

AUDIT AND GOVERNANCE COMMITTEE

At a meeting of this Committee held on
20 March 2019

- (Present) **Councillor D Long (Chairman)**
Councillors Clarke, Pearl, Pearson, Reynolds and Quinn
- (Not Present) **Councillors Bowden, Burns, A Johnson and Neal.**
- (Also Present) **Councillor McCauley, Chair Audit and Financial Monitoring Overview and Scrutiny Panel**
- Helen Stevenson and Mark Heap (Grant Thornton)**
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27 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Bowden, Burns, A Johnson and Neal.

28 **MINUTES**

- * **Resolved that the minutes of the meeting held on 12 November 2018, be approved and signed.**

29 **DECLARATION OF INTEREST FROM MEMBERS**

No declarations of interest were made.

30 **PROGRESS REPORT - AUDIT AND FINANCIAL MONITORING OVERVIEW AND SCRUTINY PANEL**

A report was submitted and Presented by Councillor McCauley which updated Members on the work undertaken by the Audit and Financial Monitoring Overview and Scrutiny Panel. Details of the work undertaken were attached to the report at Appendix 1.

Members were requested to note the reports of the Audit and Financial Monitoring Overview and Scrutiny Panel for the period September 2018 to January 2019.

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

31 **INTERNAL AUDIT PLAN 2019/20**

A report was submitted which informed Members of the Internal Audit Plan 2019/20.

The Terms of Reference for the Audit and Governance Committee required it to approve the Internal Audit Plan, Performance and Annual Outturn report and consider reports from the Audit and Financial Monitoring Overview and Scrutiny Panel regarding audit reviews and issues.

AUDIT AND GOVERNANCE COMMITTEE

Sound and robust internal control and risk management frameworks were essential elements of good corporate governance and the Internal Audit Service, Audit and Governance Committee and the Audit and Financial Monitoring Overview and Scrutiny Panel were key elements of these arrangements.

Members raised questions in relation to the number of days planned for various audit arrangements which were answered during the meeting.

* **Resolved that the Internal Audit Plan 2019/20 be approved.**

32 **TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20, ANNUAL REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY**

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 Strategy of the Council.

Appended to the report was the Council's Treasury Management Strategy for 2019/2020 and the Treasury Management Limits & Prudential Indicators for 2018/2019 to 2021/2022. This document was included in the Budget Report approved by Council at its meeting held on 27 February 2019.

The Council was committed to maintaining, and constantly seeking to improve wherever possible, the control, risk management and governance of its activities. As previously, and in keeping with the findings of the Audit Commission report, the Treasury Management Strategy Statement for the forthcoming financial year was submitted for consideration by the Audit and Governance Committee as the "body charged with governance" within the Council.

* **Resolved that the Treasury Management Strategy Statement 2019/2020, Annual Revenue Provision Policy Statement and Annual Investment Strategy be endorsed.**

33 **CERTIFICATION WORK FOR ST HELENS MBC FOR THE YEAR ENDED 31 MARCH 2018**

A report was submitted and presented by Helen Stevenson, Grant Thornton, which informed Members of the certification of certain claims and returns submitted by the Council for the financial year 2017/18.

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

Members raised questions with regards to the errors reported to DWP which were due to minor human error and were assured that the system was operating as expected.

AUDIT AND GOVERNANCE COMMITTEE

* **Resolved that the certification letter be noted.**

34 GRANT THORNTON REPORT - EXTERNAL AUDIT PLAN FOR ST HELENS MBC YEAR ENDING 31 MARCH 2019

Mark Heap, Grant Thornton presented a report which informed Members of the Annual Audit Plan for St Helens MBC for the year ending 31 March 2019.

The Committee was required to consider reports of external Audit and deal with matters raised by them. Grant Thornton considered the impact of key developments in the sector and took account of national audit requirements as set out in the Code of Audit Practice ('the Code') and associated guidance.

The Grant Thornton Report: The Audit Plan for St Helens MBC year ended 31 March 2019 and Action Plan was attached to the report at Appendix 1.

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

35 GRANT THORNTON REPORT ST HELENS MBC FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2019 - ASSURANCE QUESTIONNAIRES

Members were informed that the External Audit of the Council was a statutory requirement. The Council's External Auditors, Grant Thornton were required to comply with International Auditing Standards as they apply to the public sector in the UK.

To comply with International Auditing Standards, Grant Thornton were required to establish an understanding of the management processes in place to prevent and detect fraud and ensure compliance with the law and regulation. The approach to this assurance was obtained through making enquiries of those charged with governance, via the Chair of the Audit and Governance Committee and Management.

Requests for the respective assurances had been received from Grant Thornton and were attached as Appendix 1 to the report.

* **Resolved that the proposed responses from the Chairman of Audit and Governance Committee and Management be considered and endorsed.**

36 GRANT THORNTON REPORT - ST HELENS MBC PROGRESS REPORT AND UPDATE YEAR ENDING 31 MARCH 2019

A report was submitted and presented by Helen Stevenson, Grant Thornton which provided Members with an update of progress of how Grant Thornton deliver their responsibilities as external auditors.

Members asked questions in relation to implications of Brexit on the Council. Members were assured that full participation was being undertaken at Regional level and self-assessments identifying key risks for St Helens were discussed and updated on a weekly basis.

Members also raised issues with staffing levels in Social Care and were also assured that this was a position constantly under review.

The report was attached at Appendix 1.

AUDIT AND GOVERNANCE COMMITTEE

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

37 INVESTIGATORY POWERS COMMISSIONER'S OFFICE REPORT (IPCO)

A report was submitted which informed Members of the Investigatory Powers Commissioner's Office Inspection Report.

The Terms of Reference for the Audit and Governance Committee required it to consider the reports of external audit and inspection agencies and monitor management action in response to the issues raised.

The Council's use of its Regulation of Investigatory Powers (RIPA) in respect of covert surveillance was subject to annual reporting and triennial inspection by the IPCO (formerly known as the Office of Surveillance Commissioners). The Council was inspected on 10 October 2018 by an Inspector from IPCO. During the inspection, authorisations and procedures were closely scrutinised and a wide group of Council officers from relevant Sections met with the Inspector.

The inspection report was received by the Chief Executive in November 2018 and noted that the Council continues to have a robust RIPA structure with good procedures. The findings in the report had been shared with relevant officers.

- * **Resolved that the Investigatory Powers Commissioner's Office inspection report in relation to the Council's use of directed surveillance and covert human intelligence sources be noted.**

38 REGULATION OF INVESTIGATORY POWERS (RIPA) COUNCIL'S USE OF POWERS

A report was submitted on the powers used by Council under the Regulation of Investigatory Powers Act 2000 (RIPA) for the period of July 2018 to February 2019.

The Act regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights were protected while also ensuring that law enforcement agencies had the powers they need to conduct investigations effectively.

The Council is included within the RIPA framework with regard to the authorisation of both directed surveillance and of the use of covert human intelligence sources (CHIS). Since the introduction of the Protection of Freedoms Act 2012, the Council is now only able to use powers under RIPA if it is for the purpose of preventing or detecting crime or preventing disorder subject to the "serious offence test".

The report detailed that there had been no authorisations granted by the Council during the quarters concerned.

- * **Resolved that the Council's use of its RIPA powers for the period July 2018 to February 2019 be noted.**