

Public Document Pack



MEETING: AUDIT AND GOVERNANCE COMMITTEE
DATE: Wednesday 16th March, 2022
TIME: 3.00 pm
VENUE: Assembly Hall - Bootle Town Hall, Trinity Road, Bootle, L20 7AE

Member

Councillor Robinson (Chair)
Councillor Roche (Vice-Chair)
Councillor D'Albuquerque
Councillor Dowd
Councillor McGinnity
Councillor John Joseph Kelly
Councillor Pugh
Councillor John Sayers
Councillor Shaw
Councillor Sir Ron Watson

Substitute

Councillor Bradshaw
Councillor Page
Councillor Riley
Councillor Murphy
Councillor Yvonne Sayers
Councillor Spencer
Councillor Lewis
Councillor Sonya Kelly
Councillor Evans
Councillor Prendergast

COMMITTEE OFFICER: Ruth Appleby
Democratic Services Officer
Telephone: 0151 934 2181
E-mail: ruth.appleby@sefton.gov.uk

See overleaf for COVID Guidance and the requirements in relation to Public Attendance.

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

We endeavour to provide a reasonable number of full agendas, including reports at the meeting. If you wish to ensure that you have a copy to refer to at the meeting, please can you print off your own copy of the agenda pack prior to the meeting.

COVID GUIDANCE IN RELATION TO PUBLIC ATTENDANCE

In light of ongoing Covid-19 social distancing restrictions, there is limited capacity for members of the press and public to be present in the meeting room indicated on the front page of the agenda at any one time. We would ask parties remain in the meeting room solely for the duration of consideration of the Committee report(s) to which their interests relate.

We therefore request that if you wish to attend the Committee to please register in advance of the meeting via email to ruth.appleby@sefton.gov.uk by no later than **12:00 (noon) on the day of the meeting.**

Please include in your email –

- Your name;
- Your email address; and
- Your Contact telephone number.

In light of current social distancing requirements, access to the meeting room is limited.

We have been advised by Public Health that Members, officers and the public should carry out a lateral flow test before attending the meeting, and only attend if that test is negative. Provided you are not classed as exempt, it is requested that you wear a mask that covers both your nose and mouth.

AGENDA

1. Apologies for absence

2. Declarations of Interest

Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda.

Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting by switching their camera and microphone off during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation.

Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer by 12 Noon the day before the meeting to determine whether the Member should withdraw from the meeting, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting, or remain in the meeting and vote on the relevant decision.

3. Minutes

(Pages 5 - 14)

Minutes of the meeting held on 15 December 2021

4. ICT Acceptable Usage Policy

(Pages 15 - 32)

Report of the Executive Director of Corporate Resources and Customer Services

5. Corporate Risk Management

(Pages 33 - 66)

Report of the Executive Director of Corporate Resources and Customer Services

6. Sefton Council Anti-Money Laundering Policy Update

(Pages 67 - 70)

Report of the Executive Director of Corporate Resources and Customer Services

7. Internal Audit Charter and Annual Audit Plan

(Pages 71 - 104)

Report of the Executive Director of Corporate Resources and Customer Services

8. **Treasury Management Position to January 2022** (Pages 105 - 114)
Report of the Executive Director of Corporate Resources and Customer Services
9. **Risk and Audit Service Performance** (Pages 115 - 156)
Report of the Executive Director of Corporate Resources and Customer Services
10. **Audit and Governance Committee Member Training and Development** (Pages 157 - 170)
Report of the Executive Director of Corporate Resources and Customer Services
11. **Audit and Governance Committee Work Programme 2022-2023** (Pages 171 - 184)
Report of the Executive Director of Corporate Resources and Customer Services

THIS SET OF MINUTES IS NOT SUBJECT TO "CALL-IN"

AUDIT AND GOVERNANCE COMMITTEE

MEETING HELD AT THE TOWN HALL, BOOTLE ON 15 DECEMBER 2021

PRESENT: Councillor Robinson (in the Chair)
Councillors D'Albuquerque, McGinnity,
John Joseph Kelly, Pugh, Shaw and Sir Ron Watson

ALSO PRESENT: Mr H. Rohimun, External Auditor – Ernst and Young
(EY)

27. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Dowd, Sonya Kelly, Murphy, Page, Roche and John Sayers.

28. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interests or personal interests were received.

29. MINUTES

RESOLVED:

That the minutes of the meeting held on 15 September 2021 be confirmed as a correct record.

30. STATEMENT OF ACCOUNTS 2020/2021

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the final audited 2020/2021 Statement of Accounts, including the Annual Governance Statement, for consideration and approval. In addition, the proposed "Letter of Representation" letter from Sefton to Ernst & Young LLP (EY) was attached for approval.

The report indicated that the deadline for publication had been 30 September 2021. However, the regulations allowed for a delay in publication where the audit had not yet been completed. The report explained that there had been a delay in completing the audit for 2020/2021, but as the audit was now largely complete, the Statement of Accounts was presented for approval.

The Statement of Accounts 2020/2021 provided information about the Authority's finances in respect of the cost of the Authority's services and what the Authority's assets and liabilities were at the end of the year.

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The report provided details of the Comprehensive Income and Expenditure Statement; the Movement in Reserves Statement, the Balance Sheet; Cash Flow Statement; Notes to the Financial Statements – Expenditure and Funding Analysis; Other Notes to the Financial Statements; the Collection Fund; Group Accounts; the Annual Governance Statement and the Report of the Independent External Auditors (Ernst and Young (EY) LLP.

The EY audit had focused on the following areas with no significant issues having been found:

- Misstatements due to fraud or error (Fraud Risk).
- Risk of fraud in revenue and expenditure recognition (Fraud Risk).
- Valuation of pension fund assets and liabilities in the Local Government Pension Scheme (Significant Risk).
- Valuation of land and buildings (Significant Risk).
- New Central Government Grants and other Covid-19 funding streams (Significant Risk).
- Investments and Subsidiaries (Inherent Risk).
- Going Concern (Inherent Risk).

The EY report indicated that the areas of the audit still to be completed were:

- Valuation of land and buildings;
- completion of our internal consultation process on our audit assessment and review of the Council's proposed going concern disclosures;
- final quality review procedures by the engagement partner and quality reviewer;
- review of the final version of the financial statements;
- completion of subsequent events review; and
- receipt of the signed management representation letter and accounts.

The report indicated that an update report detailing any changes made to the Statement of Accounts from that presented to this Committee, would be presented to Audit and Governance Committee scheduled to take place on 16 March 2022.

The Executive Director of Corporate Resources and Customer Services advised the Committee of the intention to seek approval from Council to procure external audit services through the Public Sector Audit Appointments body and that this would be presented at Budget Council for decision.

The Executive Director of Corporate Resources and Customer Services, and a representative from Ernst and Young, presented the report and answered questions thereon.

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A Member requested that subject to any amendments being made to the Letter of Representation following completion of the outstanding audit areas, then a copy of the amended letter be shared with Members. The Executive Director of Corporate Resources and Customer Services indicated that any changes to the letter following completion of the audit would be shared with Audit and Governance Committee members prior to it being signed by himself and the Chair.

RESOLVED: That

- (1) the Ernst & Young LLP Audit Planning Report for 2020/2021 be noted;
- (2) the 2020/2021 Statement of Accounts be approved subject to the final completion of the audit;
- (3) approval be given for the Chair to have delegated authority to approve the final Statement of Accounts following completion of the audit, should any changes be required to the current version approved by this Committee;
- (4) the intention to bring an update report to this Committee in March which will detail any changes made be noted;
- (5) the Annual Governance Statement (provided in Section 11 of the Statement of Accounts) be approved;
- (6) the comments of Ernst & Young LLP be noted;
- (7) the Letter of Representation be approved subject to completion of the audit, and the Chair and the Executive Director of Corporate Resources and Customer Services be authorised to sign it on the Council's behalf;
- (8) delegated authority be granted for the Chair and the Executive Director of Corporate Resources and Customer Services to sign on the Council's behalf a revised Letter of Representation should the approved version need to be updated following the completion of the audit; and
- (9) the intention to seek approval from Council to procure external audit services through the Public Sector Audit Appointments body be noted.

31. TREASURY MANAGEMENT POSITION TO SEPTEMBER 2021

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided a review of the Treasury Management Activities undertaken to 30 September 2021. This was the second report of the ongoing quarterly monitoring reports

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provided to the Audit and Governance Committee whose role it was to carry out scrutiny of treasury management policies and practices.

The Executive Director of Corporate Resources and Customer Services presented the report and answered questions thereon.

RESOLVED: That

- (1) the Treasury Management update to 30 September 2021 be noted; and
- (2) the effects of the decisions taken in pursuit of the Treasury Management Strategy and the implications of changes resulting from regulatory, economic and market factors affecting the Council's management activities be noted.

32. CORPORATE RISK MANAGEMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the updated Corporate Risk Register, indicating that since the last meeting the Corporate Risk Register had been reviewed and updated.

The Chief Internal Auditor presented the report indicating that three new risks had been added or escalated from the Service Risk Registers to the Corporate Risk Register, namely:

- Financial sustainability beyond 2021/2022 (Housing Development Company)
- ASC Workforce – recruitment, availability of suitably qualified staff and retention of current workforce; and
- failure to adequately maximise the benefits of digital growth.

No risks had been de-escalated from the Corporate Risk Register to the Service Risk Registers or deleted from the Corporate Risk Register.

The risks had been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which was approved by the Committee in December 2020.

The Chief Internal Auditor indicated that there was no planned update of the Corporate Risk Management handbook in December 2021 as the Council was awaiting the outcome of definition of the Council's Risk Appetite before carrying out a review, due to take place in January 2022.

The Chief Internal Auditor indicated that as highlighted in September 2021, although there had been substantial work undertaken over the past six years to embed risk management across the Council, there was a gap in delivering key aspects of the Corporate Risk Management Handbook such as the regular updating of Service Risk Registers and updating the Corporate Risk Register and key actions had been set out to address

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these findings and progress was being monitored with an improvement being experienced in this cycle.

Referring to the Corporate Risk Register at page 35 of the agenda, a member raised a question with regard to the financial implications in respect of the Housing Development Company beyond 2021/22.

It was suggested that the Executive Director of Corporate Resources and Customer Services be requested to provide a presentation to the next meeting of the Audit and Governance Committee on the information and assurances provided to Cabinet in respect of the company and how Audit and Governance Committee can discharge its duty of risk assessing the Housing Development Company whilst respecting commercial confidentiality.

Other matters were raised in relation to:

- (i) the current level of the MTFP (Medium Term Financial Plan) – The Chief Internal Auditor indicated that he would check and report back;
- (ii) the risk of failure to adequately invest in the Highway network and associated assets. The Chief Legal and Democratic and Monitoring Officer indicated that he would speak to the Head of Highways and Public Protection about action being taken; and
- (iii) lack of census information - The Chief Internal Auditor said he would check and report back.

The Chief Internal Auditor reminded the Committee that at the Audit and Governance Committee held on 18 December 2019, it had been agreed that for future meetings, a short presentation would be made by a risk owner on one of the risks listed in the Corporate Risk Register. In this respect, Ms Deborah Butcher, Executive Director - Adult Social Care and Health, had been invited to the meeting to provide a presentation on the risks associated with Adult Social Care.

Accordingly, Ms Butcher briefed the Committee on the following risks associated with Children's Social Care, the measures in place to mitigate those risks and answered questions thereon:

- Market failure of social care provision across children and adult services
- Recruitment availability of suitably qualified staff

RESOLVED: That

- (1) the contents of the Corporate Risk Register, particularly the nature of the major risks facing the Council and the controls and planned action in place to mitigate these risks be noted;

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- (2) the Executive Director of Corporate Resources and Customer Service be requested to provide a presentation to the next meeting of the Audit and Governance Committee on the information and assurances provided to Cabinet in respect of the company and how Audit and Governance Committee can discharge its duty of risk assessing the Housing Development Company whilst respecting commercial confidentiality; and
- (3) Ms Butcher be thanked for her informative presentation on the risks associated with Adult Social Care and the measures in place to mitigate those risks.

33. RISK AND AUDIT SERVICE PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which detailed the performance and key activities of the Risk and Audit Service for the period 8 September 2021 to 7 December 2021.

The Chief Internal Auditor presented the report and answered questions thereon.

RESOLVED: That

- (1) the progress in the delivery of the 2021/22 Internal Audit Plans and the activity undertaken for the period 8 September to 7 December 2021; and
- (2) the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in managing the Council's key risks be noted.

34. THE FOLLOW UP OF AUDIT AGREED ACTIONS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided a follow-up of Audit agreed actions.

The report indicated that in accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor must establish and maintain a system to monitor the disposition of results communicated to management; and a follow-up process to monitor and ensure that management actions had been effectively implemented or that senior management had accepted the risk of not taking action.

The Chief Internal Auditor presented the report and indicated that for Sefton Council the follow up of agreed audit action plans included the monitoring of progress of audit agreed actions through internal audit and periodically reporting progress to the Audit and Governance Committee.

This report summarised the current implementation position and arrangements for monitoring and reporting internal audit recommendations.

The Chief Internal Auditor stated that there had been considerable progress in the implementing of audit agreed actions which would improve the Council's internal control framework. Covid-19 had had an impact on the delivery of actions however there were pockets where progress had been limited, for example Adult Social Care debt, where progress had been slower than expected although management had agreed to implement the outstanding internal audit actions.

RESOLVED: That

The progress in respect of Audit agreed actions outlined in the report be noted.

35. ANNUAL FRAUD REPORT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Service on the effectiveness of Sefton Council's ('the Council') arrangements in countering fraud, bribery and corruption and presenting the work carried out during the past financial year to minimise the risk of fraud.

The Chief Internal Auditor presented the report which provided an update on counter fraud activities during the period 1 April 2020 to 31 March 2021; demonstrated how the Council was dealing with some of the fraud risks it was subjected to; and outlined how resources available had been used to tackle fraud and emerging priorities going forward.

RESOLVED:

That the report be noted.

36. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraphs 3 and 7A of Part 1 of Schedule 12A to the Act. The Public Interest Test has been applied and favoured exclusion of the information from the press and public.

37. REVIEW OF RISK BASED VERIFICATION FOR HOUSING BENEFIT AND LOCAL COUNCIL TAX REDUCTION CLAIMS

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The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided details of a review of the Council's Risk Based Verification policy for Housing Benefit (HB) and Council Tax Reduction (CTR) and recommended changes to the approach with effect from 1st April 2022.

RESOLVED: That

- (1) approval be given for ending the use of Risk Based Verification in the administration of HB, CTR claims and reported changes in circumstances received, after 31st March 2022, and
- (2) changes to verification of evidence to support HB and CTR claims received after 31st March 2022 be approved.

38. RE-ADMITTANCE OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be re-admitted to the meeting.

39. AUDIT AND GOVERNANCE COMMITTEE MEMBER TRAINING AND DEVELOPMENT

The Chief Internal Auditor (CIA) provided a verbal update on Audit and Governance Committee Member training and development.

He reminded Members that the Audit and Governance Committee Annual Report had been considered at the last meeting on 17 September 2021 and that this report had included a Work Programme for the Committee. This Work Programme included a Review Audit and Corporate Governance Committee training requirements; in which respect it was planned for a report to be submitted for consideration by the Audit and Governance Committee in March 2022.

The report would include suggestions for an Audit and Governance Member Training Programme, which would be based on CIPFA guidance on what skills Audit and Governance Committee members should have. He stressed the importance of Members 'buying into the training' by helping to identify their own training needs. It was proposed that the sessions would take place prior to each Audit and Governance Committee meeting and would last up to one hour.

The CIA also indicated that development of a library of information for Audit and Governance Committee members to access was currently being undertaken comprising CIPFA information pamphlets and slides from previous and future training sessions.

RESOLVED:

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That the update on proposals for Audit and Governance Member
Development be noted.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	ICT Acceptable Usage Policy		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:			
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to obtain approval for revised security policy documentation relating the authority's ICT estate. The policy document is a yearly review of the ICT Acceptable Usage Policy last reviewed by the Audit & Governance Committee on 16th December 2020.

Recommendation(s):

(1) that Audit and Governance Committee recommend the approval of the internal publication of the Acceptable Use Policy

Reasons for the Recommendation(s):

To ensure that Sefton's ICT is operating in line with industry standards for ICT Security Management

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

Not to make any changes to existing documentation – rejected, as this would not be consistent with the requirements of the ICT Contract and Sefton would not be operating in line with leading industry practice, which could expose the organisation to increased risk of CyberCrime/Cyber Security or Information Breach.

What will it cost and how will it be financed?

(A) Revenue Costs

Not applicable

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(B) Capital Costs

Not applicable

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
Revised policy documentation for review by all authorised users of Sefton ICT services	
IT changes and security infrastructure changes to be addressed within the ICT Contract Management	
Legal Implications:	
There are no legal implications	
Equality Implications:	
There are no equality implications.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N
Not applicable	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Yes, the provision of a secure network will provide the foundation for any further developments of digital services for residents
Commission, broker and provide core services: Yes, provision of a secure ICT Environment
Place – leadership and influencer: Not applicable
Drivers of change and reform: Yes, ICT is a key enabling programme to deliver the Framework for Change
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

Members of the Executive Information Management Group have been consulted on the policy documents and feedback incorporated as required. Membership includes

- Head of Commissioning Support and Business Intelligence
- The Executive Director of Corporate Resources and Customer Services
- Chief Legal and Democratic Officer
- Performance and Intelligence Manager
- Information Management and Governance Lead
- Workforce Learning and Development Manager

The Executive Director of Corporate Resources and Customer Services (FD6739/22.) and the Chief Legal and Democratic Officer (LD4939/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Committee Meeting

(Please delete as appropriate and remove this text)

Contact Officer:	Jamal Aslam
Telephone Number:	
Email Address:	jamal.aslam@sefton.gov.uk

Appendices:

ICT Acceptable Usage Policy

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

1.1 In 2017 the authority embarked on a radical programme of ICT Transformation, to improve the Council’s ICT provision to support both the Framework for Change Programme and to create a state of readiness for a new external ICT Provider. In addition this enabled a step change in service delivery to support the delivery of interdependent PSR workstreams namely the Asset and Accommodation Strategy (PSR8) and Locality Teams (PSR2). The three key deliverables were:-

1.1.1 Services and staff – to improve the end user experience and support the introduction of new ways of working

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1.1.2 ICT Service – to deliver a new ICT Support service and associated services to improve reliability and functionality of ICT as well as supporting continual improvements/service transformation

1.1.3 ICT Infrastructure – to enable agile working, reduce the complexity of system delivery as well as providing the platform for Sefton to take full advantage of advances in technology moving forwards

1.2 Alongside the delivery of a new technical and support infrastructure it is essential to align associated policies that govern both ICT Security operations and Acceptable Use of ICT to ensure the provision of a robust and secure network. These documents are as follows:-

1.2.1 Information Security Management System Policy, which governs the provision of contracted technology and telecommunications services to Sefton in line with the International code of Practice for Information Security Management ISO27001:2013;

1.2.2 The Initial Security Management Plan which describes how the external ICT Services provider (Agilisys) manages Information Security according to leading industry practice and specifies any additional or different application of controls to ensure a secure network; and

1.2.3 ICT Acceptable Usage Policy, which aims to provide clear guidance on the acceptable use of ICT for authorised users, to protect the security of the network and reduce the risk of a data breach.

2. Proposals for Approval

2.1 Since the publication of the last ICT Acceptable Usage Policy the authority has continued to change in ways of working due to the COVID-19 pandemic, this has resulted in a significant increase in Sefton Council personnel working from non-council sites.

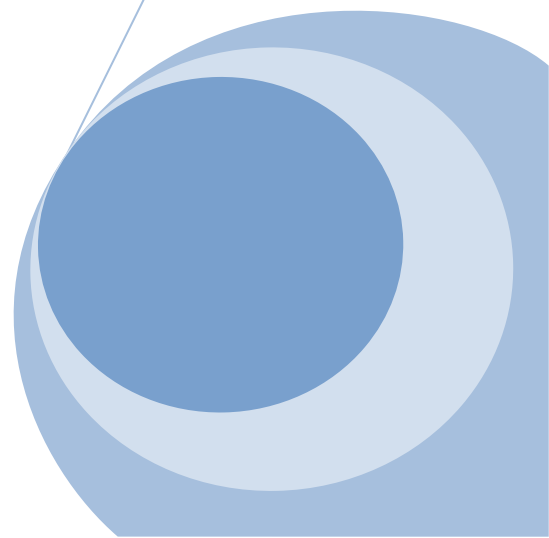
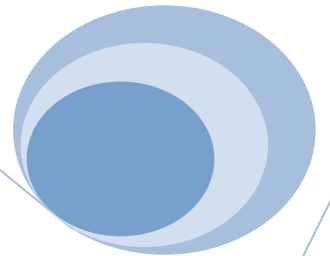
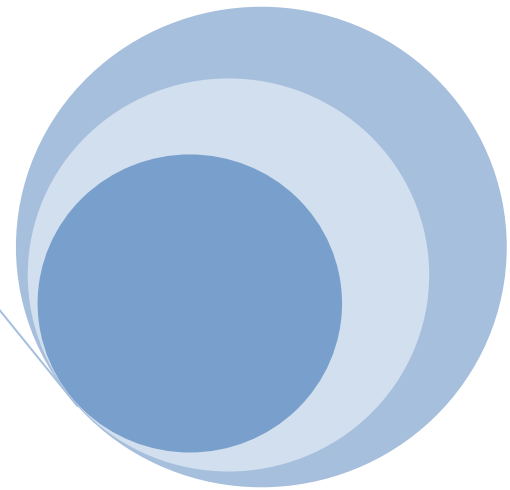
2.2 Given the fundamental changes in ways of working, the ICT Acceptable Usage policy has been reviewed and updated to ensure all personnel are taking the precautionary steps to protect the Council's ICT environment whilst working from remote locations as well as general changes in line with the National Cyber Security Centre guidance.

3. Conclusion

This report provides a two core policy documents for approval, to streamline the current guidance documentation available for all authorised users of Sefton's ICT environment, as well as ensuring the Sefton is operating in line with Industry Standards for ICT Security Management

ICT Acceptable Use Policy

2022



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Summary Sheet

Document Information

Protective marking (Unclassified / Restricted Circulation / Confidential)	Unclassified
Ref	Acceptable Use ICT
Document Purpose	To ensure all users of Sefton's ICT are aware of guidance around acceptable use
Document status (Draft / Active)	Final
Partners (If applicable)	N/A
Date document came into force	TBC
Date of next review	March 2023
Owner (Service Area)	Sefton Council – ICT Client Team
Location of original (Owner job title / contact details)	Helen Spreadbury
Authorised by (Committee/Cabinet)	Audit and Governance Committee

Further documentation and supporting material can be found via the following page <http://intranet.smbc.loc/our-council/data-protection-information-handling/policies.aspx>

Introduction

The purpose of this document is to ensure that all Users of Sefton Council's ICT (Information Communications Technology) Services feel confident in the use of ICT to complete their work. The aim of this policy document is to describe what is acceptable activity to ensure the security of Sefton's ICT network, to protect the disclosure of information and ensure we can prevent, as far as possible, cyber-attack or cybercrime.

The increasing use of Information and Communication Technology and the development of information strategies to support the process of providing effective services make it necessary to take appropriate action to ensure that these systems are developed, operated and maintained in a safe and secure manner.

Whilst the aim is to provide facilities for employees to use freely in pursuit of their job there are, however, management and legal issues, which should be borne in mind to ensure the effective and appropriate use of information technology.

Scope

This document applies to all authorised users of Sefton's ICT systems; including council employees, members, contractors, consultants, commissioned service providers and organisations that connect to or support any part of the IT Infrastructure

Individual Responsibilities

- All Elected Members must accept responsibility for maintaining ICT standards within the organisation.
- All Managers must accept responsibility for initiating, implementing and maintaining ICT standards including those outlined in the Starters, Movers and Leavers policy within the organisation.
- All non-managerial employees must accept responsibility for maintaining standards by conforming to those controls, which are applicable to them.
- The ICT Client Team, supported by Agilisys, is responsible for implementation of technical security solutions to protect the network

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How to use this document

This document outlines what Sefton deems to be acceptable and unacceptable use of ICT, all individuals as defined within the scope of this document must comply with this policy failure to do so may lead to disciplinary action.

