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Date: 15 March 2024

**Contact:** Amy Dyson  
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Dear Councillor,

## **AUDIT AND GOVERNANCE COMMITTEE - WEDNESDAY 20TH MARCH, 2024**

I refer to the agenda for the above meeting and now enclose the following reports which were unavailable when the agenda was published.

<b>Agenda No.</b>	<b>Item</b>
14	<b>Audit and Governance Committee Self-Assessment 2023/2024</b> (Pages 3 - 22) Report of the Executive Director of Corporate Resources and Customer Services
15	<b>Audit and Governance Committee Member Training and Development</b> (Pages 23 - 44) Report of the Executive Director of Corporate Resources and Customer Services
16	<b>Audit and Governance Committee Work Programme 2024-2025</b> (Pages 45 - 64) Report of the Executive Director of Corporate Resources and Customer Services
17	<b>Audit and Governance Committee - Work Programme Update Report</b> (Pages 65 - 70) Report of the Executive Director of Corporate Resources and Customer Services

Yours faithfully,

Amy Dyson

Democratic Services



# Agenda Item 14

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 20 March 2024
<b>Subject:</b>	Audit and Governance Committee Self-Assessment 2023/2024		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The Chartered Institute of Public Finance and Accountancy (CIPFA) emphasises the importance of local authority audit committees undertaking a self-assessment exercise to help provide assurance that the committee is soundly based and has in place a knowledgeable membership.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Appendix 1 to this report sets out the Self-Assessment exercise undertaken by Audit and Governance Committee Members in consultation with officers from Democratic Services at an informal Audit and Governance Committee Member meeting held on 5 March 2024 via Microsoft Teams.

## Recommendation(s):

The Audit and Governance Committee is requested to:

- (1) Examine the Self-Assessment document completed by Members and Officers on 5 March 2024, shown at Appendix 1 to the report and suggest any amendments as required.
- (2) Subject to any amendments referred to in (1) above, agree that the Self-Assessment document is a correct reflection of the view of Audit and Governance Committee.
- (3) Agree that the Audit and Governance Committee will continue to undertake a Self-Assessment exercise on an annual basis.
- (4) Note that the Self-Assessment exercise will support the planning of the Audit and

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Governance Committee Work Programme and Training Programme and inform the Annual Report.

## Reasons for the Recommendation(s):

In accordance with good practice set out by CIPFA, a self-assessment exercise provides a key process for the development of an effective audit committee.

## Alternative Options Considered and Rejected: (including any Risk Implications)

To not conduct a self-assessment would lessen the Committee's ability to identify good practice for the achievement of an effective Audit and Governance Committee.

## What will it cost and how will it be financed?

### (A) Revenue Costs

None

### (B) Capital Costs

None

## Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
None	
<b>Legal Implications:</b>	
None	
<b>Equality Implications:</b>	
There are no equality implications.	
<b>Impact on Children and Young People:</b> No	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

## Contribution to the Council's Core Purpose:

<b>Protect the most vulnerable:</b>  Not applicable
<b>Facilitate confident and resilient communities:</b>  Not applicable
<b>Commission, broker and provide core services:</b>  Completion of the Self-Assessment will help the Audit and Governance Committee identify strengths and weaknesses to enable effective scrutiny and decision making by the Committee and thereby support effective core services
<b>Place – leadership and influencer:</b>  Completion of the Self-Assessment will help the Audit and Governance Committee identify strengths and weaknesses to enable effective scrutiny and decision making by the Committee
<b>Drivers of change and reform:</b>  Completion of the Self-Assessment will help the Audit and Governance Committee identify strengths and weaknesses to enable effective decision making which will help drive change and reform
<b>Facilitate sustainable economic prosperity:</b>  Not applicable
<b>Greater income for social investment:</b>  Not applicable
<b>Cleaner Greener:</b>  Not applicable

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7605/24) and the Chief Legal and Democratic Officer (LD5705/24) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

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None

## Implementation Date for the Decision

Immediately following the Committee meeting.

<b>Contact Officer:</b>	Amy Dyson
Telephone Number:	0151 934 2054
Email Address:	amy.dyson@sefton.gov.uk

## Appendices:

Appendix 1 – Audit and Governance Self-Assessment 2023/24

## Background Papers:

CIPFA – Practical Guidance for Local Authorities and Police 2022 edition – can be viewed at the following link: [Audit Committee Practical Guidance 2022](#)

### 1. Introduction / Background

1.1 The Self-Assessment provides a high-level review that incorporates the key principles set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Position Statement and the publication (Practical Guidance for Local Authorities and Police, CIPFA, 2022)

1.2 CIPFA states:

“Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee”.

### 2. Self-Assessment Exercise

2.1 On 5 March 2024 Audit and Governance Committee members attended an informal meeting on Microsoft Teams and conducted a Self-Assessment exercise in consultation with officers from Democratic Services.

2.2 The Self-Assessment Document, incorporating Members' comments and suggestions is attached at Appendix 1 to this report.

### 3. Conclusion

3.1 The self-assessment exercise will be undertaken on an annual basis and used to support the planning of:

- the Audit and Governance Committee Work Programme;

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- the Training Programme; and
- inform the Audit and Governance Committee Annual Report

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## Audit and Governance Committee Self-Assessment

This provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

### Section 1 – Self Assessment of Good Practice

Good Practice Question		Yes	Partly	No	Comments/Actions
<b>Audit Committee Purpose and Governance</b>					
1	Does the authority have a dedicated audit committee?	✓			The Council has a dedicated Audit and Governance Committee with Terms of Reference (ToR) included in the Constitution.
2	Does the audit committee report directly to full council?	✓			The Audit and Governance Committee presents an annual report to Full Council. The 2023/24 Annual report will be presented to Full Council on 12 September 2024.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			ToR are broadly consistent with CIPFA Position Statement and guidance and the differences are understood and accepted.  Regular review of the Committee's ToR is included in the committee's work programme and a report was recently taken to the meeting on 13 December 2023.
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			The Annual Report provides an opportunity for all members to understand the work of the committee and to ask questions of the Chair. The terms of reference for the committee are approved by Full Council.
5	Does the audit committee provide support	✓			The Audit and Governance Committee provides independent assurance

	to the authority in meeting the requirements of good governance?			<p>to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sefton's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> <p>The Council's Code of Corporate Governance is presented to committee for comment and endorsement.</p> <p>The Committee approves the Annual Governance statement - included in the Statement of Accounts report.</p>
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓	<p>The Annual Report provides an opportunity for all members to understand the work of the committee and to ask questions of the Chair.</p> <p>Consideration be given to a presentation to all Councillors prior to a Full Council meeting on the role and responsibilities of the committee - time permitting.</p>

