

# The updated Audit Findings (ISA260) Report for St Helens Borough Council

Year ended 31 March 2024

4 November 2024





St Helens Borough Council  
Town Hall  
Victoria Square  
St Helens  
WA10 1HP

04/11/2024

Dear Members of the Audit and Governance Committee

## Audit Findings for St Helens Borough Council for the 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

*Michael Green*

Director  
For Grant Thornton UK LLP

## Private and Confidential

Grant Thornton UK LLP  
Landmark, St Peter's Square  
Oxford Street  
Manchester  
M1 4PB

T +44 (0)20 7865 2395

[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

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## Your key Grant Thornton team members are:

### Michael Green

Key Audit Partner

E Michael.Green@uk.gt.com

### Sophia Iqbal

Audit Manager

E Sophia.S.Iqbal@uk.gt.com

### Ben Hall

Assistant Manager

E Ben.J.Hall@uk.gt.com

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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 planning 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 the Council or all 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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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of St Helens Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

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## Financial Statements

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Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements including the Annual Governance Statement (AGS), Narrative Report, is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed remotely during July-September as planned. Our findings are summarised on pages 7 to 25. From the work completed to date we have not identified any adjustments to the financial statements that have impacted the Council's Comprehensive Income and Expenditure Statement.

Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion at Appendix G or material changes to the financial statements, subject to the following outstanding matters;

- receipt of management representation letter {see appendix F}; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

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# 1. Headlines

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## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

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

Our work on the Council's value for money (VFM) arrangements will be reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). An audit letter explaining the reasons for the delay in completing this work beyond 30 September 2024 is attached in Appendix H to this report.

We have completed our VFM work, which is summarised on page 26-27, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the finalisation of our work required to issue the Whole of Government Accounts Component Assurance Statement.

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## Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

# 1. Headlines

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## National context – audit backlog

### Timetable for publication of unaudited 2023-24 financial statements

On 30 July 2024, the Minister of State for Local Government and English Devolution issued a statement which outlined the plans to lay secondary legislation to amend the Accounts and Audit (Amendment) Regulations 2015 to set a series of backstop dates for local authority audits. When parliamentary time permits, secondary legislation is going to be used to amend the Accounts and Audit Regulations (2015) and to introduce five new backstop dates:

1. Financial years up-to-and-including 2022/23: 13 December 2024;
2. Financial year 2023/24: 28 February 2025;
3. Financial year 2024/25: 27 February 2026;
4. Financial year 2025/26: 31 January 2027;
5. Financial year 2026/27: 30 November 2027; and
6. Financial year 2027/28: 30 November 2028.

Key messages from the Minister are that:

To help Councils comply with these arrangements, for financial years 2024/25 to 2027/28, the Minister states that the deadline for filing Category 1 'draft' (unaudited) accounts will be extended from 31 May to 30 June (allowing higher quality draft accounts); and there will be no routine inspections of local audits (by the Financial Reporting Council or by the Institute of Chartered Accountants in England and Wales) for financial years up to and including 2022/23, unless there is a clear case in the public interest to do so.

Once implemented, the hope is that the new arrangements will help to restore the robust assurance needed to underpin good governance and accountability.

The audit of St Helens Borough Council has progressed in line with the planned timetable and is expected to conclude well ahead of the new backstop date. We will continue to work with management to deliver future audits to a timetable to avoid future backstop issues.

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## National context – level of borrowing

All Councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. St Helens Borough Council has remained prudent in its borrowings and have abstained from further borrowing in 2023/24 due to the economic climate.

# 2. Financial Statements

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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 for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Governance Committee meeting on 4 November 2024, as detailed in Appendix G. These outstanding items are listed on page 4.

### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff and for supporting delivery of the audit to the planned timetable.

# 2. Financial Statements



## 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.

Materiality levels remain the same as reported in our audit plan issued in July 2024.

We set out in this table our determination of materiality for St Helens Borough Council.

## Council Amount (£) Qualitative factors considered

Materiality for the financial statements	£8,151,435	This equates to 1.5% of your gross expenditure to surplus/deficit on provision of services 2022-23 and 1.455% of the equivalent balance in 2023-24. This is the level above which users of the financial statements would wish to be aware in the context of the overall expenditure. This benchmark is considered the most appropriate because we consider the users of the financial statements to be most interested in how the Council has expended its revenue and other funding.
Performance materiality	£6,113,576	Set at 75% of financial statement materiality. This reflects a standard benchmark based on risk assessed knowledge of the potential for errors arising.
Trivial matters	£407,600	Trivial threshold for matters which are clearly inconsequential individually or in aggregate. It is a standard benchmark set at 5% of financial statement materiality.
Materiality for senior officer remuneration.	22,060	Due to the sensitive nature of the disclosure. Set at 2% of the total senior management remuneration.