If you do not understand the definitions and guidance in this document please do not hesitate to seek advice from either your manager, The ICT Client Team or the IT Helpdesk.

User Accounts and Passwords

Access to Sefton Council's ICT systems and Information must be adequately protected. Whilst different business applications have varying security requirements, these individual requirements must be identified through risk assessments that will 'control the access' to the ICT systems and filing cabinets where the information is held in paper form.

Management Responsibilities

- Managers must ensure that all staff within their team have access rights to systems and IT services that are commensurate with the tasks they are expected to perform
- All staff must have a unique login that is not shared with or disclosed to any other users along with an associated unique password that is requested at each new login
- Employees must not make copies of computer software owned by the Council for private use
- User's access rights must be reviewed at regular intervals by their manager to ensure that the appropriate rights are still allocated. System administration accounts must only be provided to users that are required to perform system administration tasks.
- Managers must ensure that all computer software and hardware is purchased via the ICT Client team, under no circumstances should any free of charge evaluation software be installed without prior approval from the ICT client team.
- All authorised users are required to comply with the Starters, Movers and Leavers Policy document found in Appendix A.
- Managers must ensure that all new employees must complete the Information Management and Governance and ICT Acceptable Usage Policy training on MeLearning within 7 days of their start date. Failure to complete the MeLearning courses will result in limitations being placed on the ICT account.

1. IT Device Management

As a principle, and to ensure value for money, there will be no more than one workstation asset allocated per user (desktop/laptop) In exceptional cases staff requiring multiple assets must provide a business case (signed by Head of Service) to the ICT Client team before an additional device will be purchased.

How you should use your device (key principles)

- All devices directly connected to the Sefton MBC Network (wired, wireless or access via VPN) must be approved, deployed and supported by the ICT Managed Service Provider
- The installation of any software and any required local configuration is managed and supported by the ICT Managed Service Provider, users should not install any software themselves.
- All devices are owned by Sefton MBC
- All mobile end user devices must be assigned a named individual within a team
- If a person moves role within the organisation the device remains with the leavers team for reallocation to the new postholder, in cases where there is no new postholder it must be returned to the ICT Managed Service Provider.
- All fixed desktops must be assigned to the departmental manager for that area
- When a device is no longer in use then the device must be returned to the ICT Managed Service provider
- All devices must be listed within the team's equipment inventory

Things you must not do

- Connect any personal devices to the corporate network – Bring your Own Device (BYOD) is not permitted
- Do not take your council devices outside of the United Kingdom without prior approval from the ICT Client Team
- Do not move or install devices without the support of ICT, all requests for installation, moves or changes to any device must be logged through the ICT Service Desk
- Do not dispose or reallocate any device without logging a call with the ICT Service Desk, any disposals must comply with WEEE Regulations 2017

2. User network and Applications Accounts

- Always use your own personal Sefton Council account to carry out your work
- Only use your administration account to carry daily specific system administrator duties assigned to you by your manager (if relevant)
- All Sefton Council IT Accounts not accessed for longer than 30 days will be disabled
- **Always use CTRL ALT DEL/Windows Key + L to lock your machine when unattended**

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- Follow the password policy in Appendix B, a summary of what you shouldn't do is described below

Things you must not do

- Never write passwords down
- Never send a password through email
- Never save passwords in your browser/s
- Never include a password in a non-encrypted stored document
- Never tell anyone your password or hint at the format of your password
- Never use your network password on an account over the internet which does not have a secure login, Secure web pages have addresses that start with https://
- Don't use common acronyms as part of your password
- Don't use spaces, common words or reverse spelling of words in part of your password
- Don't use names of people or places as part of your password
- Don't use parts of your login name in your password
- Don't use parts of numbers easily remembered such as phone numbers, NI numbers or street address
- Never let someone see you type your password

3. OneDrive and SharePoint

Access to OneDrive for Business is from a managed Sefton Council **Windows 10** device or a managed mobile device only.

OneDrive for Business is your personal area on the cloud, confidential to you, previously known as your H: Drive. OneDrive for Business requires an Office 365 license, once employment ends this data will be accessible to the user's manager and will then be archived in line with the data retention policy, please refer to Appendix C

SharePoint is a web-based collaborative platform that integrates with MS Office, used for sharing documents, this is where you will find all the documents migrated from your old G: Drive or team drive or Microsoft Shares.

How you should use OneDrive for Business and SharePoint

- All data stored in OneDrive for Business should be relevant to the user's role
- All data that needs to be shared across teams/groups must be stored in SharePoint
- Data should be stored in line with the retention schedule and deleted when no longer required
- The sharing of files to third parties is permitted however this should only be done for valid business purpose, and approved by the relevant [Information Asset Owner](#) (, the basic configuration to facilitate this is supported by the ICT Service Desk

Things you must not do

- Personally identifiable data must not be kept in OneDrive
- Personal/Copyright Pictures must not be stored in OneDrive or SharePoint
- Personal/Copyright Videos must not be stored in OneDrive or SharePoint
- Any pictures, music or videos that are stored will be deemed to be property of Sefton Council
- Do not save any documents/files which hold sensitive/personally identifiable data on your desktop.
- Your OneDrive must only be accessed your own user account and users must not attempt to access another user's OneDrive without their prior expressed permission. Exemptions to this are;
 - Where a colleague or manager requires access to the OneDrive folder of a user who has left the organization or is on Long Term Absence
- If a manager requires access to another user's OneDrive folder as part of an investigation, then approval is required by HR in the first instance

4. Internet Acceptable Use Policy

The Council recognises that it is not practical to define precise rules that cover the full range of Internet activities available and in general, it is adherence to the spirit and essence of the policy that will allow the Council as a whole, and employees in person, to productively benefit from access to this powerful technology.

All personal usage must be in accordance with this policy. Your computer and any data held on it are the property of Sefton Council and may be accessed at any time by the Council to ensure compliance with all its statutory, regulatory and internal policy requirements.

What you should use your Council Internet account for

Your Council Internet account should be used in accordance with this policy to access anything in pursuance of your work including:

- Access to and/or provision of information.
- Research
- Electronic commerce (e.g. purchasing equipment for the Council)
- Supported council applications which are hosted externally by the supplier
- Personal use in your own time (i.e.: during your lunchbreak), any personal use must not include any activity listed in the section below

The Council is not responsible for any personal transactions you enter, for example in respect of the quality, delivery or loss of items ordered. You must accept responsibility for, and keep the Council protected against, any claims, damages, losses or the like which might arise from your transaction for example in relation to payment for the items or any personal injury or damage to property they might cause.

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The Council is not responsible for any losses or issues relating to personal use of the Council's internet facility.

If you are in any doubt about how you may make personal use of the system you are advised not to do so.

Things you must not do

- Browse non-work sites during working hours
- Leave open live internet feeds to collect news, sports updates or to download images, video or audio streams for none work purposes
- Download any copyrighted material without the owner's permission
- Create, download, upload, display or access knowingly, sites that contain pornography or other "unsuitable" material that might be deemed illegal, obscene or offensive.
- Subscribe to, enter or use peer-to-peer networks or install software that allows sharing of music, video or image files.
- Subscribe to, enter or utilise real time chat facilities such as chat rooms, text /image messenger or pager programs.
- Subscribe to, enter or use online gaming or betting sites.
- Subscribe to or enter "money making" sites or enter or use "money making" programs.
- Subscribe to, enter or use Free PDF Conversion websites.
- Run a private business.
- Download any software used for hacking or cracking passwords.
- Make repeated attempts to access any sites automatically blocked by the Council's filtering software.
- Use the Council's Internet Service for personal online shopping, to purchase other personal goods/services.

The above list gives examples of "unsuitable" usage but is neither exclusive nor exhaustive.

5. Email Acceptable Use Policy

The email system is provided to allow electronic communication in pursuance of Council business between Elected Members, Council employees, individual Council service users and external organisations. All email sent and received via Sefton Council is owned by the council and should not be deemed personal. The Council will monitor your email account usage and may access your email content. Be aware that Sefton MBC may be required to disclose your emails or responses to them, to third parties for legal reasons, which may include requests made under the UK GDPR, Freedom of Information Act or Environmental Information Regulations.

How you should use your email (key principles)

- Communication in connection with Sefton Council's business

- Users must exercise due care when writing an email to ensure that their message maintains the standards of professionalism the Sefton Council expects of their position
- Users should not make statements on their own behalf or on behalf of the Sefton Council that do or may defame, libel or damage the reputation of Sefton Council or any person
- Limited personal use of email is allowed provided it is kept to a reasonable level, does not interfere with a user's performance in carrying out their duties, does not have a negative impact on Sefton Council in any way, is lawful and adheres to the principles contained within this email Policy.
- Sefton Council email / public folders and shared mailboxes not accessed (e.g. opened content) for longer than 30 days will be disabled
- Sefton Council email / public folders and shared mailboxes not accessed for longer than 90 days will be archived except where otherwise directed by the relevant manager i.e.: for long term sickness, maternity or direct instruction from HR, see Appendix A
- All Sefton Council email / public folders and shared mailboxes must have an owner and if an owner leaves it must be reassigned or the mailbox will also be removed in accordance with policies above.
- The Sefton Council ICT Division will hold archived leavers data for 7 years, this data will only be accessed upon a formal request approved by a manager or HR.
- Sefton Council reserves the right to monitor and/or record individual email use for lawful business purposes. Users should therefore have no expectation of privacy whilst using Sefton Council equipment for the purposes of communicating via email
- The contents of all email attachments, inbound and outbound, are scanned electronically to help implement this Mandatory Policy against the acceptable use policy and to prevent malware
- Individual users are responsible for the day-to-day house-keeping of their account and must minimise their mailbox space.

Things you must not do

- Use the Council's email system to facilitate or operate any business/ commercial activity, other than that of the Council.
- Send business related email to large distribution groups without the permission of the ICT Client Team (over 250 recipients)
- **Email confidential, sensitive or personally identifiable information to other people (either internal or external) without ensuring that the data is secured and that the authority has the legal power or explicit consent to do so**
- Provide your work email address as contact details to sites you have accessed for non-work purposes
- Use personal web-based email from your work equipment i.e.: Google mail
- Send files with non-business-related attachments (i.e. compressed files, video streams, executable code, video or audio streams or graphical images)
- Email must only be accessed via the user's personal user account and users must not attempt to access another user's mailbox without their prior expressed permission. Exemptions to this are;

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- Where a colleague or manager requires access to the mailbox of a user who has left the organization or is on Long Term Absence
- If a manager requires access to another user's mailbox as part of an investigation then approval is required by HR in the first instance
- Except where it is strictly and necessarily required for your work (for example, corporate advertising, IT audit activity or other investigation), you must not create, download, access, display, transmit or engage in the following:
 - full videos or clips
 - photographic or cartoon images
 - chain letters
 - jokes or 'joke' chains
 - conversational email
 - harassing or bullying content
 - entertainment software
 - other non-work related software
 - advertisements
 - global emails (see paragraph 13 below)
 - game
 - gambling
- Again, except where it is strictly necessary and required for your work (as defined above) you must not create, download, access, display, transmit or engage in the following
 - material that is obscene, offensive, sexually explicit, pornographic, racist, sexist, ageist, defamatory, hateful, or homophobic in nature, incites or depicts violence, or describes techniques for criminal or terrorist acts
 - derogatory remarks or express derogatory opinions regarding the Council, its Officers or Members or communicate extreme views that could be to the detriment of the Council or its reputation or bring the Council into disrepute

If you receive an unsolicited "unsuitable" email please inform your manager and notify the ICT Service Desk.

6. Telephones

For the purpose of this policy the term 'Phones' refers to Council 8x8 Cloud Telephony System landlines and mobile telephony devices, including pool phones. Users are expected to exercise due care when making telephone calls and using mobile messaging, to ensure that they maintain the standards of professionalism the Council expects of their position. Managers have the responsibility to inform the ICT Service Desk when a mobile phone is no longer required, e.g. a member of staff has left, and the phone is not being passed on, so that the contract can be cancelled.

Sefton reserves the right to monitor and record/log individuals' use of the mobile device systems for its lawful business purposes. Sefton's employees, secondees and workers must not expect privacy whilst using Council equipment for the purposes of

communicating. Sefton MBC may be required to disclose voice recordings to third parties for legal reasons, which may include requests made under the UK GDPR or Freedom of Information Act.

How you should use your Telephone (key principles)

- In connection with normal business
- Use of personal mobile phones in work for short conversations/messages provided it is kept to a reasonable level, does not interfere with a user's performance in carrying out their duties, does not have a negative impact on Sefton Council in any way, is lawful and adheres to the principles contained within this Policy

Things you must not do

- Allow the use of Council Phones by unauthorised person(s)
- Use a Council phone for personal calls (this includes the use of SMS text messages/internet use) except in an emergency
- Use your Councils mobile data package (mobile phone or MiFi device) for non-work purposes.
- Incur international roaming costs unless pre-authorised by your manager (or Democratic Services Manager, for members)
- Use phones in a manner that could bring Sefton Council into disrepute
- Send SMS or MMS messages that could contain discriminatory, abusive, racist, pornographic, obscene, illegal, offensive, potentially libellous or defamatory content
- Send personal and/or sensitive data using SMS or MMS messages without verifying that the Council has the legal powers or explicit consent to do so.
- Use a Sefton Council number to promote any external private business
- Use a Sefton phone to contact premium rate numbers
- Remove the Council SIM card for any purpose (unless explicitly told to do so by a member of the ICT Service Desk as part of fault diagnosis/repair)
- Transfer the SIM Card to any other device

If you receive any harassment via telephone, do not attempt to contact a person who has left you an unpleasant, suspicious, or threatening message. Do not engage in conversation with a person making an unwanted call. Remain calm and try not to show emotion.

Put the handset to one side for a few minutes then replace it. Record the date and time of the call as well as the details even if they were unanswered or silent calls. Write down and save any text messages and the time they were received. In the first instance users should inform their line manager and contact HR for further advice.

7. Security

All computer equipment should be placed in suitable physical locations that

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- Reduce risk from environmental hazards, for example, heat, fire, smoke, water, dust and vibration
- Reduce the risk of theft
- Facilitates workstations handling personal data being positioned so that the screen cannot be seen by unauthorised personnel
- All items of equipment must be maintained on a departmental inventory
- When working in an agile way, users are responsible for the security of device(s), some key general guidance notes are provided below
 - Ensure the device is logged out of the network when not in use and correctly shutdown
 - Devices must not be left unattended in a public location
 - Conceal when transporting on leaving i.e.: in the boot of a vehicle instead of the back seat
 - Do not leave devices in parked cars overnight, even if they are concealed
 - Place in a safe place if the device is to be stored at home/away from the office e.g. away from windows
- All Council devices and accounts are protected by Microsoft InTune and thus the Microsoft 365 Conditional Access policies apply, the conditional access policies will prevent you from
 - Logging into any device from a country other than the UK
 - Logging into the Sefton network via a non-council device (unless previously authorised in line with member usage)
 - Accessing Council resources until your device is security compliant
- You must ensure any WiFi access point you connect your Council device to is appropriately secured e.g. with a password. Public WiFi that you would find in a Café, Hotel or Restaurant is unsecure and should not be used in any case.

Reporting Information Security Events and Weaknesses

Security events, for example a Data Security Breach or a virus infection could quickly spread and cause data loss across the organisation. All users must be able to identify that any unexpected or unusual behaviour on the workstation could potentially be a software malfunction. If an event is detected users must:

- Note the symptoms and any error messages on screen
- Disconnect the workstation from the network if an infection is suspected (with assistance from IT Support Staff)

All security events should be reported immediately to the ICT Service Desk on ext. 4999.

Appendix A – [Starters, Movers, Leavers Policy](#)

Appendix B – [Password Policy](#)

Appendix C – Data Retention (IT Systems)

This document does not replace the authorities Retention Schedule but outlines the core principles of how data will be managed on the IT Infrastructure, this document only relates to electronic files, paper files are not included in this policy.

- User data for confirmed leavers is to be archived after 90 days this includes data and information stored in **OneDrive** and **Email**. The Sefton Council ICT Division hold a backup of the archive for 7 years, this data will only be accessed upon a formal request approved by a manager or HR.
-
- Managers are responsible for ensuring the removal of electronic information from systems once retention periods are expired.
- It is expected that business information required for regulatory purposes will be stored in the relevant business document management systems. For example, finance data must be stored in Oracle or finance server not in user's email.
- Where an end user device is a desktop the saving of information will be restricted, where the device is mobile then that device will have approved encryption methods enabled and are not to be circumvented. Usage of approved and encrypted devices for storage of information while conducting daily work activities is permitted. Such devices include Council tablets and other smart devices; however, users must upload content to the appropriate systems (e.g. planning photographs) and remove it from the device.
- Unauthorised use of any cloud storage or online file transfer sites e.g. drop box or We Transfer is prohibited by the policy and using any cloud storage not authorised may result in disciplinary action.

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Agenda Item 5

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Corporate Risk Management		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Corporate Risk Register is presented to each meeting of the Audit and Governance Committee. Since the last Committee meeting in December 2021, the Corporate Risk Register has been reviewed and updated.

No new risks have been added or escalated to the Corporate Risk Register in the current quarter although some risk scores have been reassessed.

No risks have been de-escalated from the Corporate Risk Register to the Service Risk Registers or deleted from the Corporate Risk Register.

The risks have been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which was approved by the Committee in December 2020. A revised Corporate Risk Management handbook will be reviewed following the outcome of definition of the Council's Risk Appetite in April 2021.

As highlighted in December 2021 although there has been substantial work undertaken over the past six years to embed risk management across the Council there is a gap in delivering key aspects of the Corporate Risk Management Handbook such as the regular updating of the Corporate Risk Register as well as the Service Risk Registers. The embedding position remains similar to the previous quarter with no improvement noted for this quarter.

A presentation on one of the risks within the Corporate Risk Register will be provided to Members on Financial Sustainability beyond 2022/23 (Housing Development Company).

Recommendation:

Consider the updated Corporate Risk Register, noting the nature of the major risks facing the Council, and the controls and planned actions in place to mitigate these.

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Reasons for the Recommendation(s):

A robust system of risk management will assist the Council in meeting its identified objectives.

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

None.

What will it cost and how will it be financed?

(A) Revenue Costs - There are no direct financial implications arising from this report. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

(B) Capital Costs - There are no direct capital costs arising from the report.

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.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
The report provides a summary of the risks identified and managed that will impact on the delivery of the Council’s purpose. The Corporate Risk Register includes a Climate Change Emergency risk with actions to mitigate its impact and likelihood.	

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: Positive
Facilitate confident and resilient communities: Positive
Commission, broker and provide core services: Positive

Place – leadership and influencer: Positive
Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive
Greater income for social investment: Positive
Cleaner Greener: Positive

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6741/22.) and the Chief Legal and Democratic Officer (LD.4941/22) 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 / Council meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Corporate Risk Register December 2021

Background Papers:

There are no background papers available for inspection.

1. Introduction

1.1 Risk Management is defined as ‘systematic application of principles, approach and processes to the task of identifying and assessing the risk and the planning and implementing of risk responses.’

1.2 The Risk Management Strategy included in the Corporate Risk Management

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Handbook, which is presented to the Audit and Governance Committee on an annual basis for approval, states that

- 1.2.1 “Risk Management is to be an integral part of the planning and decision-making processes of the Council and that the Strategy is intended to ensure that Risk Management is embedded in the overall planning process.
- 1.2.2 Risk management is a central part of Sefton’s strategic management and its corporate governance. Effective risk management makes sound business sense and is good management. The focus of good risk management is the identification and treatment of risk.
- 1.2.3 Risk management should be a continuous and developing process which runs throughout the Council’s activities. A systematic approach to identifying and analysing risks is an integral part of all management processes and day-to-day working, rather than a separate initiative.”
- 1.3 Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level and operationally, it is recognised that there is still scope, to develop a more integrated risk management approach. This report seeks to continue the process of formalising a system of robust Corporate Risk Management and embedding this into the organisation. The Corporate Risk Management Handbook outlines that there should be three tiers of risk registers in place across the organisation which are identified through the scoring of the risks:
 - Corporate Risk Register – risks scored at 16 plus and these are the key risks affecting the Council
 - Service Risk Registers – risks scored between eight and 15 which are owned and managed by the Head of Service.
 - Operational Risk Registers – risks scored at seven and below which are owned and managed by Service Managers.
- 1.4 An updated Corporate Risk Register is presented at each meeting of this Committee. The Corporate Risk Register has been shared with and reviewed by senior officers to ensure that the risk register reflects the most significant risks facing the Council. The completion of a risk register also demonstrates that the Council has set out an approach to mitigate the risks that have been identified. The updated Corporate Risk Register is set out at Appendix A, using the revised scoring approved by Members in December 2020, for noting by the Committee.
- 1.5 The Service Risk Registers are owned and should be reviewed by the Heads of Service on a quarterly basis and provided to the Risk and Audit team for information. The completed Service Risk Registers are used by Audit as an agenda item in the formal quarterly meeting with the Heads of Service and are also used for the monthly budget meetings that are held by Finance with the Service Management teams.
- 1.6 The Operational Risk Registers are owned and revised by Service Managers. Members may remember that the Risk and Resilience Team assisted by the Internal Audit Team completed an exercise in 2018/19 to fully implement this tier of risk registers across the organisation facilitating the completion of over 70 risk registers. This exercise was completed in March 2019. The Risk and Resilience

Team, assisted by the Internal Audit Team, work with the individual teams to facilitate regular reviews of the risk registers which will help to embed risk management at the centre of the Council's activities.

2. Key Developments

2.1 Corporate Risk Register

2.1.1 Since the December 2021 update to the Audit and Governance Committee, the Corporate Risk Register has been reviewed and updated.

2.1.2 There have been no risks added to the Corporate Risk Register.

2.1.3 No risks have been de-escalated from the Corporate Risk Register to the Service Risk Registers or deleted from the Corporate Risk Register.

2.1.4 The scoring of the risks has been reviewed by the risk owners in line with the revised scoring matrix approved by the Committee in December 2020.

2.1.5 Further progress is required to ensure that all timely updates included in the risk register if appropriate in addition to the continual review of all other risks that are contained within the risk register.

2.2 Service Risk Registers

2.2.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the Service Risk Registers (SRR), in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team. A copy of the SRR is requested at the same time updates for the Corporate Risk Register are requested.

2.2.2 A total of eight (72%) SRRs have been provided for 1st quarter 2021/22 with three SRRs replacing existing SRRs that were nine months old or longer.

2.2.3 A total of six SRRs have been provided for 2nd quarter 2021/22 with one being provided late.

2.2.4 All of the SRRs (100%) have been provided for 3rd quarter 2021/22 although one was provided late in the process.

2.2.5 A total of five SRRs (50%) have been provided for the 4th quarter 2021/22.

2.2.6 There has been a deterioration this quarter in the provision of the SRRs. With the timing of the return of the reviews remains an area to be improved. The above findings indicate that the completion of the SRRs, in line with the Corporate Risk Handbook has over the past three quarters been varied and remains that way.