Good Practice Question		Yes	Partly	No	Comments/Actions
<b>Functions of the Committee</b>					
1	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement:	✓			<p>The ToR are based on the guidance from CIPFA – Audit Committees: Practical Guidance for Local Authorities and Police and cover all of the core areas identified in CIPFA's Position Statement.</p> <p>The ToR are reviewed on an annual basis and were recently reviewed at the meeting on 13 December 2023.</p>
	Good Governance	✓			The Annual Governance statement is approved by the Committee
	Assurance framework, including partnership and collaboration arrangements	✓			The assurance framework was approved in September 2022.
	Internal audit	✓			<p>The Council has an in-sourced Internal Audit Service. There is an Audit Plan with Audit Charter that is provided to the Committee on an annual basis prior to the start of the new financial year. In addition, there is an annual Opinion from the Head of Internal Audit.</p> <p>There are also quarterly updates on the Internal Audit Plan progress provided to the Committee. The updates include progress against the audit plan, resourcing issues, outcome of audits including details of high-risk recommendation and the details of the Quality Assurance Improvement Plan.</p>
	External audit	✓			The Committee's agenda includes details on the progress of the annual audit programme with the External Auditors invited to every meeting to provide an update.
	Financial reporting	✓			Accounts are approved on an annual basis following the completion of the annual audit.
	Risk management	✓			There is a quarterly update on the Council's Risk Management

				Framework including the Corporate Risk Register. On an annual basis there is an update on the Corporate Risk Management Handbook.
	Value for money or best value	✓		The Council's external auditors, as part of their annual audit, undertake a review of the Council's arrangements for securing value for money. Their conclusions will form part of their report to Audit and Governance Committee following the conclusion of the audit.
	Counter fraud and corruption	✓		An annual fraud report is provided and the team's counter fraud activities are provided in the quarterly update to members.
	Supporting the ethical framework	✓		Committee recommends to Council the adoption of a Code of Conduct for members and through its sub-committees deals with complaints that members have breached the Code.
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		This is the second self-assessment undertaken by the committee and such self-assessments will now be undertaken on an annual basis.
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		✓	This formed part of the review of the terms of reference which were agreed on 14th December 2022.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		Any such plans have been included in the A&G Work Plan.
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in	✓		The Committee's decision-making powers are all in line with its core purpose. e.g., approval of Financial Statements, approval of AGS, monitoring the effectiveness of the risk management arrangements.

	line with its core purpose?				The Committee has decision making powers in relation to the Members Code of Conduct.
12	Has an effective audit committee structure and composition of the committee been selected?  This should include:				
	<ul style="list-style-type: none"> <li>separation from the executive</li> </ul>	✓			The Committee is separate from the executive and membership is decided at The Council's AGM in May each year. Membership of the committee complies with the rules concerning political proportionality.
	<ul style="list-style-type: none"> <li>an appropriate mix of knowledge and skills among the membership</li> </ul>		✓		Members receive training throughout the year, and this will be reviewed in light of the committee's self-assessment each year.
	<ul style="list-style-type: none"> <li>a size of committee that is not unwieldy</li> </ul>	✓			General consensus that the current Committee size of 10 is sufficient.
	<ul style="list-style-type: none"> <li>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>	✓			The revised position statement builds on the previous statement, which suggested committees should have at least one independent member, to include an explicit statement that "CIPFA recommends that each authority audit committee should include at least two co-opted independent members".  An independent member has been recruited.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by as appropriate for the organisation?	✓			
14	Does the chair of the committee have appropriate knowledge and skills?	✓			The Chair and Vice Chair have attended training provided as part of the programme of briefings prior to A&G Committee meetings but have not undertaken specific training for Chairs and Vice Chairs. The Member

				<p>Development Steering Group is liaising with the LGA regarding training for Chairs and Vice Chairs of all Council Committees.</p> <p>Chair has agenda briefings with key senior officers prior to meetings.</p>
15	Are arrangements in place to support the committee with briefings and trainings?	✓		All new members of the Council undertake induction training and there is a comprehensive training programme for all members including mandatory courses. In addition, the Committee has a training programme designed especially for its members.
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		✓	<p>Such an assessment has not been undertaken.</p> <p>The CIPFA guidance identifies the following core skills for committee members:</p> <ol style="list-style-type: none"> <li>1. Strategic thinking and understanding of materiality.</li> <li>2. Questioning and constructive challenge</li> <li>3. Focus on improvement</li> <li>4. Able to balance practicality against theory</li> <li>5. Clear communication skills and focus on the need of users</li> <li>6. Objectivity, and</li> <li>7. Meeting management skills</li> </ol>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓		<p>The Committee is regularly attended by Executive Directors, Section 151 Officer, Chief Internal Auditor, Service Manager - Finance and the Council's Monitoring Officer.</p> <p>Committee is attended by senior officers with reports on the agenda.</p>
18	Is adequate secretariat and administrative support to the committee provided?	✓		Democratic Services have a dedicated officer to provide secretariat and administrative support to the Committee.

Good Practice Question		Yes	Partly	No	Comments/Actions
<b>Effectiveness of the Committee</b>					
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	The Chair of the Audit and Governance Committee would welcome feedback.
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			The Committee interacts well and has an atmosphere in which Members feel able to ask questions.  There is a good level of interaction with the Council's external auditors.
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Senior Officers with reports on the agenda attend committee and the committee has the ability to ask other senior officers to attend.
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			The committee recommends amendments to the Council's constitution to Full Council.  The committee recommends amendments to the Members Code of Conduct to Full Council.  The Committee has asked for Service Risk Registers to be updated on time.
23	Has the committee evaluated whether and how it is adding value to the occasion?	✓			The Annual Report of the Committee is presented to full Council and addresses the key areas where the Committee should be held to account. This includes what impact the Committee has had on the improvement of governance, risk and control within the Council.  This self-assessment also evaluates where the Council is adding value.
24	Does the committee have an action plan to improve any areas of weakness?			✓	The Committee appointed an independent Member following the first self-assessment exercise conducted last year.

25	Does the committee publish an annual report to account for its performance and explain its work?	✓			



## Section 2: Evaluating the effectiveness of the Audit Committee

### Assessment Key

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
Promoting the principles of good governance and their application to decision making	Supporting the development of a local code of governance	The Audit and Governance Committee were involved in the development of the current Code of Corporate Governance	4
	Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it	The AGS and supporting evidence is provided to the Committee and a training session held for Members, prior to the Committee approving it each year	4
	Working with key members to improve their understanding of the AGS and their contribution to it		

	Supporting reviews/audits of governance arrangements		5
	Participating in self-assessment of governance arrangements	This is the second self-assessment undertaken by the Committee.	5
	Working with partner audit committees to review governance arrangements in partnerships		4
Contributing to the development of an effective control environment	Actively monitoring the implementation of recommendations from auditors	Annual report provided to the Committee on progress on the follow up of audit recommendations.	4
	Encouraging ownership of the internal control framework by appropriate managers		3
	Raising significant concerns over controls with appropriate senior managers		3
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	Reviewing risk management arrangements and their effectiveness, e.g., risk management benchmarking	The Committee receives a quarterly report on risk management. within the Council which includes the Corporate Risk Register and action being undertaken to improve risk management.	4
	Monitoring improvements		
	Raising significant concerns over controls with appropriate senior managers	Approves on behalf of Cabinet the Corporate Risk Management	