# 2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design effectiveness of management controls over journals</li> <li>• analysed the journals population and determined the criteria for selecting high risk unusual journals</li> <li>• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness regarding corroborative evidence</li> <li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team. These criteria included:</p> <ul style="list-style-type: none"> <li>• Post year-end journals</li> <li>• Material journals across the year</li> <li>• Year-end journals</li> <li>• Journals posted by senior management</li> <li>• Off ledger adjustments</li> </ul> <p>Application of these routines and supplementary procedures identified a total sample of 34 journals to test.</p> <p>Our audit work has not identified any issues in respect of management override of controls.</p> <p>We did not identify any changes in accounting policies or estimation processes and review of key estimates has not identified any matters to bring to your attention. This is in line with our expectations.</p> <p>Our audit work has not identified any evidence of management override of controls.</p>

# 2. Financial Statements: Significant risks

## Risks identified in our Audit Plan

### ISA 240 Revenue recognition risk

ISA (UK) 240 includes a rebuttable presumed risk that revenue recognition may be misstated due to the improper recognition. This presumption can be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:

- there is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including St Helens Council, mean that all forms of fraud are seen as unacceptable

Although the risk of fraud is rebutted, we recognise the risk of error in revenue recognition, and this is addressed through the responses to risk detailed across.

### ISA 240 Expenditure recognition risk

In the public sector, whilst it is not a presumed significant risk, in line with the requirements of Practice Note (PN) 10: Audit of financial statements of public sector bodies in the United Kingdom - we also consider the risk of whether expenditure may be misstated due to the improper recognition of expenditure.

This risk is rebuttable if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition. Based on our assessment we consider that we can rebut the significant risk in relation to expenditure.

## Commentary

The revenue and expenditure recognition risks have been rebutted.

Despite revenue recognition not being a significant risk, we will still undertake the following procedures to ensure that revenue included within the accounts is materially correct:

- evaluate the Council's accounting policy for income and expenditure recognition for appropriateness and compliance with the Code
- update our understanding of the Council's system for accounting for income and expenditure and evaluating the design of relevant controls
- undertake detailed substantive testing on the income and expenditure streams in 2023/24, including sample testing of material revenue and expenditure transactions
- review the accounting treatment of all new income and expenditure streams to confirm that they have been accounted for appropriately in line with the Code and accounting standards.

Our substantive income testing has not identified any errors that we are required to bring to your attention.

We have rebutted the risk of fraud in expenditure recognition

Despite expenditure recognition not being a significant risk, we will still undertake the following procedures to ensure that expenditure included within the accounts is materially correct:

- evaluate the Council's accounting policy for expenditure recognition for appropriateness and compliance with the Code
- update our understanding of the Council's system for accounting for expenditure and evaluating the design of relevant controls
- undertake detailed substantive testing on the expenditure streams in 2023-24, including sample testing of material expenditure transactions
- review the accounting treatment of all new expenditure streams to confirm that they have been accounted for appropriately in line with the Code and accounting standards

Our substantive expenditure testing has not identified any errors that we are required to bring to your attention.

# 2. Financial Statements: Significant risks

## Risks identified in our Audit Plan

### Valuation of land and buildings, surplus assets and Investment Property,

The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£328m valuation in the Councils 2023/24 financial statements) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

## Commentary

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the valuers' work, the valuers reports and the assumptions that underpin the valuations
- evaluated 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
- tested a selection of other asset revaluations made during the year to ensure they have been input accurately into the Council's asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and
- evaluated the assumptions made by management for those assets not revalued in year and how management has satisfied themselves that these are not materially different from the current value at year-end.

Our auditor valuation expert provided commentary on the instruction process for the valuation of property assets by Wilks Head and Eve and a review of the resultant report. It did not involve a detailed review of individual property valuations as this aspect of work was completed by the audit team. The auditor expert identified a number of points to follow up including observations around the clarity of assumptions used by the Council valuer and the extent of investigations carried out. We challenged the Council's external valuer on all issues raised and were satisfied that the extent of investigations was sufficient, and that the assumption used were reasonable and appropriate.