2.3 Operational Risk Registers

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- 2.3.1 The Risk and Resilience team have requested the six monthly reviewed/updated Operational Risk Registers (ORRs) from risk owners during January 2022. We are slowly receiving the outstanding ORRs. Cross checks will be made to ensure the escalation process for risk is fully embedded and relevant risks are escalating from Operational to Service Registers where appropriate. The Risk and Resilience team are continuing to work with Communities and Education Excellence to further develop ORRs that reflect the structure within these service areas.
- 2.3.2 Analysis of the ORRS will be undertaken and shared with Members at the next meeting.
- 2.4 Proposed actions from June 2021
- 2.4.1 In order to address the issues identified in June 2021, all Heads of Service have been engaged and the following actions agreed in order to improve risk management and its reporting. An update on the action is included below in italics:
- 2.4.2 Heads of Service will consider whether the CRR should be developed further to take account of wider strategic risks facing the organisation. **Three further strategic risks have been identified last quarter and included in the CRR.**
- 2.4.3 It is important that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis. **Guidance provided and testing of agenda and minutes will be undertaken in March/April 2022.**
- 2.4.4 The Sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis. **Guidance provided and testing of agenda and papers will be undertaken in March/April 2022.**
- 2.4.5 The Audit and Governance Committee approved Corporate Risk Register to be posted on the intranet Risk and Resilience page with notification to be sent on the intranet news for all staff. **(completed).**
- 2.4.6 An e-learning package on risk management is to be launched across the Council during the next 12 months. **We have engaged a risk management provider to the Council, through the external Insurance Programme, to develop e-learning training content on risk management which is due to be completed by end of November 2021 and launched across the Council during the next six months. The e-learning has been received further enhancements have been requested and we envisage this can be completed soon. We are on track for June launch.**
- 2.4.7 The consideration of including the risks associated with the agenda item on Committee papers linked to the appropriate Corporate Objective. **The Executive Director for Corporate Resource and Customer Services has confirmed that the intention is to implement this in the 2022 financial year after the assessment of the Climate Emergency addition on the header page has been assessed.**
- 2.4.8 Considering including an agenda item on each of the SLB/ELT meeting at the end

of the meeting to consider whether any of the content of the agenda/discussions has an impact on the current risk register for example:

- Is there a new risk which should be addressed?
- Does the scoring of any existing risk need to be addressed including risks to be escalated or de-escalated?
- Are there actions to be incorporated onto the risk register etc.

This will be introduced during 2022 and following introduction support will be provided to assess the impact.

2.5 Risk Appetite

2.5.1 There will be an exercise starting in March/ April 2022 to help develop the Council's risk appetite involving Members and Officers. The final version will be shared with the Members in March 2022.

2.6 Summary of the current position

2.6.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team outside of the Risk and Resilience Team.

2.6.2 There is clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that the risk management is embedded at this level engagement should be universal and consistent over time as highlighted in the previous quarter.

2.6.3 There has been a deterioration in the updating of SRRs this quarter.

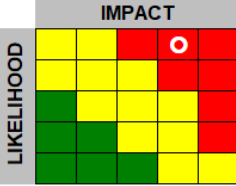
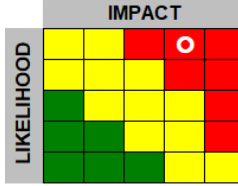
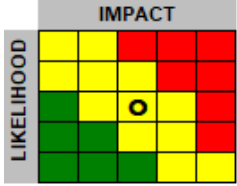
2.6.4 The development of the Council's risk appetite will help to further embed risk management within the Council.

2.7 Presentation to the December Audit and Governance Committee Meeting

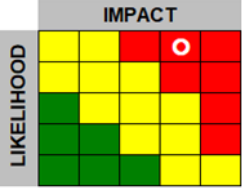
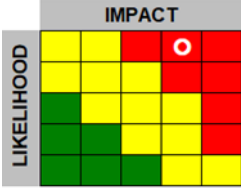
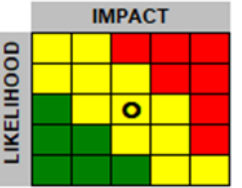
2.7.1 At the Audit and Governance Committee in December 2019 it was agreed that for each meeting a short presentation would be made by a risk owner on one of the risks from the Corporate Risk Register. The briefing, in line with good practice on risk management, should be on the background to the key risk, the current controls and the actions to mitigate the risk further.

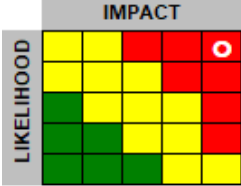
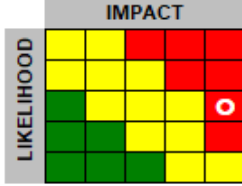
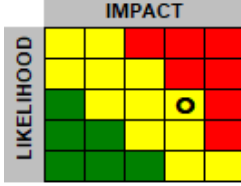
2.7.2 A presentation will be provided to Members at the March 2022 meeting on the corporate risk "Financial Sustainability beyond 2022/23 (Housing Development Company)" will be made.

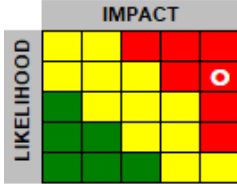
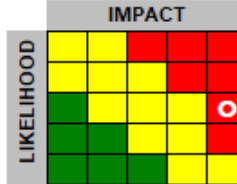
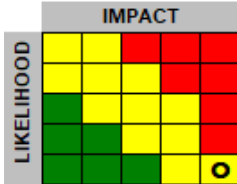
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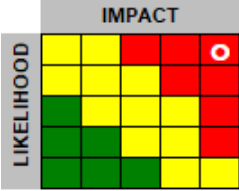
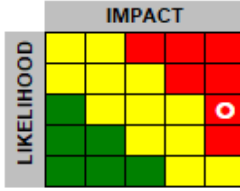
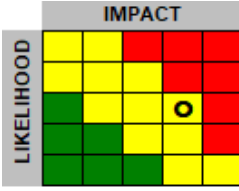
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to effectively manage and support the response to a pandemic incident</p>			
<p>Causes</p>	<p>Major pandemic incident occurs where there are multiple community outbreaks of COVID-19 impacting on the local area and staff. Recovery plans not in place.</p>		
<p>Result</p>	<ul style="list-style-type: none"> • Increased morbidity and mortality • Reduced capacity across the Local Authority and partner organisations. • 20-35% staff absences anticipated in services across the Local Authority and partner organisations. • Services delivery reduced as a result of the implementation of business continuity. • Increased demand of services in response to outbreaks. • Increased social anxiety. • Services, businesses and schools being temporarily closed. • Surge of demand in supply chains. • Negative socio-economic impact. • High level of media and public interest in the Council's actions • Loss of reputation 		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> • Sefton Council Strategic Coordination Group (SCG) for COVID-19 established but now stood down. Sefton Governance structure and operational response cells in place to manage impacts of COVID- 19 and support Sefton residents, businesses and delivery of council services. Sefton operational cells align to multi-agency workstreams on the Merseyside Resilience Forum (MRF), Liverpool City Region and other regional / North West forums. The arrangements have largely stood down apart from those linked to the Merseyside Resilience Forum but structure can be stood back up as necessary. • Engagement with the Merseyside Resilience Forum (MRF) and participation in multi-agency Strategic and Tactical Co-ordination Groups to manage response to COVID-19 impacts for Merseyside. Sefton Officers Chair, lead and are active members of multiple MRF multi-agency response cells working across the Merseyside footprint and linked into national government via MHCLG. • Enhanced partnership working with Sefton based agencies to deliver effective response outcomes e.g., Sefton CVS, CCGs, Health agencies, Care Homes, schools and private sector organisations. • Enhanced working practices to facilitate remote, agile and home working for majority of staff. Robust IT systems to allow virtual meetings and extended customer contact centre opening hours. Co-ordinated approach to recruit and mobilise volunteers / council staff to deliver support to Sefton residents / communities who become vulnerable to the impacts of the pandemic. • Pro-active Communications strategy for public facing, internal and multi-agency working, co-ordination of information and guidance updates and out of hours on call Comms rota. • Links to national guidance and Gov.uk latest information repository pushed out via staff intranet, social media and other partner communications /news platforms. • Sefton Major Incident Guidance Document / Sefton Business Continuity Policy / Sefton Business Continuity Strategy / Service Area COVID-19 BC plans / E- learning module on Business Continuity 		

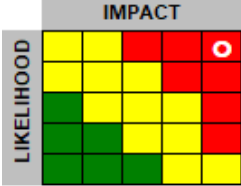
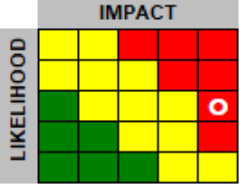
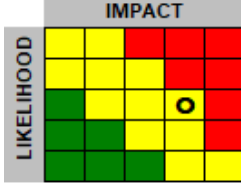
	<ul style="list-style-type: none"> • Sefton dedicated and knowledgeable teams including Public Health Team and Risk and Resilience Function • Continuous reinforcement of hand hygiene and infection control messages from Public Health both internally and externally. • Regular Communications from HoS and Senior Managers to staff with regard to observation of social distancing and on-going 'stay safe' COVID-19 advice including continue to work at home wherever possible. • Outbreak Board chaired by Leader meeting. Wider partnership outbreak board meeting. • Additional public health staff recruited to strengthen health protection response • Locally supported contact tracing service in place. • Community and targeted asymptomatic Lateral Flow testing in place. • Surge testing completed in three wards in Southport and Formby in response to identification of Variant of Concern.
Risk owner	DPH/CEO
Proposed actions	<ul style="list-style-type: none"> • Review Council Pandemic Plans, including the Outbreak plan in response to publication of Covid Winter Plan and updated contain framework • Asymptomatic testing plan in place until March 2022. • Contact tracing service will flex in response to changing rates of infection and provide additional cover (testing, vaccine promotion etc) as wider Council workforce return to routine duties. • Community Connectors funding ceases in March 2022 but until then will continue to support covid response, community engagement and vaccine uptake. • MRF multi-agency Strategic Recovery Co-ordinating Group planning ongoing. • Place based planning in progress

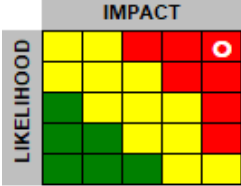
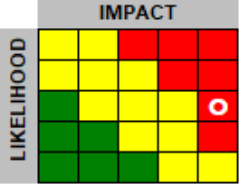
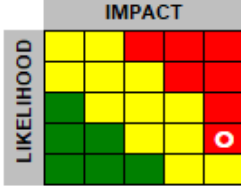
Risk Description	Previous risk score	Current risk score	Target risk score
Gaps in understanding of community needs			
Causes	Lack of community response to request to complete census Low response rates to census in certain wards		
Result	<ul style="list-style-type: none"> The Council uses the information gathered in the census to plan and inform service decisions. Gaps in the information gathered in the census decreases the quality of information available to the Council Financial sustainability could be compromised 		
Current treatments and controls	<ul style="list-style-type: none"> Completion of the Census Day 2021 was promoted via Council's Social Media and News Channels Promotion of the Census included Council building being lit up National Census team encouraged participation by direct contact with individuals in areas of low take up (For information nationally more than 97% of households in England and Wales completed their questionnaire). Targeted social media took place to areas of low up take to encourage completion of Census after Census Day 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> Consider new census information when published - The initial findings from the 2021 Census of Population and Housing in England and Wales that took place on 21 March 2021. Statistics from the 2021 Census will be released in stages over the next year currently estimated to be released between May and June 2022 		

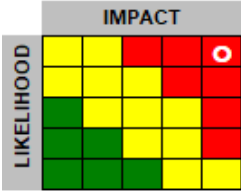
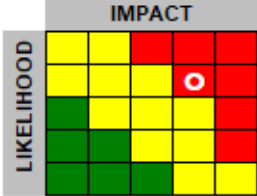
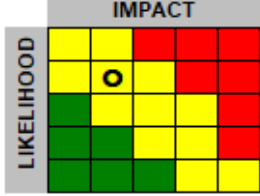
Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2021/22			
Causes	<ul style="list-style-type: none"> The national review of local government funding expected to be completed during 2022/23, the 2021 comprehensive spending review and potential financial settlements for 2023/24 and 2024/25 places further strain on the Council's overall medium-term budget. Due to the scale of budget reductions since 2010 there is a risk that further suitable cost-saving/income generating measures will be difficult to identify. The current pandemic will also significantly affect both the in year and future years budget with further support from central government not expected. The impact of the Global pandemic will also have an impact on the Council's finances with increased demand for services, a reduction in income and reductions in Collection Fund income 		
Result	<ul style="list-style-type: none"> Degradation of service could have an adverse impact on residents and communities The reputation of the Council may be compromised Financial sustainability could be compromised 		
Current treatments and controls	<ul style="list-style-type: none"> 3-year spending review (2022/23 to 2024/25) and 1-year local government finance settlement (for 2022/23) have now been received and these will be used to inform the 22/23 budget package that will be approved by budget council on 3 March 2022. In addition this updated information will inform a revised 3-year MTFP together with detailed commentary on the risks within this plan, current balance sheet issues and how the Council's activities will be informed by the review of local government financing The council in its budget plan has built in the potential impact of the fair funding review and business rates reset that are due to be consulted on in 2022 and will come into effect from 2023/24- these are initial estimates and will be the subject of review The council as part of its MTFP has now increased its general fund reserves position to approximately 6% of net budget which should be appropriate for a council of this size but may need increasing depending on future circumstances The council has a rigorous regime of budget monitoring that aims to deliver a balanced outturn each year thus limiting any future years financial pressure The council has a proven track record in responding to government consultations and understanding with accuracy the impact on the council to support medium term financial planning 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> Deliver the Councils Budget Plan for 2021/22 that was approved on 4 March 2021 Council to approve a revised 3 year MTFP for 2022/23 to 2024/25 and the annual budget for 2022/23 on 3 March 2022 Respond to all consultations in respect of the reform of local government finance and lobby for the best possible financial outcome for the council - using the latest information from these consultations all 3-year budget assumptions will be updated accordingly Ensure the rigorous approach to budget monitoring continues through 2022/23 		

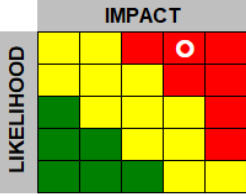
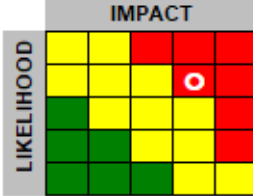
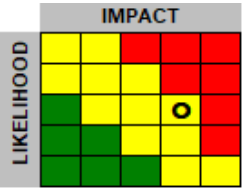
Risk Description	Previous risk score	Current risk score	Target risk score
Failure to adequately invest in the Highway network and associated assets.			
Causes	Budget reductions; inadequate funding levels to meet need; rising prices for services, materials and equipment.		
Result	<ul style="list-style-type: none"> • Deterioration of highway assets • Potential increase in claims • Financial and reputational risks • Potential increase in accidents resulting in injury and/or death 		
Current treatments and controls	<ul style="list-style-type: none"> • Essential work is prioritised within available budget. Regular inspections of most assets to monitor and guide prioritisation of works in order to mitigate risk. • Regular updates provided to Cabinet Member • Preventive surface treatments used to prolong the life of the network and to treat more of it than if more long-term maintenance solutions were used (i.e. resurfacing) 		
Risk owner	Ho H&PP		
Proposed actions	<ul style="list-style-type: none"> • Actively pursue opportunities for additional external funding via LCR/CA and others to maintain and improve network. • Work with Contractors and suppliers to manage risk, mitigate for price rises and manage supply chain. 		

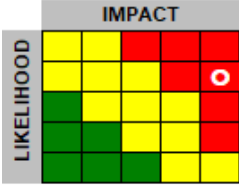
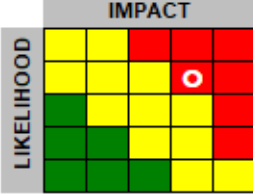
Risk Description	Previous risk score	Current risk score	Target risk score
Data breach resulting in the wrongful release of personal and/or sensitive information			
Causes	Policies and processes coordinated by Information Management and Governance Executive Group are not adhered to, resulting in a higher incidence of breaches caused by human error System error occurs		
Result	Failure to comply with legal requirements; loss of privacy, distress or harm to the data subject; damage to Council's reputation; loss of public confidence; and significant financial penalties.		
Current treatments and controls	<ul style="list-style-type: none"> Information management and governance, including data breaches and actions to prevent data breaches, is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of Heads of Service with lead responsibilities for key aspects of IMG (i.e. Data Protection Officer/IG Lead, Senior Information Risk Owner and Lead officer for ICT infrastructure) supported by other officers with key roles relating to IMG. Each service has designated Information Asset Owners and Information Asset Administrators. Policies, procedures, processes and issues are communicated to these officers through the Information Management and Governance Tactical Group. Support, co-ordination, advice and guidance is provided corporately and appropriate training/refresher training is in place. The Council has implemented policies, procedures and processes to prevent, manage and respond to potential and actual data breaches. 		
Risk owner	All Heads of Service		
Proposed actions	<ul style="list-style-type: none"> Appropriate resourcing, prioritisation and focus on information management and governance across the Council include the following: Regular monitoring and review by IMGEG of policies, procedures and processes to prevent, manage and respond to potential and actual data breaches. Ongoing review of information systems to ensure no inappropriate or unforeseen data linkages exist within systems or reports. Review of systems ahead of updates to identify any unintended changes. Ongoing education of staff and monitoring of activity by IAOs and IAAs to identify and prevent areas of human error. Regular review of information contained to ensure information is accurate and any information that should be removed is removed. Regular reporting by IMGEG to SLB and Audit and Governance Committee as necessary. Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance. 		

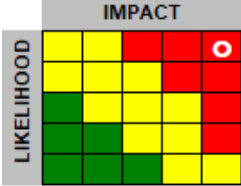
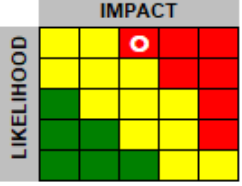
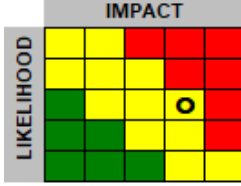
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to manage historic records effectively</p>			
Causes	<p>The risk is amplified by the implementation of GDPR (in particular the right to erasure and tighter deadlines for response to Subject Access Requests). In addition, the Council's Asset Maximisation programme which may lead the Council to leaving, redeveloping or selling buildings where records are held and moving to Paper Light working arrangements.</p>		
Result	<ul style="list-style-type: none"> • Failure to comply with legal requirements relating to retention, consideration, release or correct disposal of historical information; damage to Council's reputation; loss of public confidence; and significant financial penalties. • Historical information is not stored or managed correctly, such that it is lost, damaged or incorrectly disposed of. • Not known to the organisation when making relevant decisions; retained when it should have been correctly disposed of. 		
Current treatments and controls	<ul style="list-style-type: none"> • Information management and governance is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of Heads of Service with lead responsibilities for key aspects of IMG (Senior Information Risk Owner; Lead officer for ICT infrastructure, IG Lead/DPO), supported by other officers with key roles relating to IMG. • Each service has designated Information Asset Owners and Information Asset Administrators. Policies, procedures, processes and issues are communicated to these officers through the Information Management & Governance Tactical Group. • Support, co-ordination, advice and guidance is provided corporately and appropriate training/refresher training is in place, including reminders to undertake this on an annual basis. • The Council has implemented policies, procedures and processes for the management of information and has in place corporate contracts for appropriate digitisation, disposal and archive storage services. • The Council has implemented a Historic Records Project to manage the scale, condition and correct management of all historic records held. This project reports regularly to IMGEG. 		
Risk owner	<p>All Heads of Service</p>		
Proposed actions	<ul style="list-style-type: none"> • Appropriate resourcing, prioritisation and focus on information management and governance across the Council, including support for Information Asset Owners and Information Asset Administrators including action on the following. • Regular monitoring and review by IMGEG of policies, procedures and processes for the management of information, including historic information. • Regular monitoring and review by IMGEG of the progress and implications of the Historic Records Project, including reporting to SLB and Audit and Governance Committee as necessary. • Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance. • Commission training to improve understanding of data handling requirements and checks and controls • Ongoing education of staff and monitoring of activity by IAOs and IAAs to identify and prevent areas of human error. 		

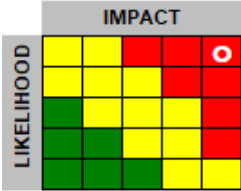
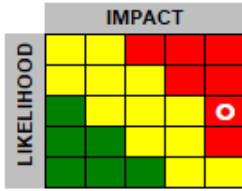
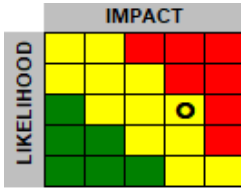
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a major incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>			
Causes	<p>A major incident occurs affecting the Council or the Borough. This risk is accentuated as the government has determined the terror threat level as "severe" and was raised to "critical" on two occasions in 2017.</p>		
Result	<ul style="list-style-type: none"> • Loss of human life, illness or serious injury • Major damage or destruction to infrastructure, property and/or the environment • Disruption or loss of critical services such as transport, communications, utility services • Reputational or financial harm to the authority 		
Current treatments and controls	<ul style="list-style-type: none"> • Emergency Response Manual and Major Incident Guidance in place. • Revised Command and Control structure in place which defines Strategic and Tactical level officers. • Emergency Duty Co-ordinators (EDCs) are able to access Resilience Direct containing incident response plans. • Relevant training provided to Emergency Duty Co-ordinators and volunteers on an ongoing basis. Two EDCs have now completed Multi Agency Gold Incident Commander (MAGIC) accredited training. • Attendance and participation in Merseyside Resilience Forum and joint planning across Merseyside. • Humanitarian volunteers in place and regular meetings and training now offered. • Continuous development and review of supporting plans. • Service Level Business Continuity plans now completed. Business Continuity eLearning package available to all staff • Business Continuity Policy and strategy have been devised and approved. • Three additional EDCs attended MAGIC training in February 2022 		
Risk owner	<p>All Heads of Service</p>		
Proposed actions	<ul style="list-style-type: none"> • A Business Continuity Management System has been devised and is currently being implemented. This includes the following: • Service Level Business Continuity Plans currently undergoing review and improvement of content. This includes details of key supplier information and IT matrix to identify critical systems within each service. This will then inform a testing regime for the plans. • Exercising of Business Continuity plans to be undertaken late 2021/early 2022. • External provider currently being sought to support exercising due to lack of experience and expertise within the council. 		

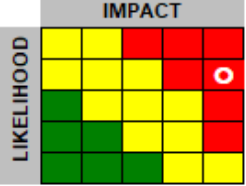
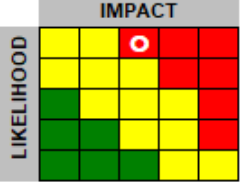
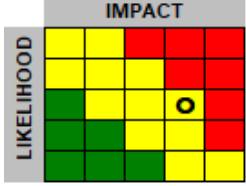
Risk Description	Previous risk score	Current risk score	Target risk score
Market failure of Social Care provision across Adult and Children's			
Causes	<ul style="list-style-type: none"> • Capability and capacity of the available workforce to provide domiciliary care • Lack of diversity of supply in the market to provide choice and control • Impact of Covid-19 and need for mandatory vaccination • Capability and capacity of the available workforce within the care home market 		
Result	<ul style="list-style-type: none"> • Inability to provide packages of care for service users and fulfil statutory duty of care • Lack of alternative providers able to support social care • Poor quality service provision and high costs • Significant increase in unmet needs of service users due to a fragile market that is not developing • Inability to meet sufficiency duty • Growing number of children placed out of borough 		
Current treatments and controls	<ul style="list-style-type: none"> • Market Position Statement • Integrated Commissioning Group/Strategic Commissioning Group • Strategic Commissioning Team • Commissioning priorities and full work plan • Health and Wellbeing Strategy 2020-2025 • Winter Planning/checklist • Robust supply chain review undertaken • Demand Management Programme in adults and children's 		
Risk owner	ED ASC&H, ED CSC&E		
Proposed actions	<ul style="list-style-type: none"> • Development of Workforce Strategy for Health and Care workforce • Review and align strategic plans to current contracts to ensure Value for Money and objectives are met. • Development of new opportunities through Sefton Place Based Partnership development • Children's High Risk/High-Cost Project, Commissioning priorities and full work plan. • Market Plans aligned to level of risk- Domiciliary Care • Recruitment campaign developed with Market- part of PBP plus links into national care sector recruitment campaign • Development of contingency plans for provider failure - risk escalation process • Cost of care exercises being conducted • Re-procurement exercises being developed, including the development of new local frameworks for improved commissioning, contract and market management 		

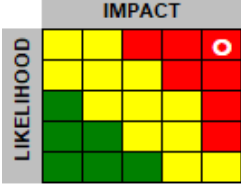
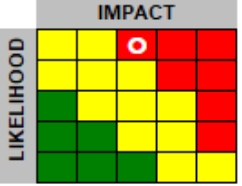
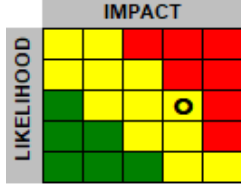
Risk Description	Previous risk score	Current risk score	Target risk score
Inflation and cost of care impact on budget availability			
Causes	<ul style="list-style-type: none"> • National Care Crisis reflected at regional and local level • Increasing provider costs – CPI etc • Impact of national decisions such as increase to National Living Wage • Increased pressure to implement Real Living Wage – including to mirror approach adopted by other regional Local Authorities • Workforce issues – recruitment, retention, pay and conditions • Affordability 		
Result	<ul style="list-style-type: none"> • Budgetary impact / Council overspend • Failure to meet statutory obligations • Provider failure • Needs of the population being unmet • Contracts being handed back – leading to potential increased use of non-contracted Providers • Reputational damage 		
Current treatments and controls	<ul style="list-style-type: none"> • Cost of Care exercise commissioned externally • Market management by strategic commissioning re increased efficiencies • Establishment of Local Framework Agreements to manage costs • Establishment of Strategic Partnerships with providers • Utilisation of Workforce Grants 		
Risk owner	ED ASC&H		
Proposed actions	<ul style="list-style-type: none"> • Collaborative Fee Setting Exercise with finance and legal • Use of bespoke cost of care tools to calculate costs • Implementation of Local Frameworks to control costs • Benchmarking with regional authorities • Enhance pooled budget arrangements with Health • Integrated approach to commissioning • Demand Management programme – realignment / redistribution of expenditure across service sectors to reflect actual/desired changes in demand 		

Risk Description	Previous risk score	Current risk score	Target risk score
Significant impact on Service Delivery for Planning and Sefton LA			Not indicated
Causes	Government are completing an overhaul of Planning System		
Result	Impact - Requirement to review and amend local plan, impact on financials as creates a removal of revenue. Loss of control with potential impact on Town Centre Recovery and Community cohesion		
Current treatments and controls	Added on 05.08.20 impact and associated actions not yet known, requires escalation onto CRR As controls and Govt detail become clearer the impact will be re-assessed and this may be removed from CRR.		
Risk owner	DM		
Proposed actions	The Planning Risk requires maintaining on the CRR as there is still no detailed guidance from the Government on the changes and so risk assessment and mitigation cannot be completed.		


