

Business and Efficiency Board progress and update report for Halton Borough Council

Year ending 31 March 2017

January 2017

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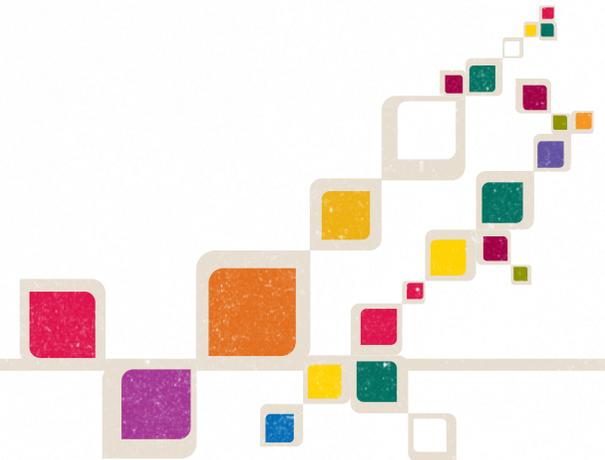
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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Introduction

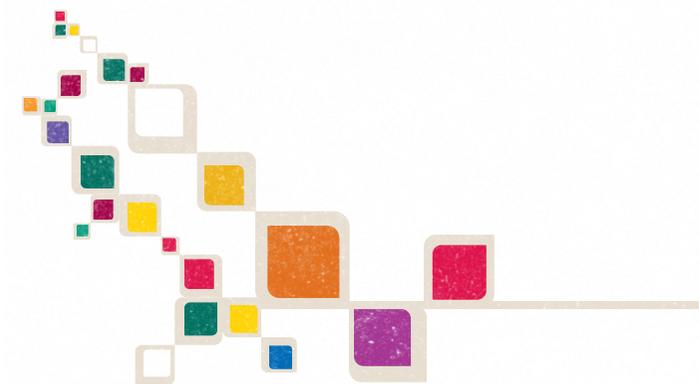
This paper provides the Business and Efficiency Board and other members with a report on progress in delivering our responsibilities as your external auditors.

Members can find useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector.

In this update we are providing you with a copy of our latest publications listed below:

- Advancing Closure: Transforming the financial reporting of local authority accounts;
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>
- Culture of Place: summary of round table discussions and a collection of short videos:
<http://www.grantthornton.co.uk/en/insights/culture-of-place/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Progress at January 2017



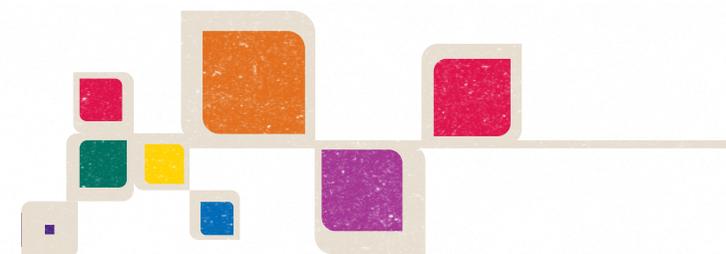
 **Progress against plan**
On track

 **Opinion and VfM conclusion**
On track

 **Outputs delivered**
On track

2016/17 work	Expected date of completion	Comments
<p>Fee Letter We were required to issue a fee letter for 2016/17 by 30 April 2016.</p>	April 2016	The fee letter was sent on 7 April 2016. It confirmed the 2016/17 scale audit fee of £105,294 for Halton Borough Council.
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016/17 financial statements.</p>	June 2017	This audit plan will be presented to the Business Efficiency Board.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment; • updating our understanding of financial systems • review of Internal Audit reports on core financial systems; • early work on emerging accounting issues; • early work on the VfM Conclusion; and • early substantive testing. 	January – March 2017	We will continue to build our knowledge of the Council and work with officers to determine the audit work required to give you the assurance you need. Issues arising from our interim work will be set out in the Audit Plan.
<p>Final accounts audit Including:</p> <ul style="list-style-type: none"> • Audit of the 2016/17 financial statements, and • proposed opinion on the Council's accounts. 	July 2017	<p>The Audit Findings Report will be presented to the September meeting of the Business Efficiency Board and the Auditor's Report will be given by the deadline of 30 September.</p> <p>We will be working with officers with a view to bringing forward the audit of the accounts in line with the revised deadline of 31 July with is a requirement for the 2017-18 financial statements.</p>

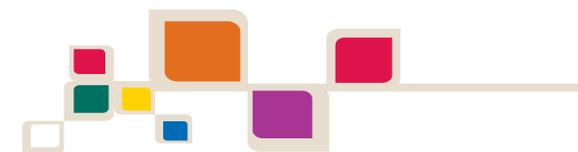
Progress at January 2017



2016/17 work	Completed	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is set out in the guidance issued by the National Audit Office in November 2016.</p> <p>The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The work required is to assess the overall criteria of; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criterion for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • informed decision making; • sustainable resource deployment; and • working with partners and other third parties. 	<p>May – July 2017</p>	<p>We will carry out an initial risk assessment to determine our approach and report this in our Audit Plan. We will report our work in the Audit Findings Report and give our value for money conclusion by the deadline in September 2017.</p>
<p>Housing Benefit Subsidy claim</p> <p>We are required to review and certify the claim by 30 November 2017.</p>	<p>November 2017</p>	<p>We will report the results of our certification work in a separate report to the Business Efficiency Board.</p>
<p>Annual Audit Letter</p> <p>Our Annual Audit Letter summarises the key findings arising from the work that we have carried out for the year ended 31 March 2017.</p>	<p>October 2017</p>	<p>We will issue an Annual Audit Letter to the Council in line with specified deadlines after the audit of the 2016/17 financial statements.</p>

Accounting and audit issues





Accounting and audit issues

Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2016/17. The main changes to the Code include:

- the requirement for local authorities to report in the Comprehensive Income and Expenditure Statement on the same basis as they are organised and report in the year (ie. no longer following SERCOP). This is accompanied by the introduction of a new Expenditure and Funding Analysis which provides a reconciliation between the way local authorities budget and report during the year and the Comprehensive Income and Expenditure Statement.