		Handbook.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	Specifying its assurance needs, identifying gaps or overlaps in assurance	The Work Plan presented to Committee demonstrates how the assurance reports enable the Committee to meet its terms of reference.	4
	Seeking to streamline assurance gathering and reporting	The Work Plan is a standing item on each agenda and the Committee are proactive in requesting reports and assurances from the Council.	
	Reviewing the effectiveness of assurance providers, e.g., internal audit, risk management, external audit	<p>The Committee receives annual reports on the effectiveness of Internal Audit QAIP and the five-year external validation.</p> <p>There is currently no information provided to the Committee on the effectiveness of the external auditors.</p> <p>Approved an Assurance Framework for the Council in September 2022.</p>	
Supporting the quality of the internal audit activity particularly by underpinning its organisational independence	Reviewing the audit charter and functional reporting arrangements	Receives an annual report on the Audit Charter with the Annual Audit Plan to improve.	4
	Assessing the effectiveness of internal audit arrangements, providing constructive challenge,	The annual Opinion details the outcome of the QAIP.	

	and supporting improvements		
	Actively supporting the quality assurance and improvement programme of internal audit		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing how the governance arrangements support the achievement of sustainable outcomes	The Committee receives update reports on the work of Internal Audit including key findings, issues of concern, and action in response to the findings and recommendations.  The reports include relevant information regarding Internal Audit reviews of projects and programmes	4
	Reviewing major projects and programmes to ensure that governance and assurance arrangements in place		
	Reviewing the effectiveness of performance management arrangements		
Supporting the development of robust arrangements for ensuring value for money	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee	The Committee considers the annual external audit opinion on value for money	4
	Considering how performance in value for money is evaluated as part of the AGS		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)	The Committee receives an annual report on Counter Fraud, money laundering and whistleblowing.	4
	Reviewing fraud risks and the		

	effectiveness of the organisation's strategy to address those risks		
	Assessing the effectiveness of ethical governance arrangements for both staff and school governors		
Promoting effective public reporting the authority's stakeholders and local community and measures to improve transparency and accountability	Improving how the authority discharges its responsibilities for public reporting; for examples, better targeting at the audience, plain English	The Committee approves a number of public facing documents and reports, and as part of producing these documents considers any changes needed to improve transparency.  Report authors to consider the overuse of acronyms and whether a glossary is required.	4
	Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency		4
	Publishing an annual report from the committee	The Committee produces an annual report which is approved by the Committee.	5

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# Agenda Item 15

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 20 March 2024
<b>Subject:</b>	Audit and Governance Committee Member Training and Development		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Resources		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The Audit and Governance Committee held on 15 March 2023 gave approval for a programme of briefing sessions for Audit and Governance Committee Members and Substitutes to be held one hour (1.45 pm to 2.45 pm) prior to meetings of the Audit and Governance Committee.

This report provides:

- An update on the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2023/24 detailed in Appendix 1 to the report.
- Proposals for the 2024/25 programme of briefing sessions, based on the recommended Core Areas of Knowledge for Audit and Governance Committee Members outlined by the Chartered Institute of Public Finance and Accounting (CIPFA) as set out in Appendix 2 to the report.
- An update on the Treasury Management course which in accordance with the CIPFA Treasury Management code, will be provided annually with a required attendance by Members and Substitute Members of Audit and Governance Committee
- Proposal for the Treasury Management course to continue to be offered to **all Councillors** in accordance with the CIPFA Treasury Management Code and included in the Member Development Handbook as part of the Council's Member Development Programme 2024-2025.

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## **Recommendation(s):**

That Audit and Governance Committee is requested to:

- (1) Note the update and attendance at the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2023/24 detailed in Appendix 1 to the report.
- (2) Approve the proposed Audit and Governance Committee schedule of member development briefings to be held from 1.45 to 2.45 pm prior to meetings of the Audit and Governance Committee in 2024-2025 and 2025-26 as set out in Appendix 2 to the report.
- (3) Note that the briefing topics listed in Appendix 2 are to be provided in accordance with CIPFA identified core areas of knowledge required of Audit and Governance Committee Members.
- (4) Authorise the Democratic Services Officer to amend the schedule of briefings set out in Appendix 2, in consultation with the Chair of Audit and Governance Committee, to meet any changing circumstances such as facilitator non-availability.
- (5) In line with the CIPFA Treasury Management Code, note that all Members and Substitutes of the Audit and Governance Committee will be required to attend the Treasury Management session to be provided annually by the Council's Treasury Management Consultants.
- (6) In line with the CIPFA Treasury Management Code, approve the continued inclusion of an additional 'Treasury Management' training session provided by the Council's Treasury Management Consultants, for all Councillors as part of the Member Development Programme 2024-2025.
- (7) Endorse the importance of Audit and Governance Committee Members and Substitutes 'buying into' and showing commitment to training and development.

## **Reasons for the Recommendation(s):**

CIPFA emphasises the importance and good practice of providing ongoing training and development for Audit and Governance Committee members and recommends that authorities establish a programme of support that provides regular briefings /formal training programme.

## **Alternative Options Considered and Rejected:** (including any Risk Implications)

To not provide Audit and Governance Committee Member development would limit the capacity for Members to effectively participate and contribute at meetings.

## **What will it cost and how will it be financed?**

### **(A) Revenue Costs**



None directly

**(B) Capital Costs**

None directly

**Implications of the Proposals:**

<p><b>Resource Implications (Financial, IT, Staffing and Assets):</b></p> <p>None directly – most of the briefings will be undertaken ‘in-house’ facilitated by Council Officers.</p> <p>Briefings provided by external providers, such as Ernst and Young (EY) (External Auditors) and Arlingclose (Treasury Management consultants) are incorporated in their ongoing fees and charges and will therefore incur no additional costs.</p>									
<p><b>Legal Implications:</b></p> <p>There are no legal implications.</p>									
<p><b>Equality Implications:</b></p> <p>There are no equality implications.</p>									
<p><b>Impact on Children and Young People:</b> No</p>									
<p><b>Climate Emergency Implications:</b></p> <p>The recommendations within this report will</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Have a positive impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">Have a neutral impact</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> <tr> <td style="padding: 2px;">Have a negative impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">The Author has undertaken the Climate Emergency training for report authors</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> </table>		Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No								
Have a neutral impact	Yes								
Have a negative impact	No								
The Author has undertaken the Climate Emergency training for report authors	Yes								

