Risk Description
12	Failure to maximise and identify funding opportunities in light of government cuts
13	Risk to electoral process by criminals / nation-state actors
14	Non Compliance with Transport Operator Licence

REPORT TO: Audit and Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Head of Audit and Operational Finance

PORTFOLIO: Corporate Services

SUBJECT: Internal Audit Progress Report (Part 1)

WARD(S) Borough wide

1.0 **PURPOSE OF THE REPORT**

1.1 This report provides an update on internal audit activity since the last progress report presented to the Board on 19 November 2025. It also highlights any matters of relevance to the Board in its role as the Council's Audit Committee.

2.0 **RECOMMENDATION:**

That the Board considers and is invited to comment on the Internal Audit Progress Report.

3.0 **SUPPORTING INFORMATION**

3.1 The Board approved the 2025/26 Internal Audit Plan at its meeting on 19 March 2025. The plan includes a budget of 1,050 audit days to be delivered over the year, based on a staffing establishment of 5.6 full-time equivalents (FTE).

3.2 As at the end of February, a total of 890 audit days had been delivered, representing approximately 85% of the planned total. A long-term staff absence since January has reduced capacity, and a small shortfall in total audit days delivered by year-end is now forecast.

3.3 Delivery of the Internal Audit Plan has deviated from initial expectations due to a combination of operational and strategic factors. These have been actively managed to minimise impact and ensure alignment with organisational priorities. The key reasons for the deviations are:

- Several audits carried forward from 2024/25 required more time than initially anticipated.
- Time spent on grant certification exceeded planned allocations due to both the volume and complexity of grants.
- Some audits took longer than expected because of subject-matter complexity and the developmental stage of the audit team.
- Two additional audits were requested by the Interim Chief Executive:

- A review of the Council's budgetary control procedures
- An audit of the treasury management function, including investment and borrowing activities related to Exceptional Financial Support

- The 2025/26 Audit Plan was intentionally ambitious to provide broad coverage of key risk areas. Limited flexibility has meant that any slippage has directly affected completion of scheduled audits.

3.4 Appendix 1 provides a full summary of all audit assignments in the 2025/26 Audit Plan and their current status. Planned work continues to be carefully reprioritised to ensure that the most critical risk areas receive appropriate coverage. Several audits have been deferred to the 2026/27 Audit Plan where they remain relevant.

4.0 INTERNAL AUDIT REPORTS

4.1 Since the last progress report, Internal Audit has finalised 16 audits, each with an overall assurance opinion. The table below summarises these opinions:

Assurance Opinion	Number	Definition
🔴 Limited	0	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management, and control to effectively manage risks to the achievement of objectives in the area audited.
🟡 Adequate	4	There is a generally sound system of governance, risk management, and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
🟢 Substantial	12	A sound system of governance, risk management, and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

4.2 Full copies of the internal audit reports are provided in Part 2 of the agenda. These reports may contain exempt information under Schedule 12A of the Local Government Act 1972, including personal data, control weaknesses, financial irregularities or commercially sensitive information. Disclosure could breach confidentiality obligations or expose the Council to increased fraud risk; therefore, they are not published publicly.

Audit	Assurance Rating
Household Support Fund (Round 7) - 2025/26 Q2	🟢 Substantial
Budgetary Control	🟡 Adequate
All Saints Upton CE Primary School	🟢 Substantial
CRSTS KRN Levelling Up Grant Claim - 2025/26 Q3	🟢 Substantial
CRSTS - Local Cycling & Walking Infrastructure Plan (Phase Two) - 2025/26 Q3	🟢 Substantial
Runcorn Busway Active Travel Corridor - Quarters 2 and 3	🟢 Substantial
Place Based Business Support Grant Claim - 2025/26 Q3	🟢 Substantial

Ways to Work Grant Claim - 2025/26 Q3	Substantial
East Runcorn Connectivity Grant Claim - 2025/26 Q3	Substantial
City Region Sustainable Transport Settlement Grant Claim - 2025/26 Q3	Substantial
UKSPF - Communities and Place Grant Claim - 2025/26 Q3	Substantial
Brownfield Housing – Foundry Lane Grant Claim – 2025/26 Q3	Substantial
Household Support Fund (Round 7) - 2025/26 Q3	Substantial
Appointeeship and Deputyship Service	Adequate
Data Classification	Adequate
Payroll	Adequate

5.0 FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS

5.1 The Global Internal Audit Standards require a follow-up process to monitor the status of management actions and confirm whether identified risks have been addressed or appropriately accepted.