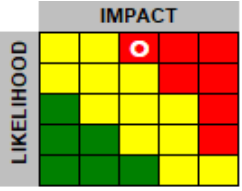
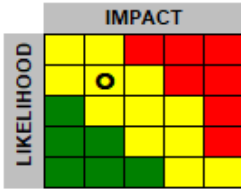
Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> Services will not have access to systems and data as standard and will have to fall back on non-ICT delivery methods, albeit without access to key data. Data breach occurs. Financial impact of ransom. Reputational damage 		
Current treatments and controls	<ul style="list-style-type: none"> Cyberattack prevention measures are in place, including <ul style="list-style-type: none"> Upgraded Council firewalls and active SIEM monitoring service. Anti malware tools New Acceptable use policy LGA Stocktake completed PSN Accreditation achieved New security standards for email encryption implemented Further network security in place to reduce risk Back-up disaster recovery facility is in place at a separate site, allowing Agilisys to restore the top 20 critical systems. Agilisys has a Business Continuity-Disaster Recovery plan in place which covers an action plan for this priority restoration, and the subsequent restoration of all other systems Ongoing monitoring in place via ICT governance arrangements Windows Defender anti-virus software is constantly updated alongside ESET also deployed Communication to employees regarding the rise in malware attacks is in place, with plans to roll out better user education on this topic. 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> The ongoing ICT Transformation programme will see the majority of systems and data migrated to Microsoft Azure cloud hosting, which will reduce the overall risk and improve Business Continuity, however further work is underway to improve the current security posture further Education programme for phishing to continue and this will be linked to the annual information security training Review of Cyber Incident planning underway given the recent high-profile breaches in other authorities. 		

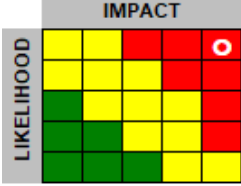
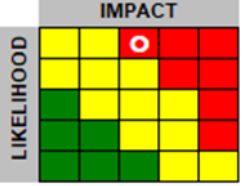
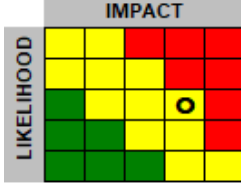
Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2021/22			
Causes	The Council has a wholly owned Housing Development Company- due to the prevailing economic conditions at present and the issues that surround supply chains (which are worldwide) there is a risk that there could be a financial impact on the Council.		
Result	<p>There are 3 key issues that could materialise from this risk</p> <ul style="list-style-type: none"> • The Council's potential dividend of £1.3m may not be received and this would have an impact on the MTFP for 2024/25 • The Council provides a debt facility to the company that based on the recent cabinet report amounts to £8.3m- this is due to be fully repaid in 2024. • The Councils ambition to provide high quality Housing maybe compromised 		
Current treatments and controls	<ul style="list-style-type: none"> • The Council has received (October 2021) a detailed update report on all aspects of the Company's activities including building programmes, grant funding and financial implications • Within that report members were provided with details of how the business plan was revised to inform more accurate financial projections that reflect a more accurate build, completion and sales programme. • That report also provided details of the risk management approach that the company administers • The Company has advised that it will utilise the councils internal audit team to undertake a work programme during 2021/22 • The new financial implications received by members were initially approved pending the receipt of details of an updated exit strategy- this was received, and detail provided to members in December • An update on the governance arrangements in the company will be provided to Cabinet for approval in Q1 of 2022 • Monthly updates are provided by the Company to the Council for review on all aspects inc financial performance, sales and risk management- this provides the information from which decisions around immediate escalation of key issues or variations to the Business Plan to Cabinet are made 		
Risk owner	CEX/ ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> • Receive monthly monitoring reports from the Company and report to Members any material variations to the Business Plan • Ensure governance arrangements are robust • Complete annual audit work • Complete annual report to Cabinet and Council as appropriate on delivery of Business Plan • Ensure MTFP takes account of latest dividend projections and Budget reports detail fully balance sheet exposure as a result of peak debt and how this would be managed 		

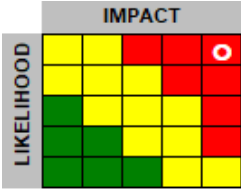
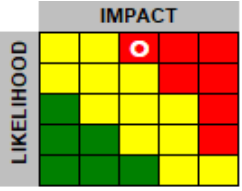
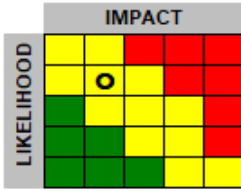
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to meet the targets set out in the councils declared climate emergency</p>			
Causes	<p>The Council has declared a climate emergency with a view to becoming a net zero contributor by 2030 - the aim of this declaration is to improve the lives of residents, make the Borough a more attractive place to live and work, contribute to addressing the global impact of climate change contribute to stopping the deterioration of the Sefton environment.</p>		
Result	<ul style="list-style-type: none"> • Further deterioration in air quality • Extensive Coastal Erosion • Further deterioration in overall Sefton Environment • Sefton fails to support the drive to reduce carbon emissions that are having a significant impact on climate change • Reduced life expectancy • Reputational damage having declared an emergency and agreed a strategy and implementation plan 		
Current treatments and controls	<ul style="list-style-type: none"> • Council has declared a climate emergency • Council has agreed the Strategy to meet this Declaration • Initial activities all completed • 3 year implementation place agreed by council • Annual Reports track progress and are reported to Cabinet and Council • First year of activity on target • Initial projects in 3 year period include- move to agile working for staff, street lighting energy scheme, decarbonation work at Bootle and Southport Town Halls and exploring options around using 100% renewable electricity 		
Risk owner	<p>ED CR&CS and ED People</p>		
Proposed actions	<ul style="list-style-type: none"> • Assess options for 100% renewable electricity • Ensure completion of initial 3 year implementation place • Identify and bid for external funding to support change initiatives as without such financial support this will compromise the council's ability to meet its target • Work with Combined Authority on communication strategy and leverage the CA to identify external funding and align with their programme of works • Work with the voluntary sector who have also declared a climate emergency - this will support delivery of schemes, external funding generation and community engagement for both organisations 		

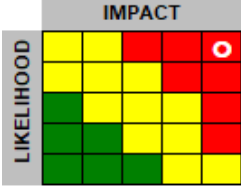
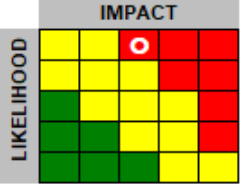
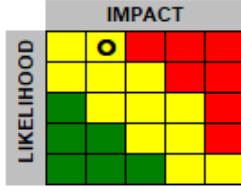
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • High Needs budgets are under considerable pressure from increasing numbers of children being diagnosed with complex and life-long SEND related issues. • National funding allocations are not increasing annually to reflect increases in local population demand and so any additional commissioned places need to be financed from within existing budget envelope. • The number and value of requests from mainstream schools for "top-up" funding (for children with SEND) continues to increase year on year as schools face financial pressures to meet the first £6k of any SEN Support. • Maintained special school provision is full and so more and more children are being placed in independent provision which is more expensive. Whilst this issue is being addressed in 2021/22 through extra In-House provision, there remain risks that external placements may continue at high additional cost. • Central Government have advocated parental preference for SEND provision - which has added to the number of children being placed in independent provision - with no additional funding 		
<p>Result</p>	<ul style="list-style-type: none"> • Sefton's High Needs budget overspend was £2.8m for the financial year (2020/21) and this increased the balance sheet deficit on High Needs to around £8.3m. • In 2021/22, despite a considerable increase to Sefton's High Needs Funding allocation of over £3.1m, there is still a forecast overspend for 2021/22 of £1.5m, which would take balances on High Needs to a deficit of £9.8m by the end of 2021/22, unless this can be addressed. • The estimated deficit on the high needs block will be held on the Council's Balance Sheet. The DfE do not expect the Local Authority's General Fund to cover accumulated deficits, however the size of the deficit is continuing to increase. • Ofsted inspection affected. 		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> • Report to Cabinet on work programme, timescales and objectives • Engagement with Head of Education Excellence and the SEN team Managers on how costs can be contained. • Sufficiency statement produced that will drive future strategy and financial sustainability • Lobbying and engagement of both DfE and MCCLG on financial impact and the need for increased support • Engagement with special schools actively working with individual schools to review impact of any proposed changes to their funding, reviewing three-year financial plans, identifying any strategic savings to mitigate high calls on DSG High Needs funding. • Review of place and top up levels of funding. • In addition, further work is being undertaken on alleviating the barriers to inclusivity within mainstream settings and assessment of effectiveness of capital spend to maximise mainstream settings for children and young people. • Sefton Schools Forum has agreed to the continuation for an additional year of intra-block funding decisions made in 2020/21 to increase funding available in 2021/22. • The transfer of 0.25% (£0.430m) from the Schools Block to the High Needs Block, will target funding towards supporting the most inclusive schools. 		

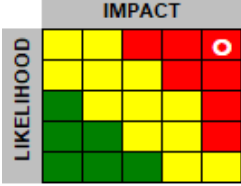
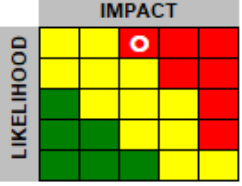
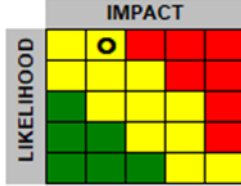
	<ul style="list-style-type: none"> • The National High Needs Block formula funding allocation to Local Authorities has increased by £780m in 2020/21; and by a further £730m in 2021/22 as part of a three-year funding agreement compared to the 2019/20 baseline. • Sefton’s share of the additional funding in 2021/22 after deductions for directly funded schools by the ESFA and excluding increases for Teachers Pay and Pensions which was rolled into the HN Funding settlement, is £2.555m.
Risk owner	Head of Education Excellence
Proposed actions	<ul style="list-style-type: none"> • Lobbying of Government continues with a view to securing increased funding. Some LA s have been working in partnership with the DfE with agreement to have their High Needs deficits reduced over a 3 year period and Sefton will engage with the DfE to seek a similar agreement based on its work on a High Needs review and towards reaching a balanced budget position 2021/22 - 2022/23 • The SEND Schools Forum is the Project Group tasked with implementing an action plan to address the annual overspend, cumulative deficit and bringing the budget back into an in-year balanced position for 2021/22 - 2022/23. • To date, two specific workstreams have been developed with LA and School representatives working on a number of key areas: • Developing a new funding model to support children with EHCPs; • Clarifying high needs funding outside of the EHCP process; • Reviewing provision and placement sufficiency. • Considering new ways of working with SEN children in schools, making them more cost effective and with good outcomes. • Review of the graduated response and supporting SEN leadership in schools.

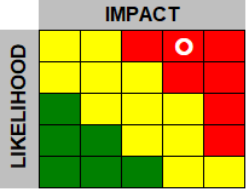
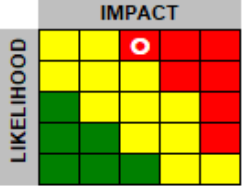
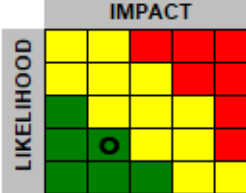
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to manage increasing demand for services within Children’s Social Care</p>			
Causes	<p>Increase in the number of children needing a CSC intervention including increase in LAC and CP Changes to National Transfer Scheme- rota system for unaccompanied asylum seekers - New demand from Sept 2021 Budgets reduced to meet Council Targets has had an impact on the delivery of early help services</p>		
Result	<ul style="list-style-type: none"> • Inability to cope with demand, increased safeguarding risks • Inability to meet childrens’ needs at the right time • Loss of reputation and poor inspection outcomes • Increase in budget pressures • Increase in Social Work Caseloads 		
Current treatments and controls	<ul style="list-style-type: none"> • Regular audit of cases, scrutiny of data and understanding of demand to predict future demand (needs analysis) • Demand Management Programme as part of the next PSR projects in place with a number of workstreams to reduce demand for services. • Increased workforce capacity and recruitment and retention initiatives • Programmes sufficiency and commissioning to control spend and market development. • National Transfer Scheme- rota system for unaccompanied asylum seekers - Approaches made to providers to assess capacity to support this provision - exploration of securing additional capacity. 		
Risk owner	<p>HoCSC/DCS</p>		
Proposed actions	<ul style="list-style-type: none"> • Demand management workstream with project management • Recruitment of Support workers to undertake non - social work tasks • Managed Service in place to support reduced SW caseloads • Increased resource to discharge Care Orders at home. Creation of an assessment service. 		

Risk Description	Previous risk score	Current risk score	Target risk score
<p>School debts transferring back to the Council in the event of them being forced into academy status or closing.</p>			
Causes	<p>Schools with Licensed Deficit Budget Agreements with the Council fail an OFSTED Inspection and the Secretary of State for Education issues and Academisation Order to transfer control of the school over to Multi Academy Trust. Governing Bodies of Schools with Licensed Deficit Budget Agreements are not provided assurance that the school can become viable and Elected Members agree to the closure of the school.</p>		
Result	<ul style="list-style-type: none"> • There are 7 Schools who are operating under a Notice of Concern as they have an agreed licensed deficit agreement with the Council or are projected to be in a deficit balance situation in 2021/22. • There are two other schools that have deficits in 2021/22 and the LA will be providing them with a Final Notice and working with the Governors to produce a financial action plan to address the deficit and agree a licensed deficit. The overall deficit of the above establishments in 2021/22 is approx.£1.96m 		
Current treatments and controls	<ul style="list-style-type: none"> • All Schools must provide 3-year financial plan to the Council by 30th April each year and get agreement to operate under a Licensed Deficit Agreement. • Along with any Licensed Deficit Budget Agreement Schools are also given a Financial Notice letter which sets out the financial framework under which the Governors and Senior Members of the school must operate while they are in deficit. • Quarterly report to Cabinet Member Children, Schools and Safeguarding on overall financial risk to the Council and performance of each school against the agreed Licensed Deficit Plans. • Termly meetings with Head of Education Excellence and Finance staff with the Chair of Governors and Headteacher of each school operating under a Licensed Deficit Budget Agreement to discuss financial performance against agreed plan. • Discussion of financial performance of schools at termly Schools Causing Concern meetings where educational performance is also discussed and identifies schools that could fail any upcoming OFSTED Inspection. • The option for the Council to remove delegation from the school if an academy order is placed on the school and the Council has concerns regarding the overall deficit position of the school. 		
Risk owner	HoEE		
Proposed actions	<ul style="list-style-type: none"> • Continued operation of Licensed Deficit Agreements and scrutiny of school financial plans and ongoing support to Governing Bodies • Meetings between the Council and the Liverpool Archdiocese to develop strategy to support a number of VA Schools who present a significant financial concern to the Council. • Agreement from the DfE to provide the Council with additional financial support through its School Resource Management Advisory Team to review the finances of specific schools and give some external / independent advice on a school's finances. 		

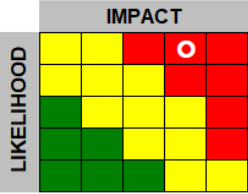
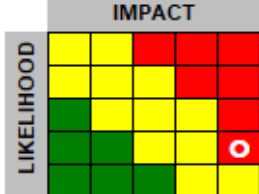
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to plan within annual budget for increased placement costs for Children's Social Care</p>			
<p>Causes</p>	<p>Numbers of children in care increase, demand for placements cannot be met as cost increases. Impact of Covid 19 on demand and costs of placements National Transfer Scheme- rota system for unaccompanied asylum seekers - Changes of responsibility across Local Gov means Sefton will need to consider arrangements for unaccompanied asylum seekers and impact on local market Increased cost of placements.</p>		
<p>Result</p>	<p>Costs increase and quality and sufficiency of placements decreases</p>		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> • Fortnightly meeting to monitor placement costs and reduce high cost placements • Programme of market reform in residential market • Focus on recruitment of in house foster carers • Work with LCR on a wider programme of market reform. • Specialist resources for Children's Commissioning • Improvement Plan for Children's Commissioning • Independent Improvement Board with Chair and DFE representation 		
<p>Risk owner</p>	<p>HoCSC/DCS</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> • Development of market to meet need • Opportunities to collaborate across LCR to develop market • Regular review of budgets to identify and mitigate pressures • Project Management through Demand Management Workstream 		

Risk Description		Previous risk score	Current risk score	Target risk score
Impact of regulatory inspection framework and the outcome of previous inspections on Sefton				
Causes	Negative outcomes of regulatory inspections and visits			
Result	<ul style="list-style-type: none"> Services are found to be not adequately safeguarding children and meeting their needs Reputational damage to the Council and statutory partners with significant impact on staff morale and potential difficulties recruiting social workers Significant impact on LA reputation if priority actions are not addressed 			
Current treatments and controls	<ul style="list-style-type: none"> Independent Improvement Board is already established. A DfE Adviser is appointed and a new improvement team is in place with a plan to address priority actions. Governance arrangements reviewed and strengthened with Children's Improvement Partnership Board reporting to Health and Wellbeing Board QA framework in place. Ongoing preparation in place for ILAC inspection due in the next 6 months Improvement Plan Full diagnostic completed 			
Risk owner	HoCSC/DCS			
Proposed actions	<ul style="list-style-type: none"> CSC Improvement Plan is reported to the Independent Improvement Board and to the DfE Performance meetings to continue. Accurate and detailed diagnostics completed across the department, workstreams established and actions being undertaken. Support via Partners in Practice to scrutinise effectiveness of partnership arrangements and permanence arrangements for children Programme of audit and independent audit planned. 			

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to mitigate impacts of COVID-19, EU Exit, winter, austerity, on the Sefton economy</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • Lack of support for business • Lack of progress on projects that can support recovery • Lack of capital and revenue funding from government • Impact of wider issues on local businesses (eg national retailers) • Loss of key employers to the borough and towns, particularly Bootle and HMRC, Santander • Impact on key sectors (especially hospitality) in Southport 		
<p>Result</p>	<ul style="list-style-type: none"> • Increased business failure • Increased unemployment • Financial and reputational risks to the Council • Impact on communities of port disruption, increased traffic, etc • Loss of reputation • Impact of wider economic change on residents, particularly the most vulnerable 		
<p>Current treatments and controls</p>	<p>Sefton Strategic Recovery - Economy Plan:</p> <ul style="list-style-type: none"> • Plan currently being adapted to include in more detail the Covid-19 and EU Exit requirements. • The Sefton Economic Strategy (SES) Action Plan is being used as the "Foundation Document" for the Economic Recovery Plans • The SES A/Plan has been thoroughly reviewed and is fit for purpose for foundation of recovery planning. • The SES A/Plan and associated recovery actions will report through the Economy Cell structure. • The Economy Cell will report through the Growth board and Exec for Place. • Covid related Grants will be managed effectively as all previous eg discretionary Grants and will report through the Economy Cell. • Growth programme - Will ensure through regular review and Stewardships that projects if applicable focus on recovery for the Economy • Ongoing business and Employment support via InvestSefton and Sefton@Work in context of and when required focused on pandemic and of EU Exit • Full engagement in regional growth-related forums • Establishment of multi-stakeholder working groups focused on recovery in key town centres. • Recovery planning activity in Southport underpinned by Town Deal opportunities 		
<p>Risk owner</p>	<p>HoEG&H</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> • The Sefton Economic Strategy is under complete review and will include all actions associated with recovery from pandemic. • Revised SES due for completion July / August 2022 • Actively pursue opportunities for additional external funding via LCR/CA and HMG to develop projects • Investor proposition development and proactive business development activity to ensure attraction and retention of businesses and employers in the borough 		

Risk Description		Previous risk score	Current risk score	Target risk score
ASC Workforce – recruitment, availability of suitably qualified staff and retention of current workforce				
Causes	<ul style="list-style-type: none"> • Inability to recruit qualified personnel - regional/nationwide issue • Working conditions and work pressures 			
Result	<ul style="list-style-type: none"> • Increased waiting times leading to delays in responsiveness for some individuals and carers. • Risk to delivery of certain statutory functions in specific areas, • Potential to miss priority and vulnerable service users • Potential for poor service delivery • Reduced of quality assessment and support planning due to demands on staffing • Challenges to budget management and forecasting • Increase in service user complaints • Poor morale and higher turnover of staff due to increased pressure on other colleagues • Increased management resource needed to deal with HR issues 			
Current treatments and controls	<ul style="list-style-type: none"> • Targeted action to attract and retain key roles eg AMHP's, BIA's • Processes in place to monitor waiting times and cases pending at Senior Level including action taken to mitigate any potential risk. • Staff induction and training and induction plans reviewed • Personnel and HR policies to address concerns around capability and performance • Process to monitor and manage staff absence - additional support from HR and promotion of wellbeing support • PDR process and assessment of training needs • Professional Practice Forum established • Robust training plan for ASYE Adults programme • Regular staff training events in place • Core training offer in place to support professional development and retention • Empower staff to value continued improvement - Focus on reading time for front line staff • Apprenticeship scheme expansion - opportunities now available across a range of roles and professions - managerial, professional, business and administration to aid development and succession planning • Final draft of Career Progression Framework out for feedback. • Strategic Workforce meeting now in place 			
Risk owner	HoASC			
Proposed actions	<ul style="list-style-type: none"> • Workforce Development Strategy developed • New supervision policy agreed and implemented • Establish celebrating success through case studies and staff acknowledgement • Review flexible and weekend working 			

- Continued expansion of Apprenticeship schemes to ensure development opportunities across service
- Develop clear succession pathways across the service
- Work collaboratively with ADASS and its membership to ensure regional and national workforce initiatives are actively engaged with.
- Investigate creative options of utilising skilled but unqualified personnel / extending apprenticeship scheme for creating 'homegrown' talent
- Guidance for managers and practitioners regarding the prioritisation of cases/referrals awaiting action being refreshed in line with ADASS guidance.
- Trusted assessor (prescribing of low level equipment) training programme to be expanded

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inability to deliver the requirements and commitments for the Growth Programme and its associated Projects</p>			<p>TBC</p>
Causes	<p>Required Capital and Revenue funding not available to deliver the projects for Economic Recovery and Growth. This can be due to unavailability or timing of funds available. External pressures affecting the construction sector, leading to challenges to project deliverability, affordability or timescales.</p>		
Result	<ul style="list-style-type: none"> • Increased business failure • Reputational Damage especially on projects declared already in the public domain. • Increased unemployment • Financial and reputational risks to the Council • Impact on communities. • Loss of reputation • Impact of wider economic change on residents, particularly the most vulnerable 		
Current treatments and controls	<ul style="list-style-type: none"> • Growth Programme and associated Governance and project controls. • Bid process and expertise applied to all existing and new funding opportunities. • Members approval and prioritisation of existing and new projects. • Constant and consistent evaluation and use of Growth Budget. • Opportunities in respect to Capital receipts from asset disposal. 		
Risk owner	<p>HOS - EG&H</p>		
Proposed actions	<ul style="list-style-type: none"> • Immediate review of the Government White Paper on Levelling Up to ensure timely advantage taken of any funding opportunity. • Actively pursue all additional funding available in timely and at the earliest opportunity. • Create and make available Bid Team focused on and challenged with successful bids. • Establish Project Review forums and reporting mechanisms for early visibility of reporting of project progress and any emerging issues - on a project-specific and programme-wide basis. • Proactive external engagement with construction sector and key partners (eg LCR CA) to ensure visibility and understanding of risks to the sector and potential mitigants. • Develop and implement procurement strategy to ensure sustained competition, robustness of process and suitable partners for project delivery - Currently being actioned. 		