**Contribution to the Council’s Core Purpose:**

<p><b>Protect the most vulnerable:</b></p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge for effective decision making in helping to protect the most vulnerable.</p>
<p><b>Facilitate confident and resilient communities:</b></p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge for effective decision making in helping to facilitate confident and resilient communities.</p>

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<p>Commission, broker and provide core services:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge for effective decision making in helping to commission, broker and provide core services.</p>
<p>Place – leadership and influencer:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge reinforcing effective decision making as Place leaders and influencers.</p>
<p>Drivers of change and reform:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge for effective decision making in helping to drive change and reform.</p>
<p>Facilitate sustainable economic prosperity:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge reinforcing effective decision making to help facilitate sustainable economic prosperity.</p>
<p>Greater income for social investment:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge reinforcing effective decision making for provision of greater income for social investment.</p>
<p>Cleaner Greener:</p> <p>Training undertaken by Audit and Governance Committee Members will help to provide them with requisite skills and knowledge reinforcing effective decision making for ensuring a cleaner greener Sefton.</p>

## **What consultations have taken place on the proposals and when?**

### **(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD7606/24) and the Chief Legal and Democratic Officer (LD5706/24) have been consulted and any comments have been incorporated into the report.

### **(B) External Consultations**

None

## Implementation Date for the Decision

Immediately following the Committee meeting

<b>Contact Officer:</b>	Amy Dyson
Telephone Number:	0151 394 2045
Email Address:	amy.dyson@sefton.gov.uk

## Appendices:

- **Appendix 1** Audit and Governance Committee Briefing Sessions held in 2023/24 and Number of Attendees
- **Appendix 2** Proposed Schedule of Member Briefing Sessions for the 2024-2025 and 2025-2026 Municipal Years - based on the CIPFA recommended Core Areas of Knowledge for Audit and Governance Committee Members.

## Background Papers:

1. The CIPFA document -'Audit Committees – Practical Guidance for Local Authorities and Police – 2022 edition' setting out best practice for audit committees, is referenced throughout the report. This can be accessed on the Council's website at the following link: [CIPFA Audit Committee Practical Guidance](#)

# Agenda Item 15

## **1.0 Introduction / Background**

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that regular briefings and training are essential to keep Audit and Governance Committee members up to date, confident and effective in their role.

1.2 CIPFA has outlined the following skills and functions of what an Audit and Governance Committee should be undertaking in the Public Sector:

- Good Governance and the Annual Audit and Governance Statement
- Internal Audit
- Risk Management
- Assurance Frameworks and Assurance Planning
- Value for Money and Best Value
- Countering Fraud and Corruption
- External Audit
- Financial Reporting
- Partnership Governance and Collaboration Agreements
- Governance and Ethical Values
- Treasury Management
- Standards – Breaches of the Member Code of Conduct

1.3 Based on these functions CIPFA has set out a list of core areas of knowledge required of the Audit Committee members to help meet the functions outlined above. In Sefton the Audit Committee is titled Audit and Governance Committee to reflect wider responsibilities for managing some governance issues and the Audit and Governance Committee briefing sessions aim to meet these required core areas of knowledge as detailed in Appendix 2 to the report.

1.4 The Audit and Governance Committee held on 15 March 2023 gave approval for a programme of briefing sessions for Audit and Governance Committee Members and Substitutes to be held one hour (1.45 pm to 2.45 pm) prior to meetings of the Audit and Governance Committee.

1.5 This report provides an update on 2023-2024 provision and proposals for the 2024-2025 programme.

## **2.0 Audit and Governance Committee Briefing Sessions held in 2023-2024**

2.1 The Audit and Governance Committee held on 15 March 2023 approved topics for a proposed a rolling programme of briefing sessions for the 2023/24 and 2024/25 Municipal Years. During the course of 2024/24 some the dates for some of the topics had to be changed due to the non-availability of presenters and some of these are now included in the 2024/25 programme.

2.2 Appendix 1 to the report provides a list of briefing sessions run so far in 2023-2024 and the number of Members who attended. Substitute Members did not take up the opportunity to attend any of the sessions.

## **3.0 Proposed Audit and Governance Committee Briefing Sessions for 2024-2025 and 2025-2026**

- 3.1 Appendix 2 to the report sets out the proposed programme of Audit and Governance Committee Briefings for 2024/25 and 2025/26 Municipal Years. The topics listed aim to satisfy the functions of the Audit and Governance Committee identified by CIPFA detailed in paragraph 1.2 above and the core areas of knowledge (detailed in the Appendix against each topic) required of the Audit Committee members to help meet these functions.
- 3.2 There will be occasions where for various reasons – usually the availability of the training facilitator, that the sessions will be provided on different dates to those set out in Appendix 2. In such instances the Democratic Services Officer will change the dates for the session in consultation with the facilitators concerned and the Chair of Audit and Governance Committee.

## 4.0 Treasury Management

- 4.1 The CIPFA Code relating to Treasury Management, training states that:

*“The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.....and those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively”*

- 4.2 In response to the CIPFA Code, it is proposed that Audit and Governance Committee Members and Substitutes will be required to attend the Treasury Management training session to be provided annually prior to the March meeting of the Committee. The Council’s Treasury Management Consultants will provide this training.
- 4.3 As indicated in 4.1 above, treasury management responsibilities affect the work of all Councillors and in response to this, the Audit and Governance Committee held on 15 March 2023 gave approval for the provision of Treasury Management training for all Councillors as part of the Sefton Council’s Member Development Programme. A Treasury Management course will therefore continue to be offered to all Councillors (in addition to that provided to Audit and Governance Committee Members) and will be included in the Member Development Handbook for the 2024/25 Municipal Year. This training will also be provided by the Council’s Treasury Management Consultants.

## 5.0 Conclusions

- 5.1 CIPFA stresses the importance of Audit and Governance Committee Members being committed to and ‘buying into’ training and development regardless of previous knowledge and skills they had when they joined the committee; ensuring that their knowledge is kept up to date, giving them more confidence and understanding of their role as Audit and Governance Committee members and helping to facilitate effective participation and decision making at meetings.
- 5.2 Given the emphasis by the CIPFA Code relating to Treasury Management, it is proposed that Treasury Management Training will be provided annually and Members and Substitute Members of the Audit and Governance Committee will be

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required to attend this session.

5.3 Treasury Management training will also continue to be available to all Councillors as part of the Council's Member Development Programme.