As part of our overall audit work, we tested 20 Land and Building and 5 Investment property asset valuations, including individually large assets or those with unusual movements, as well as a sample across the remainder of the total population of assets. In completing our work, we examined the accounting entries, data and assumptions used, relevant asset indices and considered those assets not revalued.

Our audit work has not identified any issues in respect of valuation of land and buildings to bring to your attention.

## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of the defined benefit pension fund

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since IFRS have been adopted the council has had to consider the potential impact of IFRIC 14 - IAS 19 -the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

In particular the discount and inflation rates, where our consulting actuary has indicated that a +0.1[-0/1]% change in these two assumptions would have approximately -1.5[1.5]% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation.

Regarding these assumptions, we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

### Commentary

We:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested 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;
- undertook 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; and
- obtained assurances from the auditor of the Merseyside Pension Fund 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.

Our audit work has not identified any matters to bring to your attention and we have gained assurance that the IAS 19 pension net asset/liability has been appropriately accounted for and disclosed within the financial statements.

## 2. Financial Statements – Other risks

### Risks identified in our Audit Plan

### Commentary

#### Cyber Security

The Council suffered a cyber-attack in August 2023 which affected the delivery of services and impacted access to financial and other data. We understand that the Council implemented a robust and successful response to the attack but there is a potential risk that there was impact on key systems that support the financial statements.

We:


- used the expertise of our specialist IT audit team to document the cyber incident and the Council response;
- ensured the integrity of financial data;
- verified that data remains uncompromised; and
- understood and evaluated access controls within the financial system.

Our audit work in this area is complete and we have identified 7 recommendations which management have accepted and are reported to members separately.

We have not identified any matters that would impact the quality of reliability of the financial statements.

# 2. Financial Statements: key judgements and estimates


This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £311.5m Net carrying value.	<p>Other land and buildings comprises £281.5m of specialised assets which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value £30.1m (EUV) at year end. The Council has engaged Wilks Head and Eve LLP (WHE) to complete the valuation of assets as at 31 March 2024 on a five yearly cyclical basis. 78% of land and building assets were revalued during 2023/24.</p> <p>In addition to the rolling programme, any single asset deemed as material is revalued every year to reduce the risk of non-valued assets. Management also review conditions that may impact non-valued assets, such as enhancements and obsolescence, and request for additional properties to be revalued if required.</p> <p>The Council has included disclosures in relation to estimation uncertainty at Note 2. The valuation of properties valued by the valuer has resulted in a net gain on revaluation of £22.7m.</p> <p>The total year end valuation of other land and buildings was £311.5m.</p>	<p>The Council's accounting policy on valuation of land and buildings is included in the Accounting Policies note starting on page 27 of the financial statements.</p> <p><b>Key observations</b></p> <p>We assessed the qualifications, skills and experience of the valuer and determined the service to be appropriate.</p> <p>The underlying information and sensitivities used to determine the estimate was complete and accurate.</p> <p>The valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates.</p> <p>We have reviewed management's assessment on assets not revalued and are satisfied there has been no material changes to the valuation of these assets that would require adjustment of their carrying value.</p> <p>We consider the level of disclosure in the financial statements to be appropriate.</p> <p><b>Conclusion</b></p> <p>We are satisfied the estimate of your land and buildings valuation is not materially misstated.</p>	 <b>Green</b>





## Assessment

- **[Red]** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **{Amber}** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **[Grey]** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **[Green]** We consider management's process is appropriate and key assumptions are neither optimistic or cautious


## 2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation - £15.2m	<p>The Council has a number of assets that it has determined to be investment properties.</p> <p>Investment properties must be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date). The fair value of the Council's investment property is measured annually at each reporting date. The valuations have been carried out by external valuers, Wilks, Head and Eve LLP.</p> <p>The year end valuation of the Council's investment property was £15.195m, a net decrease of £0.02m from 2022/2023.</p>	<p>We have no concerns over the competence, capabilities and objectivity of the external valuation expert used by the Council.</p> <p>The valuer has agreed clear terms of reference for this work with the Council in advance of the work being performed, including within which were the assumptions that were going to be applied to this work</p> <p>The valuer completed a full valuation of the investment portfolio as at 31 March 2024 except for those which are peppercorn rents which are typically nominally valued at £1. These assets are reviewed and considered annually by the Council's internal estates team in accordance to IAS40 and represent 1% of the balance.</p>	<p> Green</p>