Risk Description		Previous risk score	Current risk score	Target risk score
Failure to adequately maximise the benefits of digital growth to the local community and businesses				
Causes	Budget reductions; inadequate funding levels and capacity to meet needs of strategy.			
Result	<ul style="list-style-type: none"> Digital and technology is a key enabler within multiple workstreams of the authority and its transformation programmes as well as being recognised as an enabler of economic growth. Non-delivery across digital workstreams would impact on key workstreams and economic growth. 			
Current treatments and controls	<ul style="list-style-type: none"> New and emerging challenges around digital infrastructure, inequalities and exclusion, and skills and training are addressed but a whole council approach is required to meet future challenges. 			
Risk owner	ED People			
Proposed actions	<ul style="list-style-type: none"> Key workstreams have been developed around infrastructure (linked to LCR Connect (the LCRCA Backhaul Network), Digital Training and Skills Board and Digital Inclusion (both business and community focussed). All report into Framework for Change 2020. Overarching purpose is to develop the vision across all themes and to actively seek out collaborative opportunities to meet that vision through partners, VCF sector, LCRCA, private sector provides and central government funding streams. 			

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Agenda Item 6

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Sefton Council Anti-Money Laundering Policy Update		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Resources		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The report provides Members with an update on the Council's Anti-Money Laundering Policy.

Recommendation(s):

That Members note that no contraventions of the Anti-Money Laundering policy have occurred since the policy was approved on 16 December 2020 and that no updates to the Council's Anti-Money Laundering Policy are required.

Reasons for the Recommendation(s):

Guidance from the Chartered Institute of Public Finance and Accountancy ("CIPFA") indicates that local authorities should comply with the underlying spirit of the legislation and regulations. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them and may also lead to a conviction under Proceeds of Crime Act 2002 and Money Laundering Regulations 2017.

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

Not having a policy would leave Officers at risk from the Proceeds of Crime Act 2002 and Money Laundering Regulations 2017.

What will it cost and how will it be financed?

(A) Revenue Costs

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None.

(B) Capital Costs

None.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
There may be some staffing time required for training.	
Legal Implications:	
The Council must implement the policy to ensure that any suspected cases of money laundering are reported to the National Crime Agency.	
Equality Implications:	
There are no equality implications.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6738/22) and the Chief Legal and Democratic Officer (LD.4738/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

N/A.

Implementation Date for the Decision

With immediate effect.

Contact Officer:	Tom Walmsley
Telephone Number:	0151 934 4042
Email Address:	thomas.walmsley@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

Anti-Money Laundering Report approved by Audit and Governance Committee on 16 December 2020 – Setting out the Anti-Money Laundering Policy at Appendix A.
[Report to: \(sefton.gov.uk\)](https://sefton.gov.uk)

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1. Background to the Report

Money Laundering is the process by which criminally obtained money or property is exchanged for “clean” money or other assets with no obvious link to their criminal origins. The term is used for several offences involving the integration of “dirty money” (i.e. the proceeds of crime) into the mainstream economy. The aim is to legitimise the possession of such monies through circulation and this effectively leads to “clean” funds being received in exchange. Guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) indicates that local authorities should comply with the underlying spirit of the legislation and regulations. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them and may also lead to a conviction under Proceeds of Crime Act 2002 and Money Laundering Regulations 2017.

The Sefton Council Anti-Money Laundering policy was approved by Audit & governance Committee on 16 December 2020.

2. Update

It can be reported that no contraventions of the Anti-Money Laundering policy have occurred since the policy was approved on 16 December 2020.

It should also be noted that there have been no changes in the regulations since the policy was approved on 16 December 2020.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Internal Audit Charter and Annual Audit Plan		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report presents the revised Internal Audit Charter and the proposed Internal Audit Plan 2022/23 for approval by Members.

The Internal Audit Charter has been amended to reflect the proposed changes in the way that areas of responsibility that the Chief Internal Auditor are audited where this is identified as required.

Recommendation(s):

(1) Members are requested to:

- (i) Approve the Internal Audit Charter
- (ii) Approve the Internal Audit Plan 2022/23

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate the continued provision of a comprehensive, efficient and effective Internal Audit Service which meets professional Standards.

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

None.

What will it cost and how will it be financed?

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(A) Revenue Costs - There are no direct financial implications arising from this report. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

(B) Capital Costs - There are no capital costs arising from this report.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>There are no specific resource implications arising from this report other than the report stating how many days will be spent on internal audit during 2022/23 and the rotation of CIPFA trainees within their Finance placement for six months and the secondment of CIPFA qualified staff contained within the Finance staffing budget.</p>								
<p>Legal Implications:</p> <p>There are no legal implications.</p>								
<p>Equality Implications:</p> <p>There are no equality implications.</p>								
<p>Climate Emergency Implications:</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="text-align: center; padding: 2px;">Y</td> </tr> <tr> <td style="padding: 2px;">Have a neutral impact</td> <td style="text-align: center; padding: 2px;">N</td> </tr> <tr> <td style="padding: 2px;">Have a negative impact</td> <td style="text-align: center; padding: 2px;">N</td> </tr> <tr> <td style="padding: 2px;">The Author has undertaken the Climate Emergency training for report authors</td> <td style="text-align: center; padding: 2px;">Y</td> </tr> </table> <p>The Annual Audit Plan is risk based and designed to provide assurance on the Council’s key risks. One of the key risks is Climate Change and the plan includes work to be conducted on Climate Change.</p>	Have a positive impact	Y	Have a neutral impact	N	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	Y
Have a positive impact	Y							
Have a neutral impact	N							
Have a negative impact	N							
The Author has undertaken the Climate Emergency training for report authors	Y							

Contribution to the Council’s Core Purpose:

The Council’s Risk and Audit Service is a key enabler to the delivery of the Council’s Core Purpose as set out below

Protect the most vulnerable: Positive
Facilitate confident and resilient communities: Positive
Commission, broker and provide core services: Positive
Place – leadership and influencer: Positive

Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive
Greater income for social investment: Positive
Cleaner Greener; Positive

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6742/22) and the Chief Legal and Democratic Officer (LD.4942/22) 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 / Council meeting.

Contact Officer:	David Eden
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Appendices:

The following appendices are attached to this report:

- Internal Audit Charter and Internal Audit Plan 2022/23

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

Public Sector Internal Audit Standards

1. Introduction/Background

- 1.1 From 1 April 2013, new Public Sector Internal Audit Standards (hereafter referred to as "the Standards") came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).

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- 1.2 The Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector.
- 1.3 Two of the key requirements of the Standards are:
- “The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
 - “The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)
- 1.4 In line with the above standards the Audit and Governance Committee’s Terms of Reference includes the following responsibilities on internal audit:
- “To approve the internal audit charter.
 - 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”
- 1.5 This report sets out the Internal Audit Charter and Internal Audit Plan for 2022/23, in order to comply with these Standards and demonstrate the role, purpose and focus of Internal Audit during the forthcoming year.

2. Key changes

- 2.1 Within the Audit Charter there is a proposed change on auditing areas where the Chief Internal Auditor manages the area.
- 2.1.1 The interpretation for Standard 1112 from the Institute of Internal Auditors states
- The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organisational independence of the internal audit activity or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.*
- 2.1.2 This is the case at Sefton where the Chief Internal Auditor has responsibility for a number of areas outside of Internal Audit including:
- Risk Management
 - Health and Safety
 - Insurance
 - Business Continuity
 - Emergency Planning

- Counter Fraud

2.1.3 As in any Service area at some point due to the nature of the risks that the activity presents assurance may be required to demonstrate that there are effective controls in place to mitigate the risks presented by the activity. The obvious first challenge is where the Chief Internal Auditor manages the area is maintaining independence and objectivity of the review, a key standard, and there are a number of ways this can be achieved.

- A review conducted on a paid for basis by an external internal audit provider. The costs of the review can be extremely expensive, relies on a budget being available for the review and the quality of the internal audit team is not clear until after the review.
- A review carried out by another Local Authority with work being essentially “swapped” in each others audit plan. Historically although there has been some interest in agreeing to this in principle unfortunately when it comes to the point of seeking the review to be completed there is usually an issue of resources and timing that prevents the review taking place. We are also reliant on the quality and competence of the other Local Authority internal audit for which we have no visibility on until the work is completed.
- The review being carried out by the Sefton Internal Audit Team with a change of the reporting line of the audit. In these small number of reviews the audit is managed by the Audit Manager rather than the Chief Internal Auditor. The Chief Internal Auditor would be the auditee and the scope of the review would be agreed by the line manager of the Chief Internal Auditor, currently the Executive Director of Corporate Resources and Customer Services. Equally the Chief Internal Auditor would not be involved in the oversight of the report in the traditional way before it is issued, by the Audit Manager. The Audit Manager is solely responsible for the Internal Audit Team and not the operational line manager for any of the responsibilities of the Chief Internal Auditor. Whilst the approach has its weaknesses, relies in part on the integrity of the individuals involved, there are sufficient safeguards in place for the pragmatic solution instead of relying on an external review.

2.1.4 The Audit Charter prior to 2019/20, agreed by Members, stated that reviews would be undertaken by the Sefton Internal Audit using the different reporting line. In the Audit Charter 2019/20 presented to Members in March 2019, detailed the change of approach to using other Local Authorities or other providers of internal audit to provide the audits where there was necessary.

2.1.5 Discussions with CIPFA and the Institute of Internal Auditors have outlined that it would be acceptable to resume the practice of the Sefton Internal Audit Team carrying these reviews subject to:

- Declaration and agreement of Members, through the proposed Audit Charter.
- Declaring the conflict of interest in the Annual Audit Plan and then again when the report is presented to the key stakeholders, for example to Members, and is referenced in the report.
- Approve and periodically review any safeguards put in place to limit impairments to independence and objectivity, where the “Head of Internal

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Audit” has been asked to undertake any additional roles/responsibilities outside of internal auditing

- 2.1.6 The proposed wording change is detailed at 7.3 of the Audit Charter.
- 2.1.7 The resources position for the Internal Audit Team has been raised in previous quarterly performance reports to Members. Proposed changes in the resourcing of the team are detailed in the Audit and Risk Performance Report, 16 March 2022, and are detailed below:
- 2.1.8 A recruitment exercise to permanently fill the one vacant Principal Auditor post and the soon to be vacant Principal Auditor Post from May 2022 is currently ongoing at the time of writing. It is hoped that candidates can be recruited to start during the first quarter of 2022/23 financial year. In addition, a temporary member of staff has been agreed to provide support during the recruitment process. We are seeking to fill this with one of the existing temporary Principal Auditors who are due to both leave at the end of March 2022.
- 2.1.9 Currently there are a number of CIPFA finance graduate trainees that the Finance have in place to provide capacity for succession planning across Finance. Each of the staff members has to cover an Internal Audit module as part of the qualification process and we have agreed with Finance that we will on a rolling six-month rotation have one of the CIPFA trainees to enable them to experience internal audit starting from July 2022. This rolling rotation will enable the staff member to fully experience the role of internal audit and build a greater understanding of the issues providing the service, provide additional skills around, risk, control and governance that will complement their existing financial skills as well as provide additional capacity for the internal audit plan. In addition, we have agreed with Finance that we will take for two years a CIPFA Qualified staff member from October 2022 to provide additional in- depth internal audit experience with the potential to take on some limited line management role.
- 2.1.10 The two roles will provide greater co-operation across Finance, help to cement greater awareness of risk, control and governance issues across functions, help with succession/ diversity issues as well as providing greater capacity for the Internal Audit function. There are of course personal development opportunities for the staff involved. We welcome the opportunity this presents in training staff, building competence on key skills which will eventually return to the wider Council whilst dealing with the capacity issues we have experienced in delivering the audit plan this year. The proposed Internal Audit plans reflects the work we can expect the two new team members to undertake.
- 2.1.11 The proposed Internal Audit Plan is aligned to the Council Corporate Risk Register and is completed in line with a risk-based assessment.

2. Recommendation

- 2.1 Members are requested to approve the Internal Audit Charter and Internal Audit Plan 2022/23.

Risk and Audit Service: Internal Audit Charter and Plan 2022/23

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Audit and Governance Committee
16 March 2022

David Eden
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

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7.	Appendix B: Internal Audit Plan 2022/23	Pages 22- 27

1. Executive Summary

- 1.1 This report provides the Internal Audit Charter and Internal Audit Plan 2022/23 for approval.
- 1.2 These documents are key requirements of the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”), and so are vital in demonstrating the Internal Audit service’s compliance with these Standards.
- 1.3 The Internal Audit Charter sets out the role, purpose and authority of Internal Audit.
- 1.4 The Internal Audit Plan 2022/23 demonstrates how internal audit resources will be used during the forthcoming financial year so as to provide assurance on the effectiveness of the Council’s internal control system.
- 1.5 Particular attention has been paid to ensuring that the Internal Audit Plan is reflective of the changing risk landscape of the Council, and that it provides tangible added value to the Council in maintaining an effective system of internal control and management of risk. The plan has an emphasis on the role Internal Audit can play at a strategic level. This has been achieved through consultation with relevant stakeholders, and through incorporation of the principles of industry best practice.

2. Introduction

- 2.1 From 1 April 2013, new Public Sector Internal Audit Standards (hereafter referred to as “the Standards”) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).
- 2.2 The Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector. The Standards have been updated a number of times, most recently with effect from 1 April 2017.
- 2.3 Internal Audit is defined by the Standards as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
- 2.4 In executing its duties and complying with the Standards, Internal Audit must establish two key documents, and these must be presented to this Committee for approval on an annual basis:
 - Internal Audit Charter

“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
 - Internal Audit Plan

“The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)
- 2.5 This report presents both documents for approval and outlines the purpose of the documents and the process underpinning their compilation.

3. Internal Audit Charter

- 3.1 In compliance with the Standards, Internal Audit is required to establish a Charter which sets out its role, purpose and authority.
- 3.2 This provides clarity and legitimacy to the role of Internal Audit in the organisation, and assists the function is operating in line within an agreed framework.
- 3.3 The document acts as a guide for Internal Auditors in their daily work, but also assists officers and members of the Council in understanding what internal audit is and how it operates.
- 3.4 The Charter has been prepared to meet the Standards and incorporates all relevant requirements.
- 3.5 The Charter is shown at Appendix A. This is reviewed and presented to this Committee on an annual basis.

4. Internal Audit Plan 2022/23

Plan Compilation and Principles

- 4.1 The Standards state that the “Chief Audit Executive” must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management and “the board”.
- 4.2 In meeting this Standard, an extensive consultation exercise has been undertaken to identify potential areas for audit, comprising:
- Review of the Corporate Risk Register
 - Review of Service Risk Registers
 - Review of Committee reports and decisions
 - Cumulative audit knowledge and experience
 - Findings and outcomes from previous audit work
 - Engagement with Heads of Service
 - Evaluation of the risks highlighted by the Internal Audit Plan 2021/22.
- 4.3 A risk assessment exercise took place to form an overall view on the level of organisational risk each area poses. This was then used to inform a draft Internal Audit Plan, which was shared with the Chief Executive, external audit and senior managers prior to being presented to this meeting for approval.

Organisational Context

- 4.4 The organisational context for the Internal Audit Plan remains one of significant and fast-paced change in part due to transformational change and due to Covid-19 which is discussed later. Transformation in the design and delivery of services has continued over the past 12 months and is planned to continue.
- 4.5 In this context, the Internal Audit Plan must continue to be flexible to be able to adapt to and reflect the changing risk landscape of the organisation. Any material changes made to the plan during the year will be notified to this Committee.

Composition

- 4.6 The Internal Audit Plan has been based upon 1180 available audit days which is a significant increase from 2021/22. This is following the deduction of annual leave and other non-audit time.
- 4.7 The approach to the plan has changed this year in light of the impact of Covid-19 has had on both the design of the plan and the implementation of the Audit Plan during 2021/22. As previous reports to members have highlighted Covid-19 has generated new risks for the organisation to address, which has created pressures on the operational team to deliver to residents whilst ensuring that the operations remain in alignment with the latest Government requirements. Audits have as a result taken a little longer to undertake as staff are balancing business as usual against the response to Covid-19. In addition, the requirements around Covid-19 have been fluid which has added a degree of complexity for the organisation to respond to leading in some as well as in some cases Audit having to undertake a more hands on role in audits which in a normal environment would not be required.
- 4.8 The Audit Plan for 21/22 was built on a number of resourcing assumptions which Covid-19 and other events have unfortunately detrimentally impacted on them:
- Appointment of ICT Trainee Auditor member was on planned absence from February 2021 until February 2022.
 - Auditor who returned from long term absence in June 2021 left on ill health retirement in November 2021.
 - Unable to recruit two temporary auditors for six and nine months due to lack of suitable candidates being available in the job market.
- 4.9 The general approach for this forthcoming financial year is to assume for the audit plan that Covid-19 will have a reduced and diminishing impact on the organisation's activities over the year however there will be a focus will be in place on a smaller number of activities to enable recruitment to take place for additional temporary staff and the two permanent vacancies. This will allow the team to focus on the Annual Governance Statement, Governance review and the existing risks surrounding for example the Central Government Covid-19 grants. This will also provide some flexibility should any unplanned activity be required.
- 4.10 For the forthcoming financial year the audit plan reflects that all of the resource gaps are filled, and we have used prudent dates for the recruitment of the two permanent staff and the on-boarding of the CIPFA trainee and the CIPFA Qualified staff member from Finance. The Audit Plan due to the additional resources from Finance is able to cover some traditional cash check audits which we intend to use as both training and ensure that there is appropriate control systems in place in the post Covid world to limit cash use where possible. We intend to use colleagues from the Assurance Team to undertake some fieldwork under close supervision for areas where they are familiar with the area for example Council Tax, when they return from secondment from the business grant team.

- 4.11 The Audit Team will be focused solely on Assurance activities for the forthcoming year and the proposed plan does not include any time to provide support for the roll out of wider initiatives in the Risk and Audit Service. The intention is that with the proposed Annual Audit plan alongside the updated Assurance Plan should be able to provide sufficient coverage of assurance through the year to provide an unqualified Annual Audit Opinion.
- 4.12 In summary we are starting with a larger number of planned audit days due to the significant planned recruitment of resources during the next six months to the team. Covid-19 pandemic has and will likely continue to have diminishing impact on the audit plan however there may still be unpredictable events that may impact on the plan delivery however we have the ability to respond. The Audit Plan is focused on assurance on the key risks impacting on the Council's strategic objectives as they have been identified for the next 12 months. Members will be kept informed of any proposed changes.
- 4.13 There are three audits where no time has been allocated within the plan as two relate to the use of external resources to complete the reviews and the latter will be completed by the Internal Audit Management Team. These reviews are
 - Cyber Security
 - Tree Management
 - Sefton New Direction

Reporting and Performance

- 4.14 Progress against the Plan and key details of the outcomes of audit work will continue to be presented to every meeting of this Committee.
- 4.15 The suite of performance indicators will continue to be used to measure the delivery of the Internal Audit Plan and the effectiveness of the work undertaken. These will continue to be reported to each meeting of this Committee.

The performance indicators and associated targets for 2021/22 are:

Description and Purpose	Target
<p>Percentage of the Internal Audit Plan 2021/22 completed This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	<p>100%</p>
<p>Percentage of Client Survey responses indicating a "very good" or "good" opinion This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p>100%</p>
<p>Percentage of recommendations made in the period which have been agreed to by management This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p>100%</p>
<p>Percentage of audit recommendations implemented at the original target date This measures the extent the effectiveness and timeliness to which management implements audit recommendations. Provides assurance that control weaknesses are addressed promptly.</p>	<p>65%</p>

4.16 The Internal Audit Plan 2022/23 is shown at Appendix B.

5. Conclusions

- 5.1 The Internal Audit Charter sets out the role, purpose and authority of the Internal Audit section, and assists Internal Audit in complying with the Public Sector Internal Audit Standards.
- 5.2 The Internal Audit Plan 2022/23 has been prepared on a risk basis, following consideration of a number of sources and consultation with key stakeholders.
- 5.3 The Internal Audit Plan acknowledges the organisational context, particularly in relation to the post Covid-19 impact to services resuming and aligns resources with the most pertinent risks facing the Council during this time of significant and fast-paced change. The focus in the first quarter is to complete the recruitment and there is a small temporary reduction in coverage for the first quarter of 2022/23, whilst recruitment is undertaken, however there will be sufficient coverage and depth in the audit plan to provide a good level of assurance for the Annual Audit Opinion by the end of the financial year.



Internal Audit Charter

March 2022

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Version Control

Owner:	Internal Audit
Date Approved:	Presented to Audit and Governance Committee for approval 17 March 2021
Date Implemented:	Immediately following approval
Version Number:	5.0
Next Review Due:	March 2022

1. Introduction

- 1.1 The requirement for local authorities to have an Internal Audit function is determined by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2015 (SI 2015/234), regulation 6, more specifically require that a '*relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.*'

2. Purpose of this Charter

- 2.1 The purpose of the Internal Audit Charter is to define internal audit's purpose, authority and responsibility. It establishes internal audit's position within Sefton Council and defines the scope of internal audit activities.
- 2.2 This Charter also covers the arrangements for the appointment of the Head of Internal Audit and internal audit staff, and identifies the nature of professionalism, skills and experience required.
- 2.3 This Charter will be appropriately updated following any changes to the Public Sector Internal Audit Standards ("the Standards") or internal audit's operating environment and, as a minimum, will be reviewed by the Chief Internal Auditor and presented to the Audit and Governance Committee on an annual basis.

3. Definitions

- 3.1 The Standards define Internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".
- 3.2 The Public Sector Internal Audit Standards ("the Standards") require that the Internal Audit Charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Sefton Council Audit and Governance Committee, which assumes responsibility for overseeing the work of internal audit. Sefton Council's senior management team is the Senior Leadership Board members.
- 3.3 Sefton Council's Chief Internal Auditor fulfils the Chief Audit Executive (CAE) role as defined by the Standards.

4. Public Sector Internal Audit Standards

- 4.1 The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA), adopted the PSIAS from 1 April 2013. These Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 ("The Code"). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF).

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- 4.2 Compliance with the Standards is mandatory and must be subject to both internal and external assessment. The Chief Internal Auditor must undertake a self-assessment on a regular basis. An external assessment must also be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The results of these assessments will be reported to the Audit and Governance Committee.

5. Mission of Internal Audit

- 5.1 The Public Sector Internal Audit Standards define the mission of Internal Audit as:
“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”
- 5.2 The mission of Sefton Council’s Risk and Audit Service is:
“To deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers.”

6. Responsibilities

- 6.1 Internal audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms to the Definition of Internal Auditing and the Standards. All members of the Internal Audit team must also demonstrate conformance with the Code of Ethics, which is attached at Annexe 1 and the Core Principles:
- Demonstrates integrity
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Is insightful, proactive, and future-focused
 - Promotes organisational improvement
- 6.2 The Chief Internal Auditor must deliver an annual internal audit opinion and annual report that are used to inform Sefton Council’s Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is the ‘assurance role’ of internal audit.
- 6.3 Internal Audit may also provide an independent and objective consultancy service, which is advisory in nature and is generally performed at the specific request of senior management. The aim of the consultancy service is to assist line management to improve the Council’s risk management, governance and internal control arrangements.
- 6.4 Sefton Council’s Chief Executive has overall responsibility for the establishment of a sound system of internal control, and through the Annual Governance Statement, is required to demonstrate that this is in place and that actions are being taken to address any identified governance issues.