5.4 To further support Audit and Governance Committee Members, a comprehensive library of information is available in the Audit and Governance Committee folder found in the Mod Gov Library, comprising CIPFA information documents and slides from Audit and Governance Committee member briefing sessions - accessed via the following link:

<http://smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=13922>

## Audit and Governance Committee Briefing Sessions held in 2023/24 and Number of Attendees

<b>Date and Topic</b>	<b>Presenter</b>	<b>Number of Attendees</b>
<b>19 July 2023 (Postponed)</b> <del><b>21 June 2023</b></del> <b>Risk Management</b>	Chief Internal Auditor	Attendance list unavailable due to staff retirement
<b>6 September 2023</b> <b>Financial Management &amp; Accounting</b>	Service Manager - Finance	6 Members 1 Independent Member
<b>27 September 2023</b> <b>External Audit</b>	External Auditors (EY) & Service Manager – Finance	Cancelled
<b>13 December 2023</b> <b>Values of Good Governance</b>	Chief Legal and Democratic Officer	Cancelled
<b>20 March 2024</b> <b>Treasury Management</b>	Arlingclose – Treasury Management Consultants	Due to take place after report publication

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**Proposed Schedule of Member Briefing Sessions for 2024-2025 and 2025-2026 Municipal Years and June in 2026 Municipal Year - based on the CIPFA recommended Core Areas of Knowledge for Audit and Governance Committee Members**

2024-2025 Municipal Year		
Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>19 June 2024</b> <u>Audit committee role and functions</u> (Chapters 3 and 6)</p> <p><b>Facilitators:</b></p> <ul style="list-style-type: none"> <li>● Chief Legal and Democratic Officer</li> <li>● Service Manager Finance</li> <li>● Chief Internal Auditor</li> </ul>	<p>An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee.</p>	<p>This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>4 September 2024</b></p> <p><u>External audit</u> (Chapter 4)</p> <p><b>Facilitators:</b></p> <ul style="list-style-type: none"> <li>• External Auditors</li> <li>• Service Manager - Finance</li> </ul>	<p>Knowledge of the role and functions of the external auditor and who currently undertakes this role.</p> <p>Knowledge of the key reports and assurances that external audit will provide</p> <p>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken.</p>	<p>The audit committee should meet with the external auditor regularly and receive their reports and opinions.</p> <p>Monitoring external audit recommendations and maximising benefit from audit process.</p> <p>The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service area.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>25 September 2024</b></p> <p><u>Financial management and accounting</u> (Chapter 4)</p> <p><b>(Annual Statement of Accounts) <i>tbc - depending on the date of the A&amp;G meeting for consideration of the Statement of Accounts</i></b></p> <p><b>Facilitators:</b></p> <ul style="list-style-type: none"> <li>• External Auditors</li> <li>• Service Manager – Finance</li> </ul>	<p>Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.</p> <p>Understanding of good financial management principles.</p> <p>Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2018).</p>	<p>Reviewing the financial statements prior to publication, asking questions.</p> <p>Receiving the external audit report and opinion on the financial audit .</p> <p>Reviewing both external and internal audit recommendations relating to financial management and controls.</p> <p>The audit committee should consider the role of the CFO and how this is met when reviewing the AGS.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>11 December 2024</b></p> <p><u>Values of good governance</u> (Chapter 5)</p> <p><b>Facilitator:</b> Chief Legal and Democratic Officer</p>	<p>Knowledge of the Seven Principles of Public Life.</p> <p>Knowledge of the authority’s key arrangements to uphold ethical standards for both members and staff</p> <p>Knowledge of the whistleblowing arrangements in the authority</p>	<p>The audit committee member will draw on this knowledge when reviewing governance issues and the AGS.</p> <p>Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>19 March 2025</b>  <u>Treasury management</u></p> <p><i>Also, to be provided to all Councillors at a later date (tbc) as part of the Member Development Programme</i></p> <p><b>Facilitator:</b>                      The Council's Treasury Management Consultants</p>	<p>Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management.</p> <p>See also Treasure Your Assets (CfPS).</p>	<p>Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.</p>

<b>2025/2026 Municipal Year Date / Topic / Facilitator</b>	<b>Details of core knowledge required</b>	<b>How the audit committee member is able to apply the knowledge</b>
<p><b>June 2025</b></p> <p><u>Counter fraud</u> (Chapter 4)</p> <p><b>Facilitator:</b> Chief Internal Auditor</p>	<p>An understanding of the main areas of fraud and corruption risk to which the organisation is exposed.</p> <p style="padding-left: 40px;">Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</p> <p style="padding-left: 40px;">Knowledge of the organisation’s arrangements for tackling fraud.</p>	<p>Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation’s fraud strategy and receives reports on the effectiveness of that strategy.</p> <p>An assessment of arrangements should support the AGS and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>Early September 2025</b></p> <p><u>Risk management</u> (Chapter 4)</p> <p><b>Facilitator:</b> Chief Internal Auditor</p>	<p>Understanding of the principles of risk management, including linkage to good governance and decision making.</p> <p>Knowledge of the risk management policy and strategy of the organisation.</p> <p>Understanding of risk governance arrangements, including the role of members and of the audit committee.</p>	<p>In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements and should also have awareness of the major risks the authority faces. Keeping up to date with the risk profile is necessary to support the review of a number of audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee.</p> <p>The committee should also review reports and action plans to develop the application of risk management practice</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>Late September 2025</b></p> <p><u>External audit</u> (Chapter 4)</p> <p>(provisional special meeting for consideration of the 2024-2025 Statement of Accounts)</p> <p><b>Facilitators:</b></p> <ul style="list-style-type: none"> <li>• External Auditors</li> <li>• Service Manager – Finance</li> </ul>	<p>Knowledge of the role and functions of the external auditor and who currently undertakes this role.</p> <p>Knowledge of the key reports and assurances that external audit will provide</p> <p>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken.</p>	<p>The audit committee should meet with the external auditor regularly and receive their reports and opinions.</p> <p>Monitoring external audit recommendations and maximising benefit from audit process.</p> <p>The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service area.</p>



Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>December 2025</b></p> <p><u>Values of good governance</u> (Chapter 5)</p> <p><b>Facilitator:</b> Chief Legal and Democratic Officer</p>	<p>Knowledge of the Seven Principles of Public Life.</p> <p>Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff</p> <p>Knowledge of the whistleblowing arrangements in the authority</p>	<p>The audit committee member will draw on this knowledge when reviewing governance issues and the AGS.</p> <p>Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>March 2026</b>  <u>Treasury management</u></p> <p><i>Also, to be provided to all Councillors at a later date (tbc) as part of the Member Development Programme</i></p> <p><b>Facilitator:</b>                      The Council's Treasury Management Consultants</p>	<p>Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management.</p> <p>See also Treasure Your Assets (CfPS).</p>	<p>Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.</p>

Date / Topic / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><b>June 2026</b></p> <p><u>Financial management and accounting</u> (Chapter 4)</p> <p><b>Facilitators:</b></p> <ul style="list-style-type: none"> <li>• External Auditors</li> <li>• Service Manager – Finance</li> </ul>	<p>Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.</p> <p>Understanding of good financial management principles.</p> <p>Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2018).</p>	<p>Reviewing the financial statements prior to publication, asking questions.</p> <p>Receiving the external audit report and opinion on the financial audit .</p> <p>Reviewing both external and internal audit recommendations relating to financial management and controls.</p> <p>The audit committee should consider the role of the CFO and how this is met when reviewing the AGS.</p>

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<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 20 March 2024
<b>Subject:</b>	Audit and Governance Committee Work Programme 2024-2025		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The Audit and Governance Committee Work Programme has been developed to help ensure that all of the responsibilities of the Committee set out in the Audit and Governance Committee's Terms of Reference are discharged during the municipal year.