### Assessment

-  [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements: key judgements and estimates


Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																												
Net pension liability – £17.8m	<p>The Council's net pension liability at 31 March 2024 is £17.8m (2022/23 £13.8m) comprising the Merseyside Local Government Pension Scheme and Teachers Pension Scheme benefit obligations.</p> <p>The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2023. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. The net pension liability has increased by £4.0m during 2023/24.</p>	<p>In understanding how management has calculated the estimate of the net pension liability we have:</p> <ul style="list-style-type: none"> <li>Assessed the use of management's expert</li> <li>Assessed the actuary's approach taken, and confirmed the reasonableness of their approach</li> </ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council.</p> <p>We have used the work of PwC as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</p> <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.90%</td> <td>4.90%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.80%</td> <td>2.70-2.80%</td> <td>●</td> </tr> <tr> <td>CPI Inflation</td> <td>2.70%</td> <td>2.60-2.70%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.20%</td> <td>1.25-1.5% pa above CPI.</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>22.2 20.9</td> <td>22.0-23.5 20.7-22.2</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.2 23.4</td> <td>25.0-26.2 23.2-24.4</td> <td>●</td> </tr> </tbody> </table> <p>We have examined the completeness and accuracy of the underlying information used to determine the estimate.</p> <p>We have not identified any changes to the valuation method.</p> <p>From the work completed we are satisfied with the reasonableness of the estimate and discloser of the estimate in the financial statements.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.90%	4.90%	●	Pension increase rate	2.80%	2.70-2.80%	●	CPI Inflation	2.70%	2.60-2.70%	●	Salary growth	4.20%	1.25-1.5% pa above CPI.	●	Life expectancy – Males currently aged 45/65	22.2 20.9	22.0-23.5 20.7-22.2	●	Life expectancy – Females currently aged 45/65	25.2 23.4	25.0-26.2 23.2-24.4	●	<p>Green</p> 
Assumption	Actuary Value	PwC range	Assessment																												
Discount rate	4.90%	4.90%	●																												
Pension increase rate	2.80%	2.70-2.80%	●																												
CPI Inflation	2.70%	2.60-2.70%	●																												
Salary growth	4.20%	1.25-1.5% pa above CPI.	●																												
Life expectancy – Males currently aged 45/65	22.2 20.9	22.0-23.5 20.7-22.2	●																												
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### Assessment





- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious




## 2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for NNDR appeals - £6.6m	<p>The Council is liable for successful appeals against business rates charged to business in 2023/24 and earlier financial years in their proportionate share. A provision has therefore been made for the best estimate of the amount that businesses have been overcharged up to 31 March 2024.</p> <p>The Council uses data provided by the Valuation Office Agency (VOA) on historic appeals and analyses this data to estimate the likely success of outstanding appeals. The data is sense checked and a wider analysis of provision levels is undertaken across local authority groups to provide assurance that provision levels appear reasonable.</p> <p>The provision has decreased by £5.5m in 2023/24</p>	<ul style="list-style-type: none"> <li>We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate.</li> <li>We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other local government bodies</li> <li>Disclosure of the estimate in the financial statements is considered adequate.</li> <li>There have been no changes to the calculation method this year.</li> </ul>	 Green

### Assessment

-  [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements: key judgements and estimates













Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £3.7m	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £3.7m, a net increase of £0.2m from 2022/23. This represents a 1.8% charge against the CFR.</p>	<ul style="list-style-type: none"> <li>The Councils MRP has been calculated in line with the statutory guidance</li> <li>Cabinet approved the annual MRP policy in February 2024 which remains unchanged from prior years.</li> <li>We assessed the reasonableness of the approach taken by the Council in calculating MRP. A benchmark of 2% is generally regarded as appropriate charge as it reflects MRP being charged across an approximate asset life of 50 years.</li> <li>The Councils MRP is 1.8 % with the underlying reason that the Council is charging MRP on an annuity basis for those supported assets (pre 2008 regulations) and on certain regeneration assets. This approach is allowable under statutory guidance and results in a lower MRP charge in earlier years and a higher charge in later years. Whilst allowable, this method does push more of the burden of debt repayment into the future.</li> <li>The Council should continue to examine the appropriateness of its MRP policy to ensure it is making sufficient charge to general fund. It should consider future affordability in using the annuity basis which results in increasing MRP charges in later years.</li> </ul> <p>Following consultation MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	 <b>Amber</b>