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- 6.5 Sefton Council's Executive Director of Corporate Resources and Customer Services acts as the Responsible Financial Officer as defined by section 151 of the Local Government Act 1972, which requires every authority in England and Wales to "... make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs". The Accounts and Audit Regulations 2003 emphasise the need for effective financial management and sound systems of internal control. They require that the Council should maintain an adequate and effective system of internal audit for their accounting records and control systems. It is a function of the Chief Financial Officer to direct Internal Audit and ensure that it is adequate for the Authority's purposes.
- 6.6 The Council's Chief Legal and Democratic Officer is the designated Monitoring Officer. This is a statutory appointment under Section 5 of the Local Government and Housing Act 1989 as amended by paragraph 24 of schedule 5 Local Government Act 2000. The role involves ensuring the Council's compliance with any General Guidance issued, from time to time, by the Standards Committee and the Monitoring Officer; making lawful and proportionate decisions; complying with the Council's Constitution and standing orders.
- 6.7 Sefton Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.
- 6.8 Management has a responsibility to respond promptly to audit plans, reports and recommendations.
- 6.9 Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with management and is monitored by Internal Audit and reported to the Audit and Governance Committee.
- 6.10 Where Sefton has joint ventures, shared services or where services are outsourced the Chief Internal Auditor will be responsible for providing risk-based assurance on the activities which would be reported to the Audit and Governance Committee.

7. Independence of Internal Audit

- 7.1 Internal Audit must be independent and internal auditors must be objective in performing their work. The Chief Internal Auditor must confirm the organisational independence of Internal Audit at least annually. Internal Audit has no operational responsibilities.
- 7.2 Any operational (non-audit) activities undertaken by the Chief Internal Auditor or a member of the Internal Audit team will be recorded, and any conflict of interest declared, so as to ensure that the independence of audit work is not seen to be compromised.
- 7.3 The Chief Internal Auditor is also responsible for the operational management of the Insurance, Risk and Health and Safety functions, and there are safeguards in place to avoid any potential conflict of interest or impairment to objectivity. This involves a clear separation of duties in audit work in these areas and clarity of reporting lines to ensure that there is no conflict of interest or impairment of objectivity in accordance with guidance from the Institute of Internal Auditors and CIPFA. Terms of reference for such audits are approved by the Executive Director of Corporate Resources and Customer Services, as is the resulting report, so as to provide transparency. The

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report will note the potential conflict of interest and will be reported to the Audit and Governance Committee also noting the potential conflict of interest.

8. The Chief Internal Auditor

- 8.1 The Chief Internal Auditor is appointed by Sefton Council and must have sufficient skill, experience and competencies to work with senior management and the Audit and Governance Committee to influence and inform the risk management, governance and internal control arrangements of Sefton Council.
- 8.2 The Chief Internal Auditor is responsible for ensuring that the members of the Internal Audit team possess the appropriate knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the Standards. The Chief Internal Auditor will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent, and will adhere to professional values and the Code of Ethics.
- 8.3 The Chief Internal Auditor reports to the Executive Director of Corporate Resources and Customer Services through the Head of Finance. The Chief Internal Auditor, or an appropriate representative of the internal audit team, attends meetings of the Audit and Governance Committee unless, exceptionally, the Committee decides that they should be excluded from either the whole meeting or for particular agenda items.
- 8.4 The Chief Internal Auditor shall have an independent right of access to the Chair of the Audit Governance Committee, if required. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Chief Internal Auditor may report directly to the Chair of the Audit and Governance Committee.
- 8.5 Internal Audit will co-operate with and assist External Audit.

9. Scope of Internal Audit

- 9.1 The Chief Internal Auditor should develop and maintain a strategy for providing the Executive Director of Corporate Resources and Customer Services with an objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. Internal Audit's activities should be undertaken effectively and efficiently. The annual Internal Audit Plan will be risk based, prepared in consultation with Heads of Service and Directors and be presented to the Audit and Governance Sub-Committee for approval. The opinions of the Chief Internal Auditor are a key element of the framework of assurance needed to inform the completion of the Annual Governance Statement (AGS).

Opinion Work

- 9.2 The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

Governance

- 9.3 Internal audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

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- promoting appropriate ethics and values within Sefton Council;
- ensuring effective organisational performance management and accountability;
- communicating risk and control information to appropriate areas of Sefton Council; and
- co-ordinating the activities of and communicating information to the Audit and Governance Committee, external and internal auditors and management.

Risk Management

9.4 Internal audit must evaluate the effectiveness of, and contribute to, the improvement of risk management processes by:

- assessing organisational objectives to support and align with Sefton Council's corporate objectives;
- ensuring significant risks are identified and assessed; and
- ensuring that audit recommendations are appropriate to address key risk areas identified.

Internal Control

9.5 Internal audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding:

- achievement of the organisation's strategic objectives;
- reliability and integrity of financial and operational information;
- economical, effective and efficient use of resources;
- effectiveness and efficiency of operations and programmes;
- safeguarding of Sefton Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery;
- compliance with laws, regulations, policies, procedures and contracts.

9.6 The Chief Internal Auditor must ensure appropriate internal audit arrangements are in place in respect of partnership or joint working arrangements, where relevant.

Non - Opinion Work

9.7 Internal Audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific provision will be made in the Internal Audit Plan to allow for such work.

9.8 The Chief Internal Auditor must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the Internal Audit Plan. Approval would be sought from the Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee for any significant additional consulting services not already included in the Internal Audit Plan, prior to accepting the engagement. The Chief Internal Auditor must consider if consultancy work contributes towards the overall opinion.

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Fraud

- 9.9 Managing the risk of fraud is the responsibility of line management. Executive Director of Corporate Resources and Customer Services has specific responsibilities in relation to the detection and investigation of fraud and may request internal audit to assist with the investigation of suspected fraud or corruption, in accordance with the Investigation Protocol. Internal audit should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their Audit Plan.

Reporting

- 9.10 The Chief Internal Auditor will agree reporting arrangements with the Executive Director of Corporate Resources and Customer Services which will include procedures for the:
- distribution and timing of draft audit reports;
 - Manager's responsibilities in respect of responding to draft audit reports;
 - distribution of finalised audit reports;
 - follow up by internal audit of agreed recommendations; and
 - escalation of recommendations where management responses are judged inadequate in relation to the identified risks.
- 9.11 The Chief Internal Auditor will present a formal report annually to the Chief Executive, Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee giving an opinion on the overall adequacy and effectiveness of Sefton Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS and will provide a summary of the work to support the opinion. It will be timed to support the production of the Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit and Governance Committee on a quarterly basis during the year.

Internal Audit Access Rights

- 9.12 Where necessary in the conduct of their work, internal auditors are entitled to require and receive:
- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
 - access at all reasonable times to any land, premises and officer of Sefton Council;
 - the production of any cash, stores or other property of Sefton Council under an officer's control; and
 - explanations concerning any matter under investigation.

Internal Audit Resources

- 9.13 If the Chief Internal Auditor or the Audit and Governance Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Executive Director of Corporate Resources and Customer Services accordingly.

Annexe 1 - Internal Audit Code of Ethics

Requirements

In accordance with the Public Sector Internal Audit Standards, internal auditors in UK public sector organisations must conform to a Code of Ethics.

If individual internal auditors have membership of a professional body, then he or she must also comply with the relevant requirements of that organisation.

The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing. A Code of Ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Code of Ethics includes two essential components:

1. *Principles* that are relevant to the profession and practice of internal auditing;
and
2. *Rules of Conduct* that describe behaviour norms expected of internal auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others.

The term 'Internal auditors' refers to members of recognised Professional Bodies (e.g. CIPFA, IIA) and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide internal auditing services. Disciplinary procedures of professional bodies and employing organisations may apply to breaches of this Code of Ethics.

Integrity

Principle:

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct:

Internal auditors:

- Shall perform their work with honesty, diligence and responsibility.
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

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Objectivity

Principle:

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct:

Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

Principle:

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct:

Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency

Principle:

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct:

Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Shall continually improve their proficiency and effectiveness and quality of their services.

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life (the "Nolan Principles"):

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- Selflessness;
- Integrity;
- Objectivity;
- Accountability
- Openness;
- Honesty; and
- Leadership.

Further information on these principles can be found at:

www.public-standards.gov.uk

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Appendix B - Sefton Internal Audit Plan 2022/2023

Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
Chief Executive	Cross Cutting	AGS 2021/22	Statutory requirement	25
Chief Executive	Cross Cutting	AGS 2022/23	Statutory requirement	15
Children's Social Care and Education	Education	Schools	Schools to be subject to internal audit review every three years per Scheme for Financing Schools	135
Adult Social Care and Health	Adult Social Care	ASC Debt Management	Corporate Risk Reference (CRR) ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
ASCH and CSC and Education	Adult Social Care Children's Social Care	Direct Payments	Weaknesses identified by Audit during 21/22 CRR ref -Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Children's Social Care and Education	Children's Social Care	Aiming High	Weaknesses identified by Audit during 21/22 CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
People	Public Health	Contain Outbreak Management Fund	Requirement for Chief Executive and Chief Internal Auditor to certify expenditure	20
People	Public Health	Public Health Grant	CRR ref -Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Corporate Resources	ICT	Cyber Security	CRR ref -The Council is the victim of a cyber-attack. Core Purpose <ul style="list-style-type: none"> Protect the most vulnerable Commission, broker and provide core services 	0
People	Public Health	Covid Grants Assurance	CRR ref -Failure to effectively manage and support the response to a pandemic incident	40

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Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
Corporate Resources	External Client	Sandway Homes - Financial Sustainability included.	CRR ref -Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	15
Adult Social Care and Health	Adult Social Care	ASC - Budget Management	CRR ref -Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Place	Highways and Public Protection	Highway Maintenance Procurement	CRR ref -Failure to adequately invest in the Highway network and associated assets. Core Purpose <ul style="list-style-type: none"> Facilitate sustainable economic prosperity 	20
Corporate Resources	Strategic Support	Data Protection - incl Data Breaches	CRR ref - Data breach resulting in the wrongful release of personal and/or sensitive information Core Purpose <ul style="list-style-type: none"> Place-leadership and influence 	20
Corporate Resources	Strategic Support	Record Management ASC/CSC	CRR ref - Failure to manage historic records effectively Core Purpose <ul style="list-style-type: none"> Place-leadership and influence 	20
Corporate Resources	Risk and Resilience	Business continuity and organisational resilience	CRR ref -Inadequate capability to prepare for and respond effectively to a major incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004. Core Purpose <ul style="list-style-type: none"> Facilitate confident and resilient communities 	15
Adult Social Care and Health	Adult Social Care	Market Sustainability	CRR ref -Market failure of Social Care provision across Adult and Children's Core Purpose <ul style="list-style-type: none"> Protect the most vulnerable Commission, broker and provide core services 	20
Chief Executive	Cross Cutting	Climate Emergency	CRR ref -Climate Emergency- Strategic Risk Failure to meet the targets set out in the councils declared climate emergency	15

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Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
Children's Social Care and Education	Children's Social Care Communities	Demand Management	CRR ref -Failure to manage increasing demand for services within Children's Social Care Core Purpose • Protect the most vulnerable	20
Children's Social Care and Education	Education	Schools Budget Monitoring	CRR ref -School debts transferring back to the Council in the event of them being forced into academy status or closing. Core Purpose • Protect the most vulnerable • Commission, broker and provide core services	15
Children's Social Care and Education	Children's Social Care	CS Inspections	CRR ref - Impact of regulatory inspection framework and the outcome of previous inspections on Sefton Core Purpose • Protect the most vulnerable	15
Place	Economic Growth and Housing Highways	Sefton Economic Strategy and Economic Recovery Plans	CRR ref - Failure to mitigate impacts of COVID-19, winter, austerity, on the Sefton economy Core Purpose • Facilitate sustainable economic prosperity	15
Place	Economic Growth and Housing Highways	Growth Programme - delivery of GP due to inflation/ contract management/economic uncertainty	CRR ref -Inability to deliver the requirements and commitments for the Growth Programme and its associated Projects. Core Purpose • Facilitate sustainable economic prosperity	25
Place	Economic Growth and Housing Highways	Third party Contract management	CRR ref -Financial sustainability beyond 2022/23 AND Failure to adequately invest in the Highway network and associated assets. Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose and Facilitate sustainable economic prosperity	20
Adult Social Care and Health	Adult Social Care	ASC Workforce (recruitment and retention)	CRR ref -ASC Workforce - recruitment, availability of suitably qualified staff and retention of current workforce	20
Corporate Resources	Revenues and Benefits	Energy price cap payments	Protect the most vulnerable; Counter fraud	10
Adult Social Care and Health	Adult Social Care	Sefton New Directons	Assurances from key partners is required to inform Annual Governance Statement. Key to effective delivery of ASC services.	0

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Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
Corporate Resources	Finance	LCR Grants	CRR ref -Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	80
Corporate Resources	Revenues and Benefits	Business Rates	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Corporate Resources	Payroll	Payroll	C/F from 2021/22. Review key controls of new HR system CRR ref - Financial sustainability beyond 2022/23 Core Purpose: This risk is directly related to the delivery of all aspects of the Councils core purpose	15
Corporate Resources	Revenues and Benefits	Housing and Council tax Benefits	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Corporate Resources	Personnel	Transactional Human Resources	C/F from 2021/22. Review key controls within Transactional Human Resources CRR ref - Financial sustainability beyond 2022/23 Core Purpose: This risk is directly related to the delivery of all aspects of the Councils core purpose	15
Corporate Resources	Risk and Resilience	Risk Management	c/f 2021/22 PSIAS Requirement; informs Annual Audit Opinion; AGS	20
Corporate Resources	Strategic Support	Procurement	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	20
Corporate Resources	Strategic Support	Freedom of Information	Requested by Head of Service; significant reputational risks	15
People	Operational In-house	Fleet Maintenance	Requested by Head of Service	10
People	Operational In-house	Operators licence	Operational Risk Register (ORR) "Failure to operate cleansing service"	5

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Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
People	Operational In-house	Cleansing Vehicle - Keys	ORR "Failure to operate cleansing service"	5
Children's Social Care and Education	Children's Social Care	Placements and Packages	CRR ref - Failure to plan within annual budget for increased placement costs for Children's Social Care Core Purpose <ul style="list-style-type: none"> • Protect the most vulnerable • Commission, broker and provide core services 	20
Place	Highways and Public Protection/ Operational In-house	Trees	Service Risk register (SRR) "Significant disruption to the transportation and highway network due to wind, rain, snow, freezing or storm conditions"	0
Place	Highways and Public Protection	Investment in the Highways Network	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	15
People	Operational In-house	Golf Income	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	10
People	Operational In-house	Beach Income	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	5
Corporate Resources	Finance	Debt Management	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	15
Chief Executive	Cross Cutting	Performance Management	C/F 2021/22 Statutory Area in PSIAS to review	20
Children's Social Care and Education	Children's Social Care	Troubled Families Grants	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	10

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Strategic Service Area	Service Area	Audit Title	Reason for inclusion	Days in plan
Corporate Resources	Internal Audit	PSIAS	Requirement of PSIAS of ongoing review and improvements	40
Corporate Resources	Risk and Resilience	Data Analytics Implementation	Recommendation implementation from external review.	20
Cross Cutting	Cross Cutting	Follow-up Recommendations	PSIAS requirement	30
Corporate Resources	ICT	ICT Patching	CF from 21/22 The Council is the victim of a cyber- attack. Core Purpose <ul style="list-style-type: none"> • Protect the most vulnerable • Commission, broker and provide core services 	15
Chief Executive	Cross Cutting	Ethics	PSIAS requirement	20
Corporate Resources	Property and Building Services	Property Disposals (F4C follow-up)	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	15
Place	Highways and Public Protection	Transport Capital Block Funding	Core Purpose: This risk is directly related to the delivery of all aspects of the Councils core purpose	4
Place	Highways and Public Protection	Local Highways Maintenance Incentive Element Fund	CRR ref - Financial sustainability beyond 2022/23 Core Purpose This risk is directly related to the delivery of all aspects of the Councils core purpose	2
People	Public Health	Integrated Care	SRR "Creation of new public bodies NIHP, OHD, UKHSA and change to public health wider system architecture and governance Disruption and destabilisation to services and support provided"	20
Chief Executive	Cross Cutting	Contingency	Good practice to have flexible plan	89
Corporate Resources	External Client	Mayor's Charity Fund	Reduce costs to Charity of external audit.	5

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Treasury Management Position to January 2022		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report provides Members with a review of the Treasury Management activities undertaken to 31st January 2022. This document is the third report of the ongoing quarterly monitoring provided to Audit & Governance Committee, whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management update to 31st January 2022, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully apprised of the treasury activity undertaken to 31st January 2022 and to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

The financial position on the external investment budget to the end of January indicates a deficit to the end of the period. The forecast to the end of the financial year also shows that investment income will fall below the level set in the budget.

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(B) Capital Costs

None.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): A shortfall in investment income has been forecast for 2021/22 financial year due to prevailing market conditions.</p>									
<p>Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>N</td> </tr> <tr> <td>Have a neutral impact</td> <td>Y</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>N</td> </tr> </table> <p>The Council has during 2021/22, invested its reserves and balances overnight with either banks or money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion.</p> <p>In the event that the Council has more surplus balances available in future that may lead to longer term investing, the Council will take account of the climate emergency when discussing the options available with the Treasury Management Advisors.</p>		Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	N
Have a positive impact	N								
Have a neutral impact	Y								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	N								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: n/a
Facilitate confident and resilient communities: n/a
Commission, broker and provide core services: n/a
Place – leadership and influencer: Support strategic planning and promote innovative, affordable and sustainable capital investment projects through application of the CIPFA Prudential Code.
Drivers of change and reform: The Treasury Management function ensures that cash flow is adequately planned and cash is available when needed by the Council for

improvements to the borough through its service provision and the Capital Programme.
Facilitate sustainable economic prosperity: Pursuit of optimum performance on investments activities and minimising the cost of borrowing and the effective management of the associated risk continues to contribute to a balanced budget for the Council.
Greater income for social investment: n/a
Cleaner Greener: n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6743/22) is the author of the report.

The Chief Legal and Democratic Officer (LD4943/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

N/A

Implementation Date for the Decision

With immediate effect.

Contact Officer:	Graham Hussey
Telephone Number:	Tel: 0151 934 4100
Email Address:	graham.hussey@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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1. Background to the Report

- 1.1. As recommended under CIPFA's 2017 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2021/22 (approved by Council on 4th March 2021) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the third of such reports for the year and presents relevant Treasury Management information for the period ending 31st January 2022.
- 1.2. CIPFA published a revised Code of Practice on Treasury Management and a revised Prudential Code for Capital Finance in Local Authorities in December 2021. The new codes take effect immediately, except that authorities may defer introducing revised reporting requirements until 2023/24. Sefton will therefore adopt the revised reporting requirements in the 2023/24 Treasury Management Policy and Strategy documents and the quarterly updates on investment activity to allow time for proper scrutiny and consultation with treasury management advisers to take place.
- 1.3. The report includes information on the investments held / entered into during the period and the interest rates obtained (with a comparison of performance against a standard benchmark figure). In addition, the report highlights whether there has been any variance from the Treasury Management Policy and Strategy and the Council's approved Prudential Indicators (the operational boundaries within which the Council aims to work).

2. Investments Held

- 2.1. Investments held at the 31/01/2022 comprise the following:

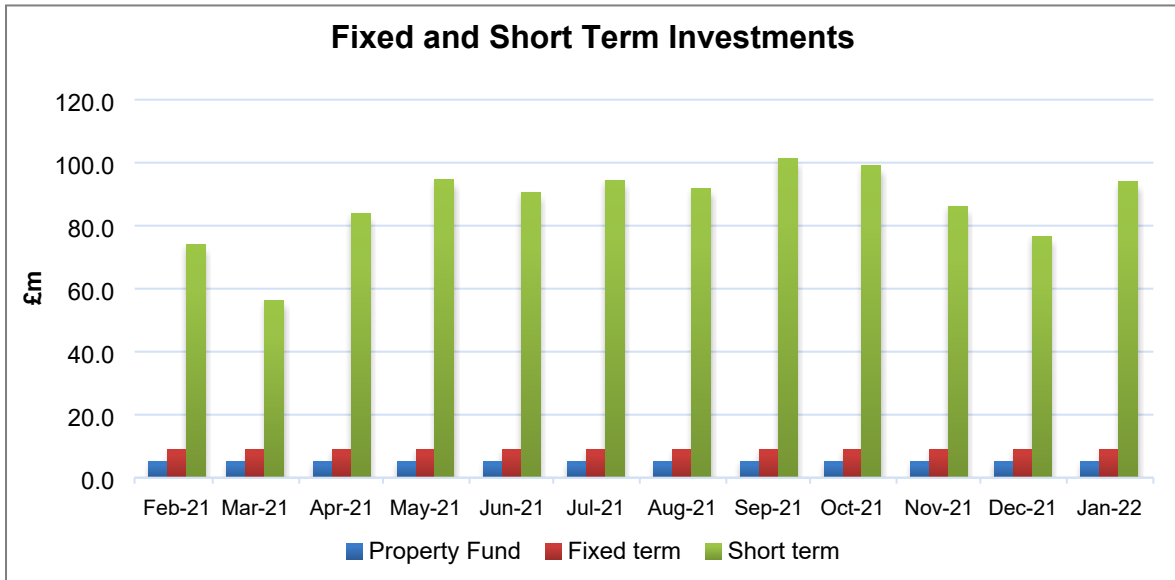
Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	10.81	0.10	01.02.22	AAA
Aviva	10.81	0.08	01.02.22	AAA
Blackrock	2.21	0.01	01.02.22	AAA
BNP Paribas	10.81	0.13	01.02.22	AAA
Goldman-Sachs	4.14	0.04	01.02.22	AAA
HSBC	10.81	0.05	01.02.22	AAA
Invesco	9.50	0.05	01.02.22	AAA
Morgan Stanley	10.81	0.11	01.02.22	AAA
Federated	9.23	0.10	01.02.22	AAA
Insight	9.53	0.13	01.02.22	AAA
Total	88.66			
Deposit Accounts:				
Bank of Scotland	1.82	0.01	01.02.22	A+
Natwest SIBA	1.88	0.01	01.02.22	A+
Santander	1.82	0.02	01.02.22	A+

Total	5.52			
Notice Accounts:				
Lloyds	3.00	0.03	32 days	A+
Natwest	3.00	0.20	35 days	A+
Santander	3.00	0.15	35 days	A+
Total	9.00			
Property Fund:				
CCLA	5.00	3.44	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	108.18			

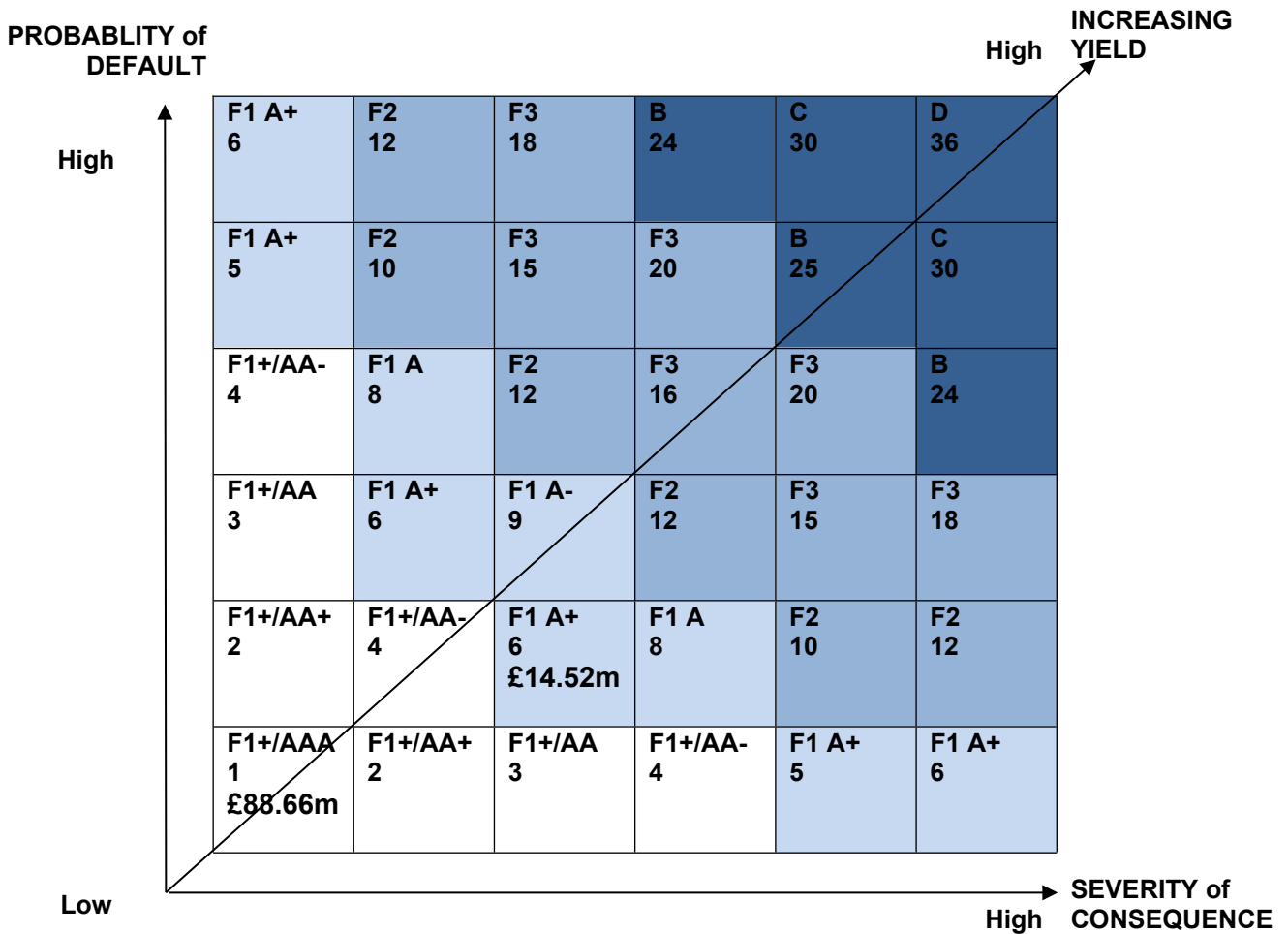
- 2.2. The Authority holds significant invested funds, representing grant income received in advance of expenditure plus balances and reserves held. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they are required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2021/22. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.
- 2.3. All of the investments made since April 2021 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £15m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.
- 2.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 2.8).
- 2.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 2.6. The Net Asset Value (NAV) of the Property Fund has increased over a 12-month period to January 2022 from 291.67p per unit to 331.92p per unit, an increase of 13.8%. The income yield on the Property fund at the end of January 2022 was 3.44% which, although lower than returns received in the past, still represents a reasonable return on the Council's investment.