This report sets out the proposed Work Programme for the Audit and Governance Committee for the 2024-2025 municipal year.

## Recommendation(s):

The Committee is requested to approve the Audit and Governance Committee Work Programme for 2024-2025 set out in Appendix 2 to the report.

## Reasons for the Recommendation(s):

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local and Authorities and Police" recommends as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference.

Adherence to the work plan ensures that the Audit and Governance Committee has a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

## Alternative Options Considered and Rejected: (including any Risk Implications)

To not have a Work Programme would lessen the effectiveness of the Audit and

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Governance Committee.

## What will it cost and how will it be financed?

### (A) Revenue Costs

None directly

### (B) Capital Costs

None directly

## Implications of the Proposals:

### Resource Implications (Financial, IT, Staffing and Assets):

There are no direct resource implications.

### Legal Implications:

There are no direct legal implications.

### Equality Implications:

There are no equality implications.

### Impact on Children and Young People: No

### Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

The Work Programme outlines the reports to be provided to the Audit and Governance Committee over the next 12 months and as such does not have any climate emergency implications.

## Contribution to the Council's Core Purpose:

### Protect the most vulnerable:

None directly relating to this report

### Facilitate confident and resilient communities:

None directly relating to this report

<p><b>Commission, broker and provide core services:</b></p> <p>None directly relating to this report</p>
<p><b>Place – leadership and influencer:</b></p> <p>None directly relating to this report</p>
<p><b>Drivers of change and reform:</b></p> <p>None directly relating to this report</p>
<p><b>Facilitate sustainable economic prosperity:</b></p> <p>None directly relating to this report</p>
<p><b>Greater income for social investment:</b></p> <p>None directly relating to this report</p>
<p><b>Cleaner Greener:</b></p> <p>None directly relating to this report</p>

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD7607/24) and the Chief Legal and Democratic Officer (LD5707/24) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

None

**Implementation Date for the Decision**

Immediately following the Committee meeting.

<b>Contact Officer:</b>	Amy Dyson
Telephone Number:	0151 394 2045
Email Address:	amy.dyson@sefton.gov.uk

**Appendices:**

The following appendices are attached to this report:

- Appendix 1 – Audit and Governance Terms of Reference
- Appendix 2 – Audit and Governance Committee Work Plan 2023-24

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## **Background Papers:**

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police can be viewed at the following link:

<http://smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=14000&path=0>



## **1. Introduction / Background**

- 1.1 In May 2021, the meeting of the Adjourned Annual Council agreed the adoption of a new model Terms of Reference for the Audit and Governance Committee. (This was based on the Chartered Institute of Public Finance and Accountancy's (CIPFA's) publication – "Practical Guidance for Local and Authorities and Police" which sets out CIPFA's guidance on the role, function, and operation of audit committees in local authorities and police bodies and represents best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales. Sefton Council's Audit and Governance Committee's Terms of Reference (shown at Appendix 1 to the report) were enhanced to reflect the Committee's Governance role which is not detailed in the guidance.
- 1.2 The Work Programme for each Municipal Year is an important element in planning the year ahead as being closely aligned with the Terms of Reference, it ensures that the Committee has a structured, consistent approach to fulfilling its responsibilities within the Terms of Reference and helps to ensure the effectiveness of the Audit and Governance Committee. It is also important to note that a degree of flexibility is applied in order that any ad hoc / urgent reports may be considered by the Committee as and when required.

## **2. Work Programme 2024-2025**

- 2.1 It is good practice for a Work Programme to be presented to the Audit and Governance Committee before the start of the financial year.
- 2.2 Appendix 2 to the report sets out the proposed Work Programme of reports to be considered by the Audit and Governance Committee in the 2025-2025 municipal year.
- 2.3 As indicated in the Work Programme, ongoing update reports on the Committee's adherence to the Audit and Committee Work Programme and provision of any ad hoc reports not included in the Work Programme are provided to each quarterly meeting of the Audit and Governance Committee, thereby enabling the Audit and Governance Committee to monitor the ongoing work of the Committee.

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## AUDIT AND GOVERNANCE COMMITTEE

### **Statement of Purpose**

77 The Audit and Governance Committee is a key component of Sefton's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

78 The purpose of the Audit and Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sefton's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **Governance, Risk and Control**

79 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.

80 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

81 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

82 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

83 To monitor the effective development and operation of risk management and Corporate Governance in the Council.

- 84 To monitor progress in addressing risk-related issues reported to the committee including the Corporate Risk Register.
- 85 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 86 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 87 To monitor the following activities:
- Counter-fraud/ bribery strategy, actions and resources.
  - Whistleblowing
  - Money Laundering
  - Council Complaints Process including make payments or provide other benefits in cases of maladministration etc. under Section 92 of the Local Government Act, 2000 in excess of £1,000.
  - Breaches of Financial Procedure Rules and Contract Procedure Rules
- 88 To review the governance and assurance arrangements for significant partnerships or collaborations and where appropriate obtain annual third party assurance statements.
- 89 To make recommendations to Council for amendments to the Constitution.
- 90 To make recommendations to the Council on the adoption, implementation and maintenance and review of a local Code of Conduct for Members – co-opted Members and officers of the Council.
- 91 To determine effective training of Councillors and Co-opted Members in matters of conduct and advice to individuals on issues relating to the treatment of interests and on the propriety of conduct generally.
- 92 To deal with the arrangements for Councillors to receive dispensations to speak on, or participate in, matters in which they have an interest.
- 93 To determine the appropriate action on matters referred to the Committee by the Monitoring Officer including disciplinary matters relating to the

conduct of individual and/or groups of Councillors including alleged misuse of a Members Self-Maintained Website.

- 94 To ensure compliance throughout the Council with all appropriate Codes of Conduct, including the Protocol for relationships between members and officers of Sefton Council, and procedures from time to time determined by the Committee
- 95 To deal with appropriate matters referred to it from other Committees.
- 96 To determine any applications for the grant and supervision of exemptions from political restrictions in accordance with Section 3A of the Local Government and Housing Act 1989.
- 97 To determine whether a valid petition for a Community Governance review has been received and to determine the terms of reference for such a review, how the review will be conducted including the required consultation and consider replies to a consultation and then make a recommendation to Full Council on the preferred outcome. The Committee has the authority to establish a working group to undertake the committee's responsibilities in this regard.

## **Internal Audit**

- 98 To approve the internal audit charter.
- 99 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 100 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 101 To approve significant interim changes to the risk-based internal audit plan and resource requirements.

