

**AUDIT AND GOVERNANCE COMMITTEE**

**MEETING HELD AT THE TOWN HALL, SOUTHPORT  
ON 28 SEPTEMBER 2011**

PRESENT: Councillor Hands (in the Chair)  
Councillor Tonkiss (Vice-Chair)

Councillors Lord Fearn, McIvor, Parry and Shaw

ALSO PRESENT: Mr P. Chambers and Mr S. Baron from  
PricewaterhouseCoopers

**13. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Brennan, Friel, Maher and Robertson.

**14. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**15. MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the Minutes of the meeting of this Committee held on 29 June 2011 be confirmed as a correct record.

**16. STATEMENT OF ACCOUNTS 2010/11**

Further to Minute No. 5 of the meeting held on 29 June 2011, the Committee considered a report by the Head of Corporate Finance and ICT detailing the 2010/11 Statement of Accounts for consideration and approval following the completion of the audit by the External Auditors, PricewaterhouseCoopers (PwC). The report included an Executive Summary of the Accounts, the Annual Governance Statement and the "Letter of Representation" from the Council to the External Auditors for approval.

The Council, or nominated Committee charged with the responsibility for Governance must approve the Statement of Accounts following the completion of the annual audit. The Audit and Governance Committee had been delegated with this responsibility and consequently must approve the audited accounts for 2010/11 by 30 September 2011.

The Head of Corporate Finance and ICT referred to the major issues/variations that occurred during the last financial year and answered questions from Members on various aspects of the Statement of Accounts with regard to capital grants and contributions, the One Vision Housing

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accounts receivable balance, One Vision Housing legal claim, the viability of Sefton New Directions, the equal claims provision and the bad debt provision.

The report also included the External Auditor's report to those charged with Governance, which gave details of the significant accounting matters to be considered and the adjusted accounting issues identified as part of their audit work. The report also referred to an objection received to the 2009/10 accounts, which had not been upheld and provided an update on the audit fees charged for 2010/11 by PwC. Mr. P. Chambers from PwC was present and provided Members with a brief summary of the issues contained in the report and answered their questions as appropriate.

Mr Chambers confirmed that an unqualified audit opinion on the Statement of Accounts and the Council's Value for Money conclusion had been given.

The Council was also required to provide a Letter of Representation to the External Auditor at the conclusion of the audit. This letter provided a management response to the significant accounting matters identified by the External Auditor, acknowledged the Council's responsibilities in preparing the Accounts and provided the assurance to the External Auditor that no new information or decisions had been taken that would materially affect the Statement of Accounts for the year. The letter had to be signed by the Chair and Head of Corporate Finance and ICT once approved.

RESOLVED: That

- (1) the Statement of Accounts for 2010/11, be approved;
- (2) the Annual Governance Statement for 2010/11 be approved;
- (3) the comments of PricewaterhouseCoopers LLP, be noted;
- (4) the Letter of Representation be approved and the Chair and Chief Executive be authorised to sign it on the Council's behalf, and
- (5) the Head of Corporate Finance and ICT submit a report to the next meeting on the current policy for bad debt provision and the implications of changing components of the policy.

**17. TREASURY MANAGEMENT 2011/12 - FIRST QUARTER  
UPDATE**

The Committee considered the report of the Head of Corporate Finance and ICT which provided details of the Treasury Management activities undertaken in the first quarter of 2011/12 and the amendments to the Prudential Indicators for 2011/12 which had been approved by the Cabinet on 11 August 2011.

RESOLVED:

That the report be noted

**18. INTERNAL AUDIT PLAN 2011/12 - PERFORMANCE REPORT:  
APRIL TO JULY 2011**

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of internal audit work undertaken during the period April to July 2011. The Committee was required to be appraised of and review Internal Audit work as part of its review of the internal control environment and overall Governance arrangements.

The report also provided details of the performance trend of Arvato's Benefit Fraud Investigation Team.

RESOLVED: That

- (1) the report be noted; and
- (2) the Head of Corporate Finance and ICT submit a report to the next meeting on the current policy for escalating issues arising from Internal Audit recommendations to this Committee.

**19. ANTI FRAUD, BRIBERY AND CORRUPTION POLICY**

The Committee considered the report of the Head of Corporate Finance and ICT on the revisions to the Anti Fraud, Bribery and Corruption Policy following the implementation of the Bribery Act 2010.

RESOLVED:

That the revised Anti Fraud, Bribery and Corruption Policy be approved.

**20. COMMITTEE BRIEFING SESSIONS**

Further to Minute 7 of the meeting held on 29 June 2011, the Head of Corporate Finance and ICT reported on the proposals to hold briefing sessions for Members and Substitute Members of the Committee on the following topics, on the dates indicated at Bootle Town Hall:

<u>Topic</u>	<u>Date</u>
Internal Audit - Roles and Responsibilities	Friday 9 December 2011
Treasury Management	Friday 10 February 2012
Risk Management	Friday 30 March 2012

RESOLVED

That the proposals be approved.

**21. EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act. The Public Interest Test has been applied and favoured exclusion of the information from the press and public.

**22. INTERNAL AUDIT FRAUD REPORT APRIL - JULY 2011**

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of the proactive and reactive anti-fraud and investigation work undertaken during the period April to July 2011 by the Internal Audit Team.

RESOLVED:

That the report be noted.

**23. CORPORATE RISK REGISTER - UPDATE**

The Committee considered the report of the Head of Corporate Finance and ICT on the Corporate Risk Register which had been updated to reflect the Council's corporate objectives and monitor the Council's strategic risks.

RESOLVED:

That the updated Corporate Risk Register be approved.