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2.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



2.8. The matrix below shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield when investing:



SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£88.66m
LOW - MEDIUM	5 - 9	Investment Grade	£14.52m
MEDIUM	10 - 20	Investment Grade	£0
HIGH	21 - 36	Speculative Grade	£0

- 2.9. The Council will continue to maximise any investment opportunities as they arise, but in light of current economic conditions and low investment yields it is not envisaged that any substantial increase in returns can be achieved for the remainder of the current financial year. Cash balances available for investment will be held in overnight deposits to allow the Council to respond to any exceptional demands for cash as they arise. The possibility for making long term deposits will be reviewed once economic conditions stabilise.
- 2.10. In light of Russia's invasion of the Ukraine, the Council's treasury management advisors have conducted checks with fund managers to determine exposure to Russian and Belarussian assets. No direct exposure to these assets has been identified in the institutions that are being used for investments.

3. Interest Earned

- 3.1. The actual performance of investments against the profiled budget to the end of January 2022 and the forecast performance of investments against total budget at year end is shown below:

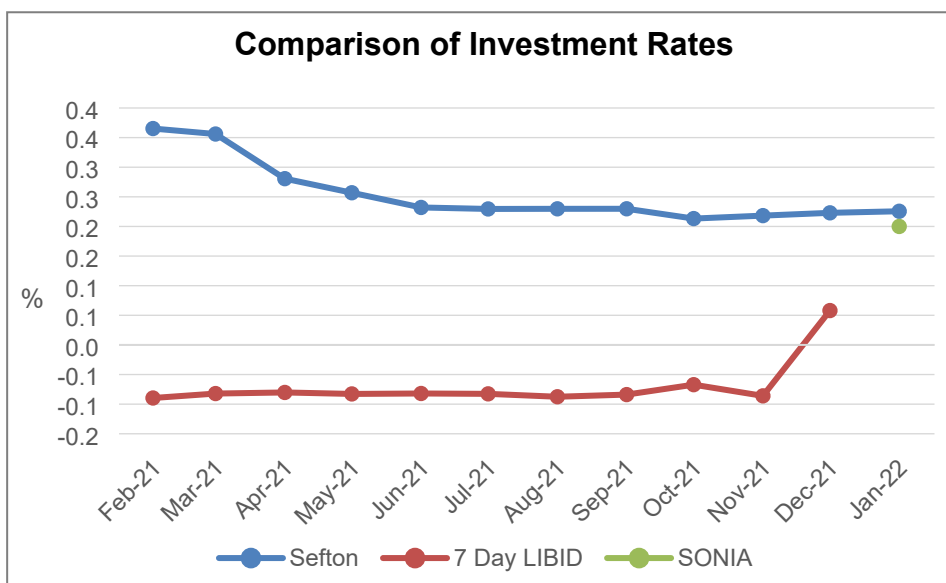
	Budget £m	Actual £m	Variance £m
January-22	0.325	0.178	0.147

	Budget £m	Forecast £m	Variance £m
Outturn 2021/22	0.415	0.233	0.182

- 3.2. The forecast outturn for investment income shows a significant shortfall against the budget for 2021/22. The impact of COVID-19 and current economic conditions in general mean that investment rates are low, and yields are expected to be well below the estimate originally forecast in the budget.
- 3.3. As mentioned in paragraph 2.9, it is not envisaged that improved rates will lead to a significant increase in the current forecast income from investments during 2021/22 as cash balances are diminishing and held in short term deposits. Some improvements may be seen in 2022/23 financial year however, if the recent trend for interest rate rises continues.

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3.4. The Council has achieved an average rate of return on its investments of 0.23% that has out-performed the 7-day LIBID to the end of December 2021.



3.5. On 5th March 2021 the Financial Conduct Authority announced the cessation of the LIBOR benchmark from the start of 2022. This deadline has now passed and as a result some LIBOR benchmarks such as the 7-day LIBID have been discontinued. LIBOR has primarily been replaced by the Sterling Overnight Index Average (SONIA) benchmark as the new widespread reference rate.

3.6. On the advice of its treasury management advisors, Sefton will use the SONIA rate as a replacement for the 7-day LIBID when benchmarking its investment performance from January 2022 onwards. As can be seen from the chart above, Sefton's investments have outperformed SONIA to the end of January 2022.

4. Interest Rate Forecast

4.1. Arlingclose, the Council's treasury advisors, have provided the following interest rate view:

	Current	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

- The MPC will raise Bank Rate further to dampen aggregate demand and reduce the risk of sustained higher inflation.
- Arlingclose therefore expects Bank Rate to rise to 0.75% in March and 1.0% in May. Despite this expectation, risks to the forecast remain weighted to the upside for 2022, becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels, which have risen sharply since mid-December 2021. Significant volatility is, however, likely which should offer tactical opportunities for borrowing and investment.

- The risks around the gilt yield forecasts are broadly balanced. While gilt yields may face downward pressure as Bank Rate expectations ease from current levels, the runoff of the Bank's corporate bond portfolio, and later the gilt portfolio, as it reverses QE, could impact some upward pressure on yields.

5. Compliance with Treasury and Prudential Limits

- 5.1. As at the end of January 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Risk and Audit Service Performance		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report details the performance and key activities of the Risk and Audit Service for the period 8 December 2021 to 7 March 2022.

Recommendation(s):

- (1) Note the progress in the delivery of the 2021/22 Internal Audit Plans and the activity undertaken for the period 8 December 2021 to 7 March 2022.
- (2) Note the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in managing the Council's key risk

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate the continued provision of a comprehensive and effective Risk and Audit Service.

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

Failure to provide an update on the progress, in particular, of the Internal Audit Service would be a breach of the Public Sector Internal Audit Standards.

What will it cost and how will it be financed?

(A) Revenue Costs - There are no direct financial implications arising from this report. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

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(B) Capital Costs - There are no capital costs associated with the report.

Implications of the Proposals:

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

There are no resource implications arising from the report however the report does discuss the current activities to recruit temporary Internal Audit Team members within the existing budgets.

Legal Implications:

There are no legal implications.

Equality Implications:

There are no equality implications.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

The Risk and Audit Team in line with Council and Government guidance during the lockdown and afterwards has been working from home with the exception of the Health and Safety Team who undertake periodic inspections of Council buildings to provide guidance and support.

The working from home has reduced the teams commuting and as a consequence Carbon footprint. The revised working practices will continue with the proposed Council agile working although the footprint will slightly increase at this point as staff move to the one day per week in the office.

There is currently no visibility when agile working will be introduced by the Council. We are currently exploring with the Council's insurers and broker their actions to reduce Climate Change which we will respond on in future reports following renewal when the information is available.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

<p>Facilitate confident and resilient communities: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Commission, broker and provide core services: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Place – leadership and influencer: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Drivers of change and reform: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Facilitate sustainable economic prosperity: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Greater income for social investment: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>
<p>Cleaner Greener; Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council’s core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6740/22) and the Chief Legal and Democratic Officer (LD.4940/22) have been consulted and any comments have been incorporated into the report.

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(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David Eden
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Appendices:

The following appendices are attached to this report:

- Risk and Audit Service Performance Report

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

- Internal Audit Plan 201/22 (as approved by this Committee on 17 March 2021).

1. Introduction

- 1.1 The Risk and Audit Service is managed by the Chief Internal Auditor, who reports to the Executive Director of Corporate Resources and Customer Services through the Finance Service Manager.
- 1.2 The mission of the service is “to deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers”.
- 1.3 The Service has the following objectives:
 - To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation’s objectives.
 - To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies and plans.
 - To align the service with the Council’s changing needs.
- 1.4 In delivering this mission and objectives, the Service encapsulates the following teams:
 - Internal Audit
 - Health and Safety
 - Insurance
 - Risk and Resilience
 - Assurance

1.5 This report summarises the main aspects of the performance of the Service during the period 8 December 2021 – 7 March 2022, and gives members a detailed overview of the following areas:

- Internal Audit:
 - o work undertaken in the period, including a summary of work and an
 - o outline of the high priority recommendations made
 - o performance against Key Performance Indicators
 - o developments relating to this part of the Service

- Health and Safety, Insurance, Assurance and Risk and Resilience:
 - o work undertaken in the period, with key data provided
 - o developments relating to these parts of the Service

1.6 The report concludes by looking ahead to the forthcoming activities being undertaken by the service.

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Risk and Audit Service: Performance

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Audit and Governance Committee
16 March 2022

David Eden
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

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1. Executive Summary

- 1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 8 December 2021 to 7 March 2022.
- 1.2 The report covers each of the areas of the service:
- Internal Audit
 - Health and Safety
 - Insurance
 - Risk and Resilience.
 - Counter Fraud
- 1.3 The report highlights the following key points:
- This has continued to be a busy period for the Service, with the completion of a number of key pieces of work. The performance indicators and key data in this report reflect this positive progress.
 - The service continues to seek to support the effective management of risk, which is especially pertinent as the Council transforms.
 - The development of the service continues, with a number of improvements having been completed in the period.

2. Introduction

- 2.1 The Risk and Audit Service is managed by the Chief Internal Auditor.
- 2.2 The mission of the Service is “*to deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers*” and the Service has the following objectives:
- To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation’s objectives
 - To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies and plans
 - To align the service with the Council’s changing needs.
- 2.3 In delivering this mission and objectives, the Service encapsulates the following teams:
- **Internal Audit** – this statutory service provides the internal audit function for all areas of the Council, including maintained schools. Internal Audit can be defined as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. Internal Audit helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Public Sector Internal Audit Standards)
 - **Health and Safety** – supports Council officers and members in providing an effective health and safety management system that meets the Council’s statutory health and safety duties; thereby controlling the risks of injury and ill health to staff and others affected by the Council’s activities.
 - **Insurance** – fulfils the duty to provide an appropriate insurance service for the Council, including claims management, advice on insurance issues and the management of insurable risk.
 - **Risk and Resilience** – develops risk management and mitigation strategies for the Council on emergency planning (ensuring that the Council meets its statutory responsibilities as a Category 1 responder under the Civil Contingencies Act 2004), public safety and business continuity issues.
 - **Assurance Team** – will develop a Counter Fraud strategy and co-ordinate the development of counter fraud services across the Council.

- 2.4 This report summarises the main aspects of the performance of the Service for the period 8 December 2021 to March 2022, covering the following areas:
- Internal Audit:
 - work undertaken in the period, including a summary of work completed and an outline of the high priority recommendations made.
 - performance against Key Performance Indicators
 - anti-fraud update
 - developments relating to this part of the Service.
 - Health and Safety, Insurance, Risk and Resilience and Assurance and Counter Fraud:
 - work undertaken in the period, with key data provided where applicable
 - developments relating to these parts of the Service.
- 2.5 The report concludes by looking ahead to the challenges which will be addressed in the forthcoming period.

3. Internal Audit: Performance Update

3.1 Work Completed 25 November 2021 to 24 February 2022

During the period ten audit assignments were completed and a further four assignments substantially completed at 24 February 2022. The table below outline the audits that have been completed, the audit opinion and the recommendations identified:

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Accounts Payable Controls Review	n/a (Memo issued)	0	1	0
Cherry Road Children's Home	Major	2	3	1
Covid Grants for Care Homes and Community Services (draft)	Minor	0	2	1
St John's Primary School, Waterloo (draft)	Moderate	3	3	3
St William of York Primary School	Minor	0	3	1
Bootle Town Centre – The Strand Acquisition and Disposal 2020/21 Q1	Value of grant certified £512,949.73			
Sustainable Transport Enhancement Package 2020/21 Q4	Value of grant certified £1,239,564.46			
Sefton Town Centres 2021/22 Q2	Value of grant certified £46,840.00			
Sefton Town Centres 2021/22 Q3	Value of grant certified £88,056.00			
Troubled Families 2021/22 Period 3 Claim	Value of grant certified £67,200.00			
Work substantially complete as at 24 February 2022				
Factfinding exercise cutting across Communities, Children's Social Care and Education	Draft reports prepared and meetings arranged with key Managers.			

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Sacred Heart Catholic College	Draft Report prepared and exit meeting to be re-arranged with the Acting Head Teacher.			
SeftonArc	Draft Report at quality control review stage.			
Education Finance – Schools Regulatory Framework	Draft report prepared and second exit meeting planned to discuss findings.			

Draft Audit Reports previously reported to Audit and Governance Committee.

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Farnborough Road Infants School Audit – draft report issued 2021/22 Q1	Moderate	0	4	1
Holy Spirit School Audit – draft report issued 2021/22 Q2	Major	3	4	2
Hudson Primary School 2021/22 Q3	Moderate	3	4	0
Highways Maintenance – Contract Management 2021/22 Q3	Major	0	7	1

The high priority recommendations outlined in the audit reports issued in the period 25 November 2021 to 24 February 2022 are summarised as:

Cherry Road Children’s Home

- Budget allocations should be reviewed to ensure that they are sufficient to meet the objectives of the home.
- Regular budget monitoring should be undertaken.

St John’s Primary School, Waterloo

- The School should formally adopt both the *Financial Regulations for Schools* and the *Scheme for Financing Schools*.
- The Delegation of Duties and Responsibilities should be reviewed and approved annually.

3.2 **Key Performance Indicators 2021/22**

The following table outlines the Audit Team’s performance against the Key Performance Indicators outlined in the Audit Plan agreed by the Committee in March 2021. Figure 1 shows progress made against the Audit Plan.

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed at 24 February 2022</p> <p>This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council’s systems.</p>	<p>90% See graph below</p>	<p>51% See graph below and narrative</p>	<p>39%</p> <ul style="list-style-type: none"> See section 3.3
<p>Percentage of Client Survey responses indicating a “very good” or “good” opinion</p> <p>This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>
<p>Percentage of recommendations made in the period which have been agreed to by management</p> <p>This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

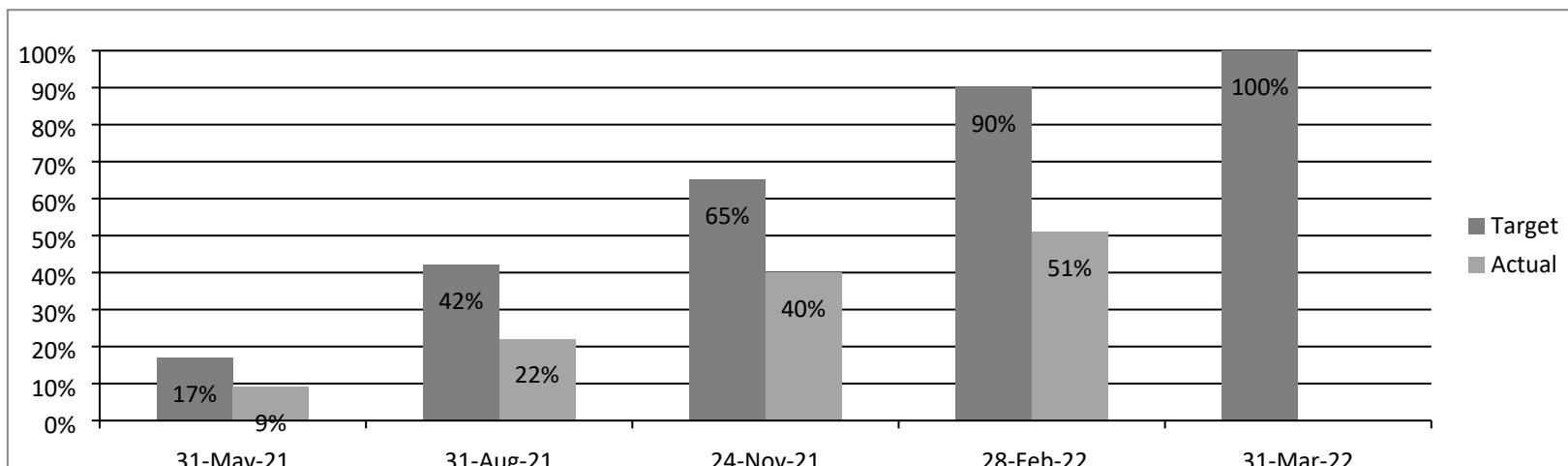


Figure 1: Percentage of the Internal Audit Plan 2021/22 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.3 2021/22 Resources and Performance

The small team continues to work well remotely as it has done since the start of the pandemic. Audits, by necessity are conducted differently to how they were previously by utilising technology wherever possible. Communication with clients is mainly by MS-Teams and by email and in most cases this is effective. Systems documentation and information required for sample tests are obtained and reviewed electronically. Auditors use a variety of flexible approaches to ensure that their work can be completed to the appropriate professional standards whilst working remotely.

One of the Audit Team Members returned to work towards the end of February 2022 after being on maternity leave from the start of the financial year. One of the Principal Auditor's returned to work earlier in the year on a phased return after a period away with unplanned leave and then retired on grounds of ill health with effect from 30 November 2021. A second Principal Auditor had reduced his hours from full time to part time from June 2021 and has subsequently been able to extend his hours by one day per week to provide further support to the team although this will drop down to three days per week from 1st April 2022 to when their fixed term contracts finish in May 2022.

The stated percentage of the Internal Audit Plan completed of 51% includes planned grant assurance work undertaken during the financial year. We estimate that we should be able to complete 56% of the audit plan by the end of the financial year taking into account the resources available to date.

The Audit Plan was approved in March 2021, and the intention was for two Principal Auditors to be appointed on fixed term contracts until 31 March 2022 to deliver elements of the Audit Plan. Repeated recruitment exercises have been completed, advertising for traditional fixed term vacancies, using the Council's preferred recruitment conduit Matrix and with specialist recruitment agencies since March 2021. As a result, numerous interviews have been conducted with potential candidates. One Principal Auditor was appointed during September 2021 on a fixed term contract until 31 March 2022 and a second Principal Auditor was appointed and begin work during December 2021 on a fixed term contract until 31 March 2022.

After discussions with a number of recruitment agencies we have been informed that there are far greater numbers of job opportunities than candidates available which is leading to a shortfall of suitable candidates to undertake the role. We have been advertising nationally and have interviewed candidates from across England as we are able to work remotely. The tight recruitment market is not forecast to change in the short term.

The difficulty in recruiting two Principal Auditors has seriously diminished the ability to deliver the target number of audits within the first nine months of the year. The team has delivered approximately 51% of the audit plan against a target of 90%.

Since the last update to the Committee in December, it was our intention to focus on the key risks within the Annual Audit Plan, however at the request of management a substantial unplanned assignment was identified, and this has slowed progress in the delivery of the plan.

A recruitment exercise to permanently fill the one vacant Principal Auditor post currently and the proposed gap in May 2022 is ongoing at the time of writing. It is hoped that candidates can be recruited to start during the first quarter of 2022/23 financial year. In addition, a temporary member of staff has been agreed to provide support during the recruitment process. We are seeking to fill this with one of the existing temporary Principal Auditors.

Currently there are a number of CIPFA finance graduate trainees that the Finance team have in place to provide capacity for succession planning across Finance. Each of the staff members has to cover an Internal Audit module as part of the qualification process and we have agreed with Finance that we will on a rolling six-month rotation have one of the CIPFA trainees to enable them to experience internal audit starting from July 2022. This rolling rotation will enable the staff member to experience internal audit and build a greater understanding of the issues providing the service, provide additional skills around, risk, control and governance that will complement their existing financial skills as well as provide additional capacity for the internal audit plan. In addition, we have agreed with Finance that we will take for two years a CIPFA Qualified staff member from October 2022 to provide additional in- depth internal audit experience with the potential to take on some limited line management.

The two roles will provide greater co-operation across Finance, help to cement greater awareness of risk, control and governance issues across functions, help with succession/ diversity issues as well as providing greater capacity for the Internal Audit function. There are of course personal development opportunities for the staff involved. We welcome the opportunity this presents in training staff, building competence on key skills which will eventually return to the wider Council whilst dealing with the capacity issues we have highlighted above. The proposed Internal Audit plan for 2022/23 reflects the work we can expect the two new team members to undertake.

We recognise that the performance is disappointing and reflect that the assurance level provided to the Committee is likely less than we originally planned at the outset of the financial year. The drivers for the performance have been on the whole out of our control however we recognise that we do not have significant capacity within the team for unplanned events where they occur which impact on our capacity to deliver assurance. As detailed above a plan has been developed to increase capacity of the Audit Team through the recruitment of two permanent Principal Auditors, initial temporary auditor for six months as well as the use of CIPFA graduate staff within Finance and the proposed two-year secondment for a CIPFA qualified staff.

3.4 **Public Sector Internal Audit Standards**

In March 2018 the Internal Audit Service was externally assessed as “generally complies” with the Public Sector Internal Audit Standards. This was reported to the Committee at the time. Each year the Internal Audit develops and implements an Improvement Plan to enhance systems and processes to improve the service. The Internal Audit Service is due to be externally assessed during 2022/23.