### Assessment





- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
Financial Information System (FIS)	ITGC assessment (design and implementation effectiveness only)					Management override of controls.	n/a
Microfocus Enterprise Server	ITGC assessment (design, implementation and operating effectiveness)					Creditors (Completeness).	n/a
Zellis	ITGC assessment (design, implementation and operating effectiveness)					Remuneration Disclosures.	n/a

## Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

## 2. Financial Statements: Digital Audit

We have invested significantly in our digital tools and our audit approach is underpinned by a suite of tools, enabling us to capture and analyse the detailed data contained within the general ledger. This supports more efficient and effective testing, with a focus on higher risk areas and unusual transactions. The ability to obtain full ledger data quickly and effectively is key to the progress of audit work, as is documentation of the Council's methodology for mapping code structures to the financial statements and use of off-ledger adjustments. Difficulties and delays in obtaining data adversely impact on the scheduling and delivery of the audit and it is important that management engage with the audit teams to understand the requirements for data transfer, providing a clearly documented understanding of how financial statement entries are produced from underlying ledger and a timetable for doing so.

We requested several reports/documents from the Council to aid with this and these are summarised in the table below along with comments on delivery.

Document requested	Date requested	Date received	Comments
Closing trial balance for 2022-23	N/A	N/A	Audit team used closing balance from 2022-23 audit.
Opening trial balance for 2023-24	01/06/2024	22/07/2024	Trial balances were initially provided on 27/06/2024. However, they were not in the format requested and therefore not usable.
Closing trial balance for 2023-24	01/06/2024	22/07/2024	Trial balances were initially provided on 27/06/2024. However, they were not in the format requested and therefore not usable.
All general ledger transactions during 2023-24	01/06/2024	09/07/2024	
Mapping between the trial balance and the financial statements for 2023-24	01/06/2024.	09/07/2024 & 18/07/2024.	
Draft accounts for 2023-24	31/05/2024	24/06/2024	

Both the audit team and client had to complete additional work to ensure the transactions were mapped to the financial statements. This delayed the early progress of the audit and required a significant amount of work to complete, similar to in previous years', though we do note an improvement in this area. For 2024-25, the Council have migrated to a new ledger system from the 1 April 2024 and it is anticipated that data mapping and reporting problems will significantly be addressed.

## 2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is set out at Appendix F.

## 2. Financial Statements: other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to bank and investment counterparties. This permission was granted, and the requests were sent. All confirmations have now been returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management continue to be provided.

## 2. Financial Statements: other communication requirements



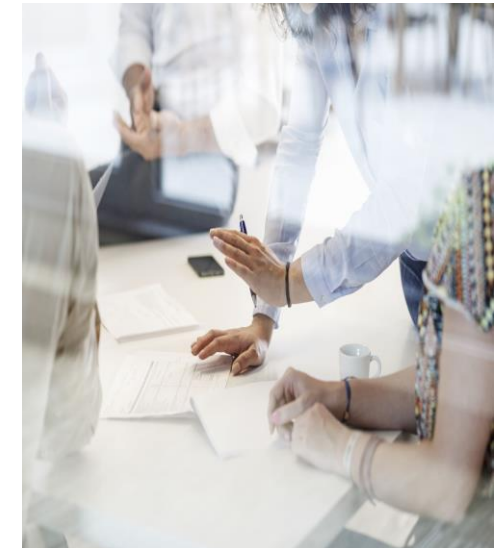
### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
<p><b>Going concern</b></p>	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Council and the environment in which it operates</li> <li>the Council’s financial reporting framework</li> <li>the Council’s system of internal control for identifying events or conditions relevant to going concern</li> <li>management’s going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>





## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. We will complete this work in line with the required deadlines once the guidance has been issued.
Certification of the closure of the audit	We intend to certify the closure of the 2023/24 audit of St Helens Borough Council in the audit report, as detailed in Appendix G.

# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body 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 body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# 3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. Our work has concluded that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

# 4. Independence considerations

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

# 4. Independence considerations

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

Matter	Conclusion
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 or investments in the Council held by individuals.
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 Group 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 Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence 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

Following this consideration, we can confirm that we are independent 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.