5.2 Internal Audit undertakes follow-up work to assess progress in implementing previously agreed actions. A follow-up audit report is issued summarising progress and providing an updated assurance opinion..

5.3 Since the last update to the Board, one follow-up audit has been completed. A full copy of the report is included in Part 2 of the agenda.

Follow up audit	Original Assurance Opinion	Revised Assurance Opinion
Cemeteries and Crematoria	Adequate	Substantial

6.0 ISSUES RELEVANT TO THE ANNUAL OPINION

6.1 In accordance with the Global Internal Audit Standards (2024), the chief audit executive must provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. This opinion is informed by a structured evaluation of internal audit work throughout the year and supports the annual governance statement.

6.2 Management has responded constructively to issues identified in audits completed during the year. At present, there are no unresolved matters arising from the work completed that would be expected to adversely impact the annual internal audit opinion.

7.0 POLICY IMPLICATIONS

7.1 There are no direct policy implications arising from the report.

8.0 FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications arising from the report.

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

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

A continuous programme of internal audit supports the successful delivery of all Corporate Plan priorities by providing assurance over governance, risk management and internal control arrangements.

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

See 9.1

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

See 9.1

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

See 9.1

9.5 **Working Towards a Greener Future**

See 9.1

9.6 **Valuing and Appreciating Halton and Our Community**

See 9.1

10.0 **RISK ANALYSIS**

10.1 This report is provided for information purposes. Delivery of an effective internal audit service remains a key component of the Council's arrangements for governance, risk management and internal control.

11.0 **EQUALITY AND DIVERSITY ISSUES**

11.1 None arising from this report.

12.0 **CLIMATE CHANGE IMPLICATION**

12.1 None arising from this report.

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

13.1 None under the meaning of the Act.

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Completion of prior year work			
Cyber Security	✓	Reported to A&G Board – 4 June 2025	🟢
Travellers' Sites	✓	Reported to A&G Board – 4 June 2025	🟡
MOT, Service and Repair Centre	✓	Reported to A&G Board – 24 September 2025	🟡
Lower Value Procurement	✓	Reported to A&G Board – 24 September 2025	🟢
Runcorn Town Investment Plan	✓	Reported to A&G Board – 24 September 2025	🔴
Appointeeships and Deputyships	✓	Reported to A&G Board – 18 March 2026	🟡
Grant claims			
Kingsway Quarter Development Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	🟢
East Runcorn Connectivity Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	🟢
LCR Sustainable Transport Settlement Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	🟢
Brownfield Housing – Foundry Lane Grant Claim – 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	🟢
Delivering Better Value in SEND Grant - 2024/25	✓	Reported to A&G Board – 4 June 2025	🟢
UK Shared Prosperity Fund Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	🟢