- 102 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 103 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 104 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include
- a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - b) regular reports on the results of the Quality Assurance Improvement Plan (QAIP)
  - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Assurance Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).
  - d) to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 105 To consider the head of internal audit's annual report:
- a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

- 106 To consider summaries of specific internal audit reports as requested.
- 107 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 108 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 109 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).
- 110 To provide free and unfettered access to the Audit and Governance Committee Chair for the head of internal audit, including the opportunity for a private meeting with the committee.

## **External Audit**

- 111 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 112 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 113 To consider specific reports as agreed with the external auditor.
- 114 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 115 To commission work from internal and external audit.

- 116 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Other Assurance Areas**

- 117 To consider the Council's arrangements for health and safety and receive regular assurances and assessments on the effectiveness of these arrangements.

- 118 To consider write-offs of debt/ assets above £10,000.

- 119 To regularly review the Council's Treasury Management activities

### **Financial Reporting**

- 120 To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

- 121 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

- 122 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

- 123 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

- 124 To publish an annual report on the work of the committee.



## INITIAL ASSESSMENT SUB COMMITTEE

- 126 To receive and determine whether to refer for investigation or other appropriate action any written complaints regarding alleged misconduct and breach of the Code of Conduct of any Borough or Parish or Town Councillor or Co-opted Member.

## REVIEW SUB-COMMITTEE

- 127 To further review and re-consider the decision of the Initial Assessment Sub-Committee in relation to any decision not to refer an allegation for investigation or any other action which was considered by the Sub-Committee and to determine that matter.

## HEARING SUB-COMMITTEE

- 128 To hear and determine any complaints which have been referred for investigation.
- 129 To impose sanctions where a Councillor is found to have breached the Code of Conduct including the following:
- a) Report the findings of the hearing to the Council for information
  - b) Recommend to the Councillors' Group Leader that the Councillor be removed from any or all Committees, Sub-Committees of the Council. Where Councillors do not belong to such a Group such recommendation could be made to full Council.
  - c) Recommend to the Leader of the Council that Councillor be removed from Cabinet or removed from particular portfolio responsibilities.
  - d) Arrange training for a Member.

## APPOINTMENT OF OFFICERS

- 130 The power to appoint staff is delegated to the Head of the Paid Service or his/her nominee, save in the case of Chief Officers posts (those Officers graded Hay 5 or above). In the cases of Chief Officers and below (as defined in Section 2 of the Local Government and Housing Act, 1989) and graded Hay 5 or above) they are to be appointed by the Employment Procedure Committee, in accordance with the agreed procedure set out in the Officer Employment Procedure Rules and terms of reference of the Employment Procedure Committee.

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## AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2024-2025

Agenda item	Report Author(s)	Inclusion rationale	19 June 2024	4 Sept 2024	**25 Sept 2024	11 Dec 2024	19 March 2025
<b>Governance</b>							
Produce annual report of the Audit and Governance Committee (to full Council)	Democratic Services Officer	Terms of Reference		√			
Review of effectiveness of the Audit and Corporate Governance Committee – complete self-assessment	Chief Legal and Democratic Officer	Good practice					√
Review Audit and Corporate Governance Committee training requirements	Democratic Services Officer	Good practice					√
Review and approve Annual Work Plan for the Audit and Governance Committee	Democratic Services Officer	Good practice					√
Work Programme Quarterly Update Report	Democratic Services Officer	Good practice	√	√		√	√
Review of the Audit and Corporate Governance Committee's Terms of Reference	Chief Legal and Democratic Officer	Good Practice				√	
Code of Corporate Governance	Chief Legal and Democratic Officer	Recommended by A&G					√

Agenda item	Report Author(s)	Inclusion rationale	19 June 2024	4 Sept 2024	**25 Sept 2024	11 Dec 2024	19 March 2025
<b>Internal Audit</b>							
Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> <li>• Audit Team</li> <li>• Health and Safety</li> <li>• Counter Fraud</li> <li>• Insurance and other risk areas such as Business Continuity</li> </ul>	Chief Internal Auditor	Terms of Reference	√	√		√	√
Annual Opinion of the Chief Internal Auditor including: <ul style="list-style-type: none"> <li>• review of impairment on independence and objectivity</li> <li>• QAIP</li> <li>• Assessment against PSIAS and LGAN</li> </ul>	Chief Internal Auditor	Terms of Reference	√				
Approval of the Annual Internal Audit Plan and review of Internal Audit Charter	Chief Internal Auditor	Terms of Reference					√
Annual report on the follow up of Internal Audit recommendations including those not implemented within a reasonable timescale	Chief Internal Auditor	Terms of Reference				√	
****Committee to meet with the Chief Internal Auditor (on request)	Chief Internal Auditor	Good Practice					

Agenda item	Report Author(s)	Inclusion rationale	19 June 2024	4 Sept 2024	**25 Sept 2024	11 Dec 2024	19 March 2025
<b>Risk Management</b>							
Review of the Quarterly Corporate Risk Register	Chief Internal Auditor	Terms of Reference	√	√		√	√
Review of the Corporate Risk Management Handbook	Chief Internal Auditor	Terms of Reference		√			
Regular report on health and safety <b>(included in Quarterly Corporate Risk Register Report)</b>	Chief Internal Auditor	Terms of Reference	√	√		√	√
<b>Monitor role</b>							
Reporting of the anti- fraud, bribery and corruption strategy <b>(included in Risk and Audit Service Performance Report)</b>	Chief Internal Auditor	Terms of Reference	√	√		√	√
Provide an annual report on the Council's anti-fraud strategy	Chief Internal Auditor	Terms of Reference				√	
Review of Whistleblowing Policy	Chief Legal & Democratic Officer	Terms of Reference				√	
Review of Financial Procedure Rules (if required)	Service Manager Finance	Terms of Reference				√	
Review of CIPFA Financial Management Code	Service Manager Finance	Good Practice	√				
Review of the Members Code of Conduct	Chief Legal & Democratic Officer	Terms of Reference		√			
Review the Annual Governance Statement	Chief Internal Auditor	Terms of Reference		√			

Agenda item	Report Author(s)	Inclusion rationale	19 June 2024	4 Sept 2024	**25 Sept 2024	11 Dec 2024	19 March 2025
<b>Monitor Role (continued)</b>							
Provide an annual report on the Council's Anti-Money Laundering Policy	Service Manager - Finance	Terms of Reference				√	
<b>Accounts, Financial Statements &amp; Treasury Management</b>							
External Auditor – Audit Planning Report Prior to submission of Statement of Accounts –	External Auditors / Service Manager - Finance	Terms of Reference				√	
Page 62 External Auditor Annual Audit Letter completion of the External Audit	External Auditors / Service Manager - Finance	Terms of Reference	√				
External Auditor Annual Report re. grant work On completion of the External Audit – EY/	External Auditors / Service Manager - Finance	Terms of Reference	√				
Treasury Management Outturn	Service Manager - Finance	Terms of Reference		√			
Treasury Management In-Year Position	Service Manager - Finance	Terms of Reference	√	√		√	√

Agenda item	Report Author(s)	Inclusion rationale	19 June 2024	4 Sept 2024	**25 Sept 2024	11 Dec 2024	19 March 2025
<b>Accounts, Financial Statements &amp; Treasury Management</b>							
Write-offs of debt above £10,000 (if required)	Customer Centric Services Manager	Terms of Reference	√	√		√	√
****Committee to meet with External Auditors (on request)	External Auditors	Good Practice Arising from Self - Assessment	√	√	√	√	√

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 . special meeting of the committee scheduled 25 September 2024 to consider and approve the final audited Statement of accounts for 2023/2024 but will be dependent on the completion of the audit by the Council's external auditors.