# 4. Independence considerations

## Audit and non-audit services

For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
Certification of Housing Benefits Grant	£35,640	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 £35,640 in comparison to the total fee for the audit of £336,277 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.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management threat	
Certification of Teachers' Pension Return	£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 £336,277 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.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management threat	

None of the services provided are subject to contingent fees.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Management Letter of Representation
- G. Audit opinion
- H. Audit letter in respect of delayed VFM work

# A. Communication of audit matters to 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	•	
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 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		•
Expected modifications to the auditor's report, or emphasis of matter		•

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## 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.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.



# B. Action Plan – Audit of Financial Statements

We have identified three recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	<p><b>Asset lives</b></p> <p>Our audit work identified assets which were fully depreciated but still in use. The implication being the original life allocated to the asset may not have been accurate.</p>	<p>The Council should ensure asset lives are reviewed to ensure they reflect the true life of the asset and that the annual depreciation charge is appropriate.</p> <p><b>Management response</b></p> <p>Agreed. The Council undertakes reviews of asset lives, and a weighted average is applied to the class of asset. There can be instances where assets exceed/fall short of their standard economic useful life.</p>
●	<p><b>Bank reconciliations</b></p> <p>Our audit work identified the bank reconciliation for April 2024 remains outstanding due to a member of staff on long term sickness.</p>	<p>Timely reconciliation of the bank accounts is considered a key financial control and as such, reconciliations should be completed on a monthly basis and other staff members should be trained to complete this.</p> <p><b>Management response</b></p> <p>Agreed. The Council has moved to a new Financial System, Unit 4, from April 2024 and reconciliation work has been undertaken during the transitional period, with work continuing to produce a comprehensive reconciliation for the year to date. Unit 4 support and training is ongoing with staff.</p>
●	<p><b>Statement of Accounts</b></p> <p>The deadline for the statement of accounts was the 31/5/24 however they were not received until the 26/6/24. Key working papers were also received during the audit process. As we move to the earlier deadlines it is crucial these are received on a timely basis.</p>	<p>The Statement of Accounts and complete working papers should be prepared and available by the deadline.</p> <p><b>Management response</b></p> <p>Agreed</p>

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>We identified the following issues in the audit of St Helens Borough Council's 2022/23 financial statements, which resulted in 3 recommendations being reported in our 2022/23 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.</p>	<p><b>Cyber security</b></p> <p>The Council suffered a cyber security attack in August 2023 which affected the delivery of services and impacted access to financial and other data.</p> <p>We recommended that the Council looked at its cyber preparedness and prioritised the delivery of the proposed steps taken to Cabinet in its November 2023 report to reduce the risk of further incidents.</p>	<p>The Council has followed-up on actions identified to improve cyber security, including implementation of a number of enhancements to provide increased resilience.</p>
<p>✓</p>	<p><b>Financial Information System (FIS)</b></p> <p>We discussed the difficulties with the current FIS during the audit. The Council must manipulate the ledger and perform off ledger transactions to produce the financial statements. Data is not easily accessible for audit as it isn't directly mapped to account balances and there is additional work required to produce sufficient audit trails and financial reports. This causes inefficiencies for both finance staff and audit.</p> <p>We recommended that the current system needed to be upgraded so it can provide readily accessible financial information that is mapped into the financial statements with minimal off ledger adjustment. The ledger should be structured to make data readily available for audit and financial reporting.</p>	<p>Management have upgraded the Council's ledger system to Unit 4. This system went live on 01/04/2024 meaning that this audit was still conducted on FIS.</p>
<p>✓</p>	<p><b>Investment properties revaluation (page 13)</b></p> <p>The Council's valuer revalued £15.0m out of £15.2m investment properties as at 31 March 2023. The valuer provided commentary on trends in values since the previous Council investment market review 31 March 2022, rather than a full valuation of the investment portfolio at 31 March 2023.</p> <p>Management also completed an assessment on those investment properties not subject to revaluation. The Council should ensure it formally revalue all investment properties that are greater than nominal value on an annual basis in line with the requirements of the Code. This minimises the risk of those assets not revalued being materially misstated at the balance sheet date.</p> <p>We recommended that an annual revaluation of all investment properties is completed in line with the requirements of the CIPFA Code.</p>	<p>All Investment properties that are greater than nominal value have been subject to revaluation in 2023-24.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