Accounting and audit issues

Flexible use of capital receipts

DCLG has issued a [Direction and Statutory Guidance](#) on the flexible use of capital receipts to fund the revenue costs of reform projects. The direction applies from 1 April 2016 to 31 March 2019.

The Direction sets out that expenditure which 'is incurred by the Authorities that is designed to generate on-going revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners' can be treated as capital expenditure.

Capital receipts can only be used from the disposals received in the years in which the flexibility is offered rather than those received in previous years.

Authorities must have regard to the Statutory Guidance when applying the Direction.

Grant Thornton Publications



Website Relaunch

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below – <http://www.grantthornton.co.uk/industries/public-sector/>



Advancing closure: the benefits to local authorities

With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017/18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

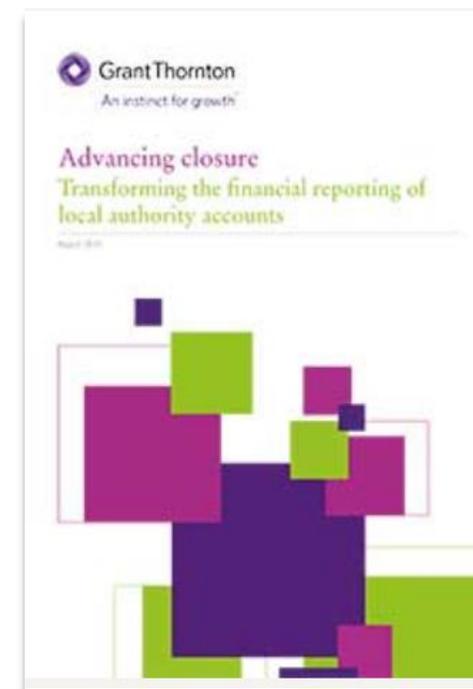
- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
- high quality financial statements as a result of improved quality assurance arrangements;
- greater certainty over in-year monitoring arrangements and financial outturn position for the year, supporting members to make more informed financial decisions for the future;

- improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
- allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.

While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further detail, including:

- enabling sustainable change requires committed leadership underpinned by a culture for success
- efficient and effective systems and processes are essential
- auditors and other external parties need to be on board and kept informed throughout.

Grant Thornton reports



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

Culture of Place

Our towns, counties and cities have distinct and varied cultures

Our towns, counties and cities have their own compelling and richly varied cultures. There are shared and sometimes contested values, local traditions, behaviours and drivers for change. Culture evokes memory and identity. It affects how we feel about where we live and work and what's possible. It can be a set of stories describing how we do things around here, bringing out the best in us – like our history and heritage – but also preventing us from moving forward.

With local authorities increasingly adopting a place-shaping role we're exploring how culture impacts on the sector's ability to facilitate and support a vibrant economy.

We have hosted two round tables with local authority CEOs, leaders and others, to consider how local authority leadership needs to change if it is to take local culture into account.

From conversations with local authority CEOs, leaders and others, we have collated a selection of stories that invite us all to think about how the sector can disrupt fixed thinking, open up cultures and energise our places. They go beyond what's immediately obvious, voice what is sometimes unsaid and work with the strengths of their place.

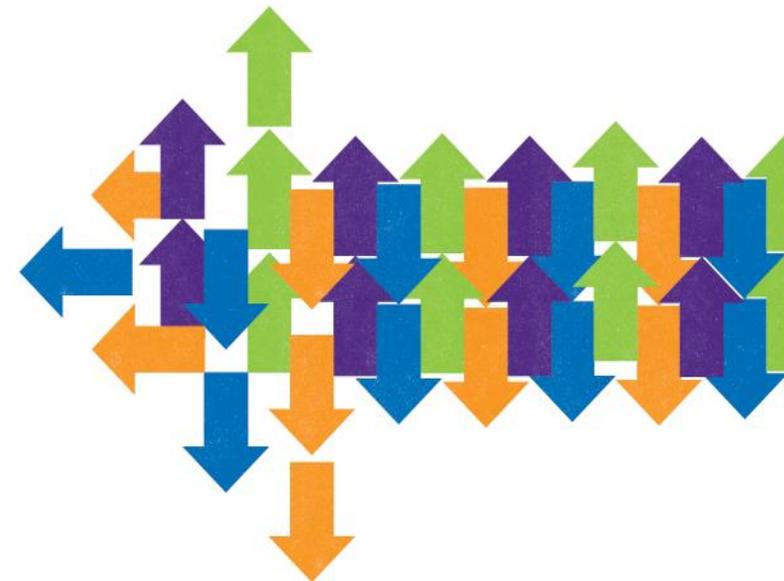
Although the term culture of place is heavily subjective our initial conversations suggest there are some common themes occurring.

- Being clear about what they want to see – there is a strong need to create an environment that gives people permission to care, to be innovative, to take action themselves, to adapt and experiment
- Socio-economic situations often drive the culture – the uniqueness of socio-economic factors leads to a recognition that one place will never be like another – and, in fact, should not aspire to be so - instead tailoring their approach to the areas specific strengths.
- It's all about context – areas within Britain can be local, national and international all at the same time, learning to live with, and get the best advantage from, what's on our doorstep is key.

A copy of the report and a collection of short videos can be found on our website at:

<http://www.grantthornton.co.uk/en/insights/culture-of-place/>

Grant Thornton reports





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