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
UKSPF - Ways to Work Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	●
UKSPF - Place Based Business Support Grant Claim - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	●
Household Support Fund (Round 6) - 2024/25 Q4	✓	Reported to A&G Board – 4 June 2025	●
Runcorn Busway Active Travel Corridor – Grant claim	✓	Reported to A&G Board – 24 September 2025	●
East Runcorn Connectivity Grant Claim - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
CRSTS KRN Levelling Up Grant Claim - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
UKSPF - Ways to Work Grant Claim - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
City Region Sustainable Transport Settlement – 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
UKSPF - Communities and Place Grant Claim - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
UKSPF - Place Based Business Support Grant Claim - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
Household Support Fund (Round 7) - 2025/26 Q1	✓	Reported to A&G Board – 24 September 2025	●
CRSTS KRN Levelling Up Grant Claim - 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
East Runcorn Connectivity Grant Claim - 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
CRSTS - Local Cycling & Walking Infrastructure Plan (Phase Two) – 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
City Region Sustainable Transport Settlement – 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
UKSPF - Place Based Business Support Grant Claim - 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
UKSPF - Ways to Work Grant Claim - 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
UKSPF - Communities and Place Grant Claim - 2025/26 Q2	✓	Reported to A&G Board – 19 November 2025	●
Disabled Facilities Grant 2024/25	✓	Reported to A&G Board – 19 November 2025	●
Household Support Fund (Round 7) - 2025/26 Q2	✓	Reported to A&G Board – 18 March 2026	●
KRN Levelling Up Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
Local Cycling & Walking Infrastructure Plan (Phase 2) - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
Runcorn Busway Active Travel Corridor - Q2 and Q3	✓	Reported to A&G Board – 18 March 2026	●
Place Based Business Support Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
Ways to Work Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
East Runcorn Connectivity Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
City Region Sustainable Transport Settlement Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
UKSPF - Communities and Place Grant Claim - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Brownfield Housing – Foundry Lane Grant Claim – 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
Household Support Fund (Round 7) - 2025/26 Q3	✓	Reported to A&G Board – 18 March 2026	●
Chief Executive's Directorate			
Payroll	✓	Reported to A&G Board – 18 March 2026	●
Budgetary Control	✓	Reported to A&G Board – 18 March 2026	●
Data classification	✓	Reported to A&G Board – 18 March 2026	●
Treasury Management	◔	In progress	-
Solar Farm Project	-	Deferred to 2026/27 due to delays with the project	-
Connect2Halton Joint Venture	-	Deferred to 2026/27 due to capacity issues	-
Risk Management	-	Deferred to 2026/27 to allow time for new arrangements to be implemented	-

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Environment & Regeneration Directorate			
Brindley Theatre Extension		Reported to A&G Board – 19 November 2025	
Halton Leisure Centre		Draft report	TBC
Management of Trees and Open Spaces	-	Not completed due to capacity issues	-
Waste Management	-	Not completed due to capacity issues	-
Adults Directorate			
Telecare Service		Reported to A&G Board – 24 September 2025	
Housing Solutions		Start made but will be completed during 2026/27	-
Adult Social Care Debt Recovery		Start made but will be completed during 2026/27	-
Care Homes	-	Deferred to 2026/27 due to capacity issues	-
Commissioned Services - Contract monitoring	-	Not completed due to capacity issues	-
Domiciliary Care Contract	-	Deferred to 2026/27 due to capacity issues	-
Children's Directorate			
St Bede's Catholic Infant School		Reported to A&G Board – 19 November 2025	

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Hale CE Primary School		Reported to A&G Board – 19 November 2025	
All Saints Upton CE Primary School		Reported to A&G Board – 18 March 2026	
The Bridge School		Draft report – awaiting management responses	TBC
Children in Care Placements		In progress	TBC
Our Lady of Perpetual Succour Catholic Primary School		In progress	-
The Holy Spirit Catholic Primary School		In progress	-
Home to School Transport	-	Deferred to 2027/28 to allow new policy to be implemented	-
Children's Direct Payments	-	Deferred to 2026/27 due to capacity issues	-
Public Health Directorate			
Contract Monitoring	-	Deferred due to capacity issues within the Public Health service	-
Corporate Support			
Annual Governance Statement (2024/25)		Draft reported to A&G Board – 4 June 2025 Final reported to A&G Board – 24 September 2025	N/A
General Advice		Ongoing activity throughout the year	N/A

Appendix 1: Progress against 2025/26 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Reporting to the Audit and Governance Board		Ongoing activity throughout the year	N/A
Corporate Complaints		Ongoing activity throughout the year	N/A
Review of Council Constitution		Completed	N/A
Follow up work			
Children's Services Commissioning		Reported to A&G Board – 24 September 2025	
Runcorn All Saints Primary School		Reported to A&G Board – 19 November 2025	
Astmoor Primary School		Reported to A&G Board – 19 November 2025	
Cemeteries and Crematoria		Reported to A&G Board – 18 March 2026	
External work			
Manchester Port Health Authority		Completed and reported to MPHA in May 2025	N/A

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