No adjusted misstatements have been identified which will impact the key statements and the reported net expenditure for the year ending 31 March 2024.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 1 – Accounting standards that have been issued but have not yet been adopted	The Council has updated the IFRS 16 disclosure to include an estimate on the adoption of leases.	✓
Note 20 – Officers’ remuneration in excess of £50,000	The Executive Director of People’s Services and Integrated Health/NHS Place Lead are in receipt of over £150k therefore should be named.	✓
Note 22 – Related Party Transactions	Additional disclosures have been made to show payments to Red Bank Schools and Nugent Care.	✓
Note 23 – Audit fees	The note has been amended to reflect the additional fee agreed in the Audit Plan	✓
Note 32b Capital Commitments	The Council has amended the note to show the prior year values in the format of the current year.	✓
Note 39e Nature and extent of risks arising from financial instruments	The Council have amended the accounts to include a maturity analysis for Liquidity Risk.	✓
Annual Governance Statement	This was not included in the original statement of accounts however should be included and prepared at the same time as the accounts.	✓

# D. Audit Adjustments (continued)



## Impact of prior year adjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 39c Financial Instruments Fair value of assets and liabilities	The prior year balance was restated to reflect the new loans rate. This was stated in the note in 2022/23 however the figure in the table have been amended in the current year. Therefore, the headers should show the figures which have been restated and a note added on the reasons for the restatement.	✓

# E. Fees and non-audit services

We confirm below our final fees charged for the 2023/24 audit, from the first day of the current period to date.

Audit	Proposed fee	Final fee
Scale fee	£311,227	£311,227
Use of expert to support review of L&B Valuations.	£6,000	£6,000
ISA 315	£12,550	£12,550
Security & change management and review of cyber incident	£6,500	£6,500
<b>Total audit fees (excluding VAT)</b>	<b>£336,277</b>	<b>£336,277</b>

# E. Fees and non-audit services

<b>Non-audit fees for other services</b>	<b>Proposed fee</b>	<b>Final fee</b>
Audit Related Services – Certification of Housing Benefits Grant	£35,640	£38,640*
Audit Related Services – Certification of Teachers pension return	£12,500	£12,500
<b>Total non-audit fees (excluding VAT)</b>	<b>£48,140</b>	<b>£51,140</b>
<b>Total audit and non-audit fee</b>		
(Audit Fee) £336,277	(Non-Audit Fee) £48,140 (estimated)	

The fees reconcile to the financial statements. The non audit fees are estimated until the work on the grant claim has been completed.

\* The Housing Benefits fee is based on £1,500 per day for each additional workbook. The Council currently have 2 additional workbooks to complete this cost is included in the final fee. The Council have estimated the costs to be £40,000 in the Statement of Accounts.

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# F. Management Letter of Representation

Grant Thornton UK LLP

11<sup>th</sup> Floor  
Landmark St Peter's Square  
1 Oxford St  
Manchester  
M1 4PB

[Date]

Dear Grant Thornton UK LLP

**St Helen's Metropolitan Borough Council**  
**Financial Statements for the year ended 31 March 2024**

This representation letter is provided in connection with the audit of the financial statements of St Helen's Metropolitan Borough Council for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and building, investment property and defined pension liability valuations. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Council has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

# F. Management Letter of Representation

## continued

- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in Note [X] to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
  - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

- c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

- xv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

### Information Provided

- xvi. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.



# F. Management Letter of Representation continued

- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

### Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 23 September 2024.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Council**

# G. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report

## Independent auditor's report to the members of St Helens Borough Council Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements of St Helens Borough Council (the 'Authority') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

# G. Audit opinion continued

## Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Authority and the Director of Finance

As explained more fully in the Statement of Responsibilities set out on page 42, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

# G. Audit opinion continued

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of management and the Audit and Governance committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit and Governance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risk was in relation to management override of controls.

Our procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on material manual journals, post year-end journals, journals around the year-end, journals posted by unexpected users and journals posted by senior officers,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pension liability valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including significant accounting estimates related to property, plant and equipment, investment properties and net pension liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

# G. Audit opinion continued

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

# G. Audit opinion continued

## Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of St Helen Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

# H. Audit letter in respect of delayed VFM work



Councillor Lynn Clarke  
Chair of Audit and Governance Committee  
St Helens Borough Council

10 September 2024

Dear Cllr Clarke

The original expectation under the approach to Value For Money (VFM) arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to staff leave and some minor delays in information being received from the Council, we have been unable to complete our work as quickly as would normally be expected.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We expect to conclude our work in this area by the end of September and to bring our report to the November Audit and Governance Committee.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

*Michael Green*

Michael Green  
Director



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