

## AUDIT AND GOVERNANCE COMMITTEE

At a meeting of this Committee held on  
12 November 2018

- (Present)                    **Councillor D Long (Chairman)**  
                                  **Councillors Bowden, Burns, A Johnson, Neal, Pearl,**  
                                  **Pearson and Quinn**
- (Not Present)                **Councillors Clarke and Reynolds**
- (Also Present)              **Robin Baker (Grant Thornton)**
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### 17     **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Clarke and Reynolds.

### 18     **MINUTES**

- \*            **Resolved that the minutes of the meeting held on 30 July 2018, be approved and signed.**

### 19     **DECLARATION OF INTEREST FROM MEMBERS**

No declarations of interest were made.

Councillor Neal here entered the meeting.

### 20     **GRANT THORNTON INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ST HELENS COUNCIL**

A report was submitted which updated Members on the Independent Auditor's Report.

At its meeting held on 30 July 2018, Members considered the Audit Findings Report for the year ended 31 March 2018 which was prepared in accordance with the Local Audit and Accountability Act 2014, the National Audit Office Code of Audit Practice and the requirements of the International Standards on Auditing and provided a summary of the work undertaken by the Council's external Auditors, Grant Thornton, during their audit of the Council's Financial Statements and the assessment of how well the Council uses and manages its resources to deliver value for money.

Within that report the auditors stated that they anticipated providing an unqualified audit opinion in respect of the financial statements.

The Auditors subsequently provided a report to Council on 31 July 2018, which was attached at Appendix A, confirming that position.

- \*            **Resolved that the report be noted.**

### 21     **GRANT THORNTON ANNUAL AUDIT LETTER FOR ST HELENS MBC (YEAR ENDED 31 MARCH 2018)**

A report was submitted and presented by Robin Baker, Grant Thornton, which informed Members of the annual audit letter for the year ending 31 March 2018.

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The Annual Audit Letter summarised the key findings arising from the work the auditors had carried out for the year ended 31 March 2018. It was intended to provide a commentary on the results of the auditors' work to the Council and its external stakeholders, and to highlight any issues that they would wish to draw to the attention of the public. In preparing this letter the auditors follow the National Audit Office Code of Audit Practice and Auditor Guidance Note 07 – 'Auditor Reporting'.

A copy of the letter was attached at Appendix 1 to the report.

\* **Resolved that the Annual Audit Letter be noted**

### **22 GRANT THORNTON REPORT ST HELENS COUNCIL AUDIT PROGRESS REPORT AND SECTOR UPDATE - YEAR ENDING 31 MARCH 2019**

A report was submitted which informed Members on the progress Grant Thornton was delivering as their responsibilities as the Council's external auditors.

The report also gave a summary of emerging national issues and developments that may be relevant and included a number of challenge questions in respect of those emerging issues which Members could consider.

\* **Resolved that the report be noted.**

### **23 INTERIM TREASURY MANAGEMENT STRATEGY REPORT 2018/19**

A report was submitted which informed Members that the Terms of Reference of the Audit and Governance Committee required it to ensure that the financial management and control systems were effective including risk management arrangements. Such responsibilities incorporated those arrangements relating to the Treasury Management activity of the Council.

An Audit Commission report 'Risk and Return' was published after a review of Treasury Management activity in Local Authorities following the Icelandic Banking System collapse in October 2008. The findings made reference to the need for those members charged with corporate governance to have oversight of the Treasury Management of the Council.

The Council's Interim Treasury Management Strategy for 2018/2019 and the Treasury Management Limits & Prudential Indicators for 2018/2019 to 2020/2021 were attached as Appendix A to the report.

\* **Resolved that the Interim Treasury Management Strategy Report be noted.**

### **24 INTERNAL AUDIT PROGRESS REPORT 2018/19**

A report was submitted which updated Members on the Internal Audit Progress report for 2018/19.

Section 5 of the Accounts and Audit regulations 2015 required that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance process, taking into account public sector internal auditing standards or guidance.

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The Internal Audit Plan for 2018/19 was prepared using a risk based assessment, which included consultation with senior management to ensure that internal audit coverage focused on key risks to the Council.

The report provided an update on the delivery of the Internal Plan up to 30 September 2018 and included a summary of the assurance outcomes of audit reviews completed in the period.

\* **Resolved that the report be noted.**

### **25 PUBLIC SECTOR INTERNAL AUDIT STANDARDS - EXTERNAL ASSESSMENT**

A report was submitted which updated Members on the External Quality Assessment Report which was issued in August 2018 and reported on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIIAS) (Revised 2017).

The PSIIAS required that an external quality assessment be performed at least once every five years.

The assessment was undertaken in February 2018 by the Chief Internal Auditor from Knowsley Council and the Audit Manager from Cheshire West and Chester Council.

As part of the reciprocal peer review arrangements, Members were informed that one of the Council's Audit Managers had undertaken external assessments at Bury and Halton Councils.

The final report was issued in August 2018 and the overall judgement was that the Internal Audit Service conformed with the PSIIAS.

\* **Resolved that the report be noted.**

### **26 ANTI FRAUD, BRIBERY AND CORRUPTION ARRANGEMENTS**

A report was submitted which informed Members of the Anti-Fraud, Bribery and Corruption Arrangements.

The Terms of Reference of the Audit & Governance Committee required it to review and ensure the effectiveness of fraud and corruption arrangements within the Council.

The Code supports the Council to ensure that the right governance and operational arrangements were in place to counter fraud and corruption.

An update report was attached at Appendix 1, which detailed the work undertaken by Internal Audit in respect of fraud and irregularity.

The Anti-Fraud, Bribery and Corruption Policy and Strategy were attached at Appendices 2 and 3 respectively. Both documents had been updated to reflect current practice and brought in line with the Council's new structure.

\* **Resolved that:**

**(1) the update report be noted;**

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- (2) the Anti-Fraud, Bribery and Corruption Policy be approved; and**
- (3) the Anti-Fraud, Bribery and Corruption Strategy be approved.**

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