Ad hoc Reports will be submitted as required

\*\*\*\* Following on from the Audit and Governance Committee Self-Assessment exercise the Committee request one private meeting with Chief Internal Auditor / External Auditors

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<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 20 March 2024
<b>Subject:</b>	Audit and Governance Committee - Work Programme Update Report		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The Audit and Governance Committee Work Programme has been developed to help ensure that all of the responsibilities of the Committee set out in the Audit and Governance Committee's Terms of Reference are discharged during the municipal year.

This report provides an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 13 December 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 13 December 2023 were listed in the Work Programme for the 2023-24 Municipal Year, which had been approved by Audit and Governance Committee on 15 March 2023.

## Recommendation(s):

The Committee is requested to note the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 13 December 2023.

## Reasons for the Recommendation(s):

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication – "Practical Guidance for Local and Authorities and Police" recommends as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference.

Adherence to the work plan ensures that the Audit and Governance Committee has a

# Agenda Item 17

structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

## **Alternative Options Considered and Rejected:** (including any Risk Implications)

To not have a Work Programme and not update the Committee on reasons for non-submission of expected reports would lessen the effectiveness of the Audit and Governance Committee.

## **What will it cost and how will it be financed?**

### **(A) Revenue Costs**

None directly

### **(B) Capital Costs**

None directly

## **Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
There are no direct resource implications .	
<b>Legal Implications:</b>	
There are no direct legal implications.	
<b>Equality Implications:</b>	
There are no equality implications.	
<b>Impact on Children and Young People: No</b>	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

## **Contribution to the Council's Core Purpose:**

<b>Protect the most vulnerable:</b>
N/A

<b>Facilitate confident and resilient communities:</b>
N/A
<b>Commission, broker and provide core services:</b>
Yes
<b>Place – leadership and influencer:</b>
N/A
<b>Drivers of change and reform:</b>
N/A
<b>Facilitate sustainable economic prosperity:</b>
N/A
<b>Greater income for social investment:</b>
N/A
<b>Cleaner Greener</b>
N/A

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD7608/24) and the Chief Legal and Democratic Officer (LD5708/24) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

None

**Implementation Date for the Decision**

Immediately following the Committee meeting.

<b>Contact Officer:</b>	Amy Dyson
Telephone Number:	0151 934 2045
Email Address:	amy.dyson@sefton.gov.uk

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## Appendices:

**Appendix 1 –** Update on Reports listed in the 2023-2023 Audit and Governance Committee Work Programme and ad hoc reports submitted for consideration by Audit and Governance Committee held on 13 December 2023.

## Background Papers:

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition can be viewed at the following link:

<https://modgov.sefton.gov.uk/ecSDDisplay.aspx?NAME=SD2926&ID=2926&RPID=34906445>

### 1. Introduction / Background

1.1 The Work Programme for each Municipal Year is an important element in planning the year ahead as being closely aligned with the Terms of Reference, it ensures that the Committee has a structured, consistent approach to fulfilling its responsibilities within the Terms of Reference and helps to ensure the effectiveness of the Audit and Governance Committee. It is also important to note that a degree of flexibility is applied in order that any ad hoc / urgent reports may be considered by the Committee as and when required.

### 2. Work Programme Update – December 2023

2.1 It is good practice to provide the Audit and Governance Committee with regular updates on reports listed in the Work Programme and submission of ad hoc reports for consideration at each of its quarterly meetings.

2.2 Appendix 1 provides details of the reports listed in the 2023-2024 Work Programme for consideration at the meeting of the Audit and Governance Committee held on 13 December 2023 and the reasons for non-submission of some of the reports listed. It also provides details of ad hoc reports submitted which were not listed in the Work Programme.

2.3 As agreed by Audit and Governance Committee on 22 June 2022, update reports on adherence to the Work Programme will be provided to each of the quarterly meetings of the Audit and Governance Committee throughout the municipal year.

**Update on Reports listed in the Audit and Governance Work Programme for consideration by Audit and Governance Committee held on 13 December 2023**

	<b>Report Title</b>	<b>Inclusion Rationale</b>	<b>Details</b>	<b>Comments and/or reason for delay</b>
	<b>Governance Reports</b>			
(1)	Audit and Governance Committee Work Programme Quarterly Update Report	Good Practice	Submitted and Noted	Update on reports listed in the Work Programme for consideration in the previous meeting
(2)	Review of the Audit and Corporate Governance Committee's Terms of Reference	Good practice	Postponed	Postponed until March 2024
	<b>Internal Audit Reports</b>			
(3)	Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> <li>• Audit Team</li> <li>• Health and Safety</li> <li>• Counter Fraud</li> <li>• Insurance and other risk areas such as Business Continuity</li> </ul>	Terms of Reference	Submitted and Approved	Quarterly update provided to Members
(4)	Provide a regular report on health and safety	Terms of Reference	Submitted and Approved	Quarterly update – incorporated in the Audit and Risk Performance Update Report
(5)	Annual report on the follow up of Internal Audit recommendations including those not implemented within a reasonable timescale	Terms of Reference	Submitted and approved	Annual update
	<b>Risk Management Reports</b>			
(6)	Review of the Quarterly Corporate Risk Register	Terms of Reference	Submitted and Noted	Quarterly update provided to Members

	<b>Monitor Role</b>			
(7)	Reporting of the anti- fraud, bribery and corruption strategy (included in Risk and Audit Service Performance Report)	Terms of Reference	Submitted and approved	Delayed until further notice
(8)	Review of Whistleblowing Policy	Terms of Reference	N/A	Postponed until March 2024
(9)	Provide an annual report on the Council’s Anti-Money Laundering Policy	Terms of Reference	N/A	N/A
	<b>Accounts, Financial Statements &amp; Treasury Management Reports</b>			
(10)	External Auditor – Audit Planning Report Prior to submission of Statement of Accounts	Terms of Reference	Postponed	Postponed until March 2024
(11)	Treasury Management In-Year Position	Terms of Reference	Postponed	Postponed until March 2024
	<b>Ad hoc Reports (not on Work Programme)</b>			