3.5 **Developments**

Since the last Audit and Governance Report Internal Audit has:

- Continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members.
- Successfully recruited a second Principal Auditor on a fixed term until end of March 2022. This appointment is helping with the delivery of the Audit Plan.
- Welcomed back the Trainee ICT Auditor after a year away from the team on maternity leave.
- Advertised in the national press and industry specific job pages to identify and appoint suitable permanent members of the team.
- Agreed in principle for a permanent six- month rotation for a CIPFA trainee to be rotated into the Internal Audit Team as well as two-year CIPFA qualified staff member.
- Used the new database of outstanding audit recommendations, have begun the process of verifying implementation of previously agreed recommendations.
- Ensured all staff completed mandatory corporate training ahead of deadlines.

- Met with Executive Directors and Heads of Service to identify areas for inclusion in 2022/23 Annual Audit Plan.
- Contacted and obtained advice from CIPFA and the IIA regarding best practice when auditing areas of the business managed by the Chief Internal Auditor.

In the next quarter, the planned development for the service includes:

- The continued implementation of processes to reduce the backlog of audit recommendations that require following up and identify an effective way to report recommendations implemented and outstanding to this Committee.
- The further enhancement and simplify internal audit reports to improve clarity and reduce time spent producing the reports.
- To start preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Recruitment of the two permanent Principal Auditors and a six-month temporary Principal Auditor.

4. Health and Safety: Performance Update

4.1 Progress

The Council continues to focus on improving the health and safety management system and support by reviewing existing arrangements and improving governance.

The Health and Safety Team consists of two permanent and one fixed term (August 2021 – March 2022) health and safety professionals. A further two-year fixed term contract has been advertised, with the role being effective from April 2022 until March 2024.

Resources continue to be stretched in meeting the demands of the Council and Schools and to satisfy the requirements of the Management of Health and Safety at Work Regulations. The Corporate Health and Safety team supports nearly 8000 staff (including maintained school staff, and schools with a Service Level agreement in place), plus agency staff, contractors, and volunteers.

The team continue to deliver a range of services across all Council departments and schools. These services can be divided into three main areas: Policy and communication, operational reactive response, and active monitoring.

Health and safety objectives and key performance indicators have been aligned to the Councils 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees. It is acknowledged that outputs have been and are affected by the COVID-19 pandemic and the team have adjusted service delivery to assist the Council in meeting its obligations and to provide managers and staff with the relevant support.

Consultation arrangements are working well, with the Corporate Health and Safety Committee playing a key role in conjunction with the Departmental Health and Safety Committees. The committee meetings continue to be held virtually, using the MS TEAMS system, which has proved to be very successful.

Activities arising from the risk of the transmission of coronavirus 2 (SARS-CoV-2) has been significant, as operations, work and home environments have continually been adjusted throughout the various periods of restriction. The re-opening and recovery of service delivery has proved challenging for the Corporate Health and Safety Team, working with managers to balance COVID arrangements, compliance, and operational demand.

As the team have supported Heads of Service, Service Managers and Head Teachers through the recovery from the pandemic, support requirements are broadening into other areas of workplace health, safety, and wellbeing.

Significant support has been provided for reconvening of face-to-face and public facing activities, the reintroduction of school trips and increase in office occupation. The team have provided assistance, with Public Health colleagues in response to COVID positive cases or where anyone has been a 'contact' of a positive case across services and schools. Council building and operational risk assessments have been reviewed providing assurance to Council managers and staff.

The health and safety audit process has been redesigned, with educational settings and service areas submitting evidence to the team and discussion via MS Teams. Evidence against practice is being verified during site inspections and observations.

Assistance, guidance, and monitoring continues to be provided across all areas, in collaboration with Public Health colleagues as the focus has moved from Central Government and formerly Public Health England to Sefton Council, as the employer, with requirements provided by The Health and Safety Executive.

The Health and Safety Executive continue to visit Schools and Council premises to assess COVID, stress management, statutory maintenance and other health and safety arrangements in place for staff. No significant issues have been identified during their visits.

The Council's Health and Safety Policy has been updated and will be presented to the Corporate Health and Safety Committee and Cabinet in Spring 2022. The review was delayed due to further demands from COVID cases and recent security events. The Corporate Health and Safety Team have released security guidance for managers, staff and Councillors as a result.

Corporate minimum standards have been developed and published on the intranet. Documents and forms are issued to the Workplace Learning and Development Team for inclusion in training packages. Recent revisions and additions include updates on Stress, Well-being, Statutory Maintenance, and the Security and Safety of People, Buildings and Assets. Work continues on Construction Design and Management (CDM), Fire Risk Assessment, Health surveillance and Accident Investigation. Methods of reaching staff who may not be digitally connected are being explored with the Communications Team.

The team continue to monitor the impacts of working from home, agile working, return to the office, workstation arrangements (Display Screen Equipment Regulations 1992) and the Stress Management Standards. The team have

worked collaboratively with other service areas to ensure the Councils obligations are being met, whilst ensuring the physical, psychological, and emotional health, safety and wellbeing of staff is maintained.

There has been a very positive response to the Mental Health training provided by the Workforce Learning and Development Team. The Corporate Health and Safety Team and (Occupational) Health Unit are exploring training provision or workshops for managers to equip them with the skills and confidence to identify workplace stressors, implement suitable controls, make available interventions available to staff through the Council, complete and monitor the stress risk assessment.

The Corporate Health and Safety Team have been instrumental in establishing a One Council working group to consider the wider occupational health, safety and wellbeing of staff. It consists of representatives from The Health Unit, Public Health, Workforce Learning and Development, Active Workforce, and Health and Safety, in addition to Union's representation. A well-being page is available on the health and safety intranet site and will be used to signpost managers and staff to various services.

The on-line incident reporting system continues to be well utilised with managers reporting accidents and incidents, as required. Managers are encouraged to report cases of workplace and non-workplace COVID transmission to highlight impacts on staff and service delivery. An exercise is in progress to extend reporting for incidents and near misses, support managers with proportionate investigation to prevent reoccurrence and limit insurance or enforcement intervention.

CLEAPSS was established as a Consortium of Local Educational Authorities for the Provision of Science Services. It now acts as an advisory service providing support in science, design, technology, and art for educational settings, and assists Local Authorities and schools in discharging their duties as an employer. The Health and Safety team and schools receive considerable support from CLEAPSS on health and safety, including radiation matters. A sizeable proportion of Sefton schools pay for the CLEAPSS RPA (Radiation Protection Adviser) Service. The Health and Safety Team continue to operate as a link between schools and the Radiation Protection Adviser, supporting school Heads of Science in the storage and use of radioactive sources. Desktop audits continue; however, this is now supported by onsite inspections.

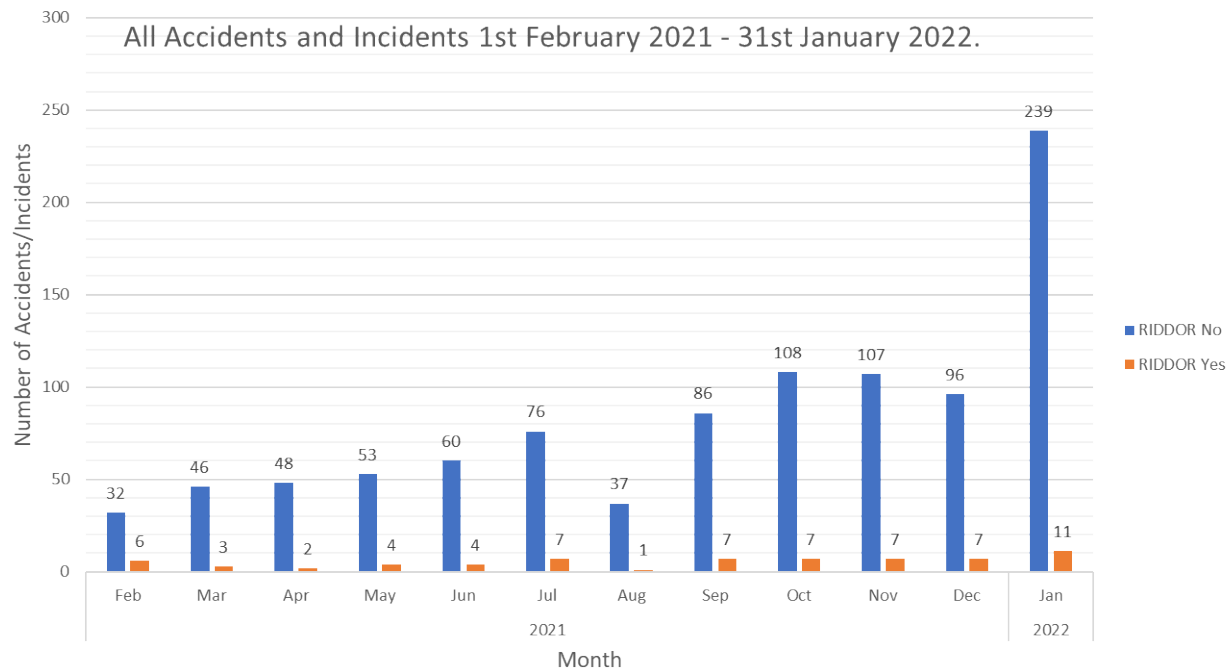
EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. The Health and Safety Team continue to provide support and guidance to schools and their Educational Visit Co-ordinators (EVC). The EVOLVE system allows schools to upload risk assessments and other critical event information and take school staff through an authorisation process, which involves a schools internal Educational Visits Co-ordinator (EVC), Head Teacher, the Local Authority Corporate Health and Safety Team. EVOLVE have continued to provide live online training in conjunction with the Health and Safety Team. EVC training was provided in June 2021. A further course was delivered in November 2020. The format of the live online training proved very successful and further online training is being planned for the Spring term due to demand.

The North-West networking groups, Liverpool City Region H&S Advisers Group and Outdoor Education Adviser’s Panel continues to meet virtually. The groups have proved invaluable for sharing information and good practice during the pandemic as guidance has changed so quickly. There are plans to introduce some face-to-face meetings in the late spring of 2022.

4.2 Key Incident Data

The Health and Safety Team continue to manage the Council’s incident reporting system which records work-related accidents and incidents involving employees, agency workers, contractors, volunteers, and members of the public.

Graph 1 below compares accident and incident data over the past year. Most of the incidents reported over the past 12 months are Covid-19 related. The proportion of incidents involving workplace transmission of COVID-19 have again steadily increased.



Graph 1: Accident and incident data 1 February 2021 to 31 January 2022

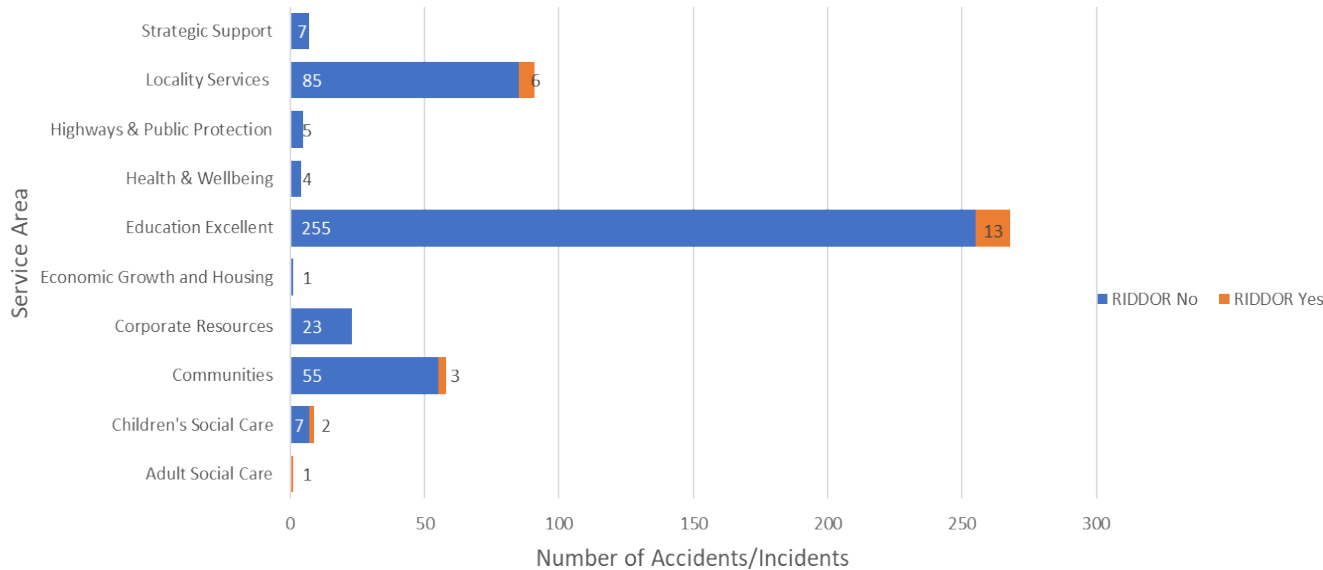
The variations in reporting throughout the year is consistent with the re-opening of schools and service areas. The increase of reports raised in January 2022 highlights the continuing vulnerabilities of staff from exposure to COVID-19 during and suggests the need for a cautious approach as we approach the Spring and increased physical interactions.

Managers and staff continue to be encouraged to report all COVID-19 positive staff cases onto the Council health and safety accident and incident reporting system, although this is not exercised in all areas and at all levels. This supports the effective review of risk assessments, monitoring of control measures and facilitates the assessment of workplace and community transmission and impacts on both staff and service delivery and provision. The Health and Safety Team continue to work closely with Public Health colleagues on COVID—related issues and have greatly appreciated their ongoing support.

Data and trends appear to be consistent with National Trends (Source: HSE, National Statistics Office, Government COVID data). Where COVID rates have been lower, the data from the Councils reporting system shows that accidents and incidents reports continue to be raised for slips, trips, sports incidents, and cases of violence and aggression towards staff.

Graph 2 below details the accidents and incidents reported across the Council Services between 1 November 2021 to 31 January 2022 are in the graph below.

Accidents and Incidents Across Council Service Areas 1st November 2021 - 31st January 2022.



Graph 2: Accident and incident data across Council Service Areas between 1 November 2021 to 31 January 2022

Education Excellent, Locality Services and Communities report the most incidents and this is consistent with previous years data. One influence is the positive reporting culture that is evident within the areas as well as other factors include continued essential service delivery during the various pandemic restrictions.

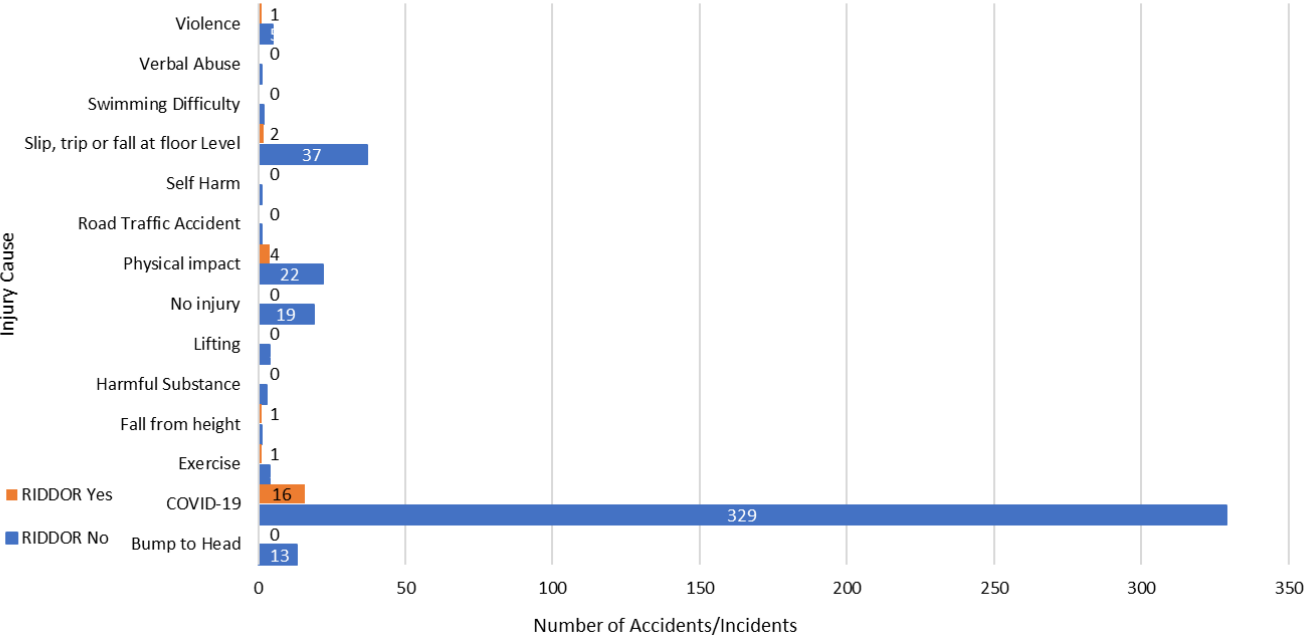
Services areas not listed above have not raised any incident reports during this period. These include Public Health and Wellbeing as well as Commercial Services. This is due in part to staff working substantially from home and in the case of Commercial Services being a very small team.

The Corporate Health and Safety Team continue to promote a good reporting culture to manage the risk of injury, ill health and other potential and actual losses to the Council, including property damage or fire, presence of legionella in water systems and incidents from storm damage. A positive reporting culture provides greater accuracy in accidents, incidents

and near misses' data and enables the Council to assess its risk profile, identify trends and opportunities to prevent reoccurrence.

Graph 3 identifies the cause of accidents and incidents reported across Sefton Council from 1 November 2021 to 31 January 2022. As previously highlighted, the most common cause has been the transmission of Coronavirus (SARS-CoV-2). Not all cases have been as a result of 'workplace' transmission as staff have been required to report all incidents of Covid-19 whether work related or not. Other common causes were due to slips and trips and contact sports / play injuries. The cases reported under RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013) are discussed below.

Accident and Incident Data by Cause 1st November 2021 - 31st January 2022.



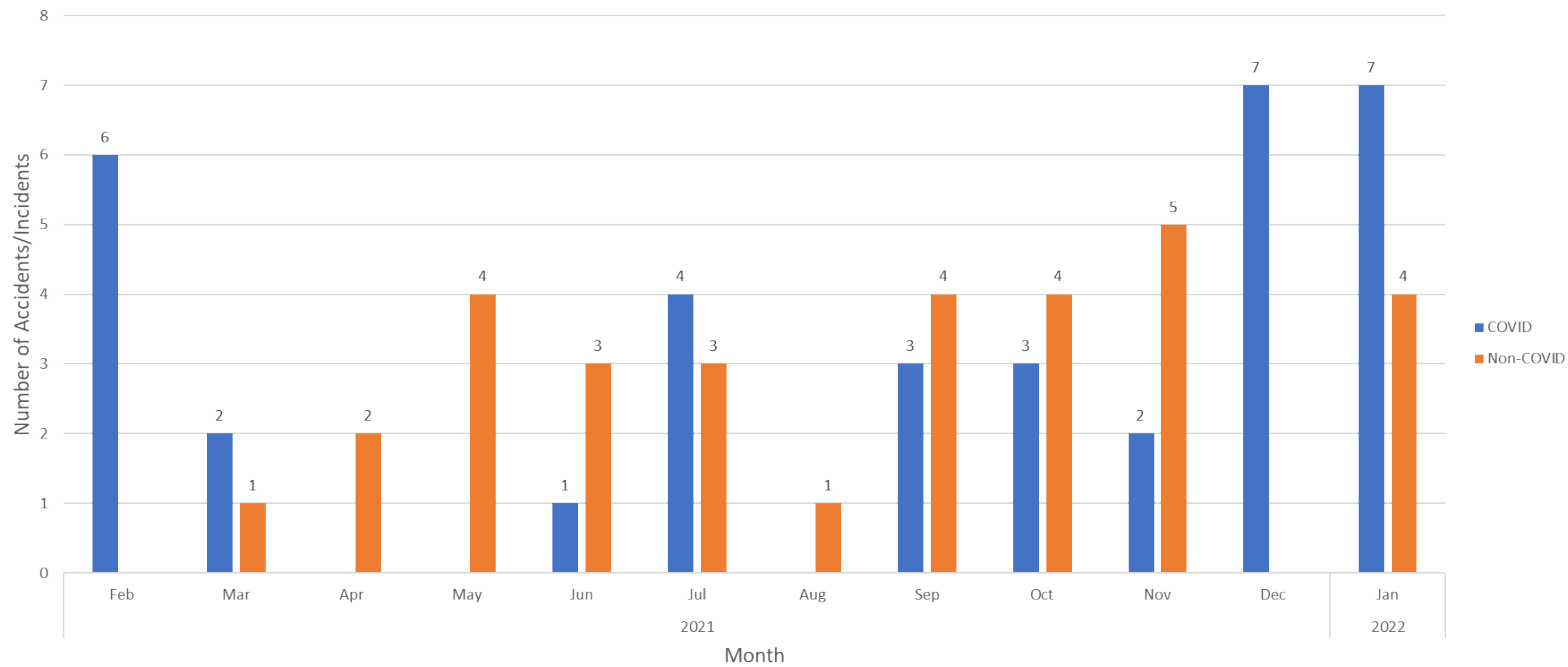
Graph 3: Accident and incident data by Cause between 1 November 2021 to 31 January 2022

Through discussions with staff and at Health and Safety Committees, incidents of threatening and abusive behaviour have remained, although not always reported through the incident reporting system.

The team are working with managers to ensure value and benefits of reporting and proportionate investigation are understood. Recent security events coupled with the increase of staff reporting instances of threats or actual violent or aggressive behaviours led to the release of guidance documents for staff and Councillors. Further work is being undertaken to assess and implement change across the Council to improve personal safety.

Graph 4 below shows the number of notifications made to enforcement authorities and insurers under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), during the past year, also known as RIDDOR reports. The graph highlights the number of COVID (workplace transmission) and non-COVID related reports raised. Testing, vaccination programmes and a slightly improved understanding of suitable risk control measures and monitoring may be positively influencing the level of workplace transmission. Instances of non-reporting remain, including potential cases under RIDDOR. Messages to managers and head teachers have been reinforced.

Accidents and Incidents Reported Under RIDDOR Highlighting COVID and Non-COVID RIDDOR Reports
1st February 2021 - 31st January 2022.



Graph 4: Accident and incidents reported under RIDDOR, highlighting COVID and non-COVID RIDDOR reports 1 Feb 2021 to 31 Jan 2022.

The graph highlights the number of these reports raised across the year. Non-reportable cases are those where there is little or no evidence of workplace transmission. The service areas greatly affected by workplace transmission are understandably in Education Excellent, Children’s Services and Communities, where front line workers have continued to provide essential services and social distancing presents a challenge.

Accident reports raised under RIDDOR were mostly for fractures sustained from slips, trips and falls (on ground level). The Health and Safety Team have seen a significant rise in slips, trips and falls. This is typical when re-opening services or schools and would be anticipated during this period. The team have been aware that not all instances may be reportable under RIDDOR, however must still be reported to the team via the accident and incident reporting system. The team are planning a campaign to assist managers in reporting and investigating accidents and incidents during the autumn, to coincide with reopening and recovery of services and schools.

4.3 Developments

There will be a continued focus during the next quarter of delivering the Health and Safety Improvement Plan and the ongoing recovery programmes from COVID-19 with planned priorities.

The team will be working with the health and safety sub-committees to develop their own service area improvement plans, considering lessons learnt and areas of good practice.

The Health and Safety Team will:

Continue to support Managers and Head Teachers with COVID-19 recovery programmes. As national and local restrictions are adjusted in response to COVID-19 rates and risk assessments, there remains a requirement to manage the arrangements under Health and Safety law across all settings.

Continue to review, update and monitor the Health and Safety Standards and Policies, with focus on Fire Risk Assessments, personal and corporate security, driving for work, Dangerous Substances and Explosive Atmosphere Regulations, first aid provision and local emergency response.

Continue to develop the Council-wide training needs assessment which will build into the health and safety training plan and provision, in collaboration with the Workforce Development Team.

Work with senior managers to identify staff who require risk assessment or refresher training. Continue to support the delivery of risk assessment training for managers.

Focus on improving the accuracy of incident reporting, investigation and implementation of controls and monitoring to prevent reoccurrence. Work with managers to ensure incidents of threatening and abusive behaviours towards staff are reported and investigated.

Continue to deliver a health and safety management audit and inspection regime across the Council, to schools where the Council retains responsibility for the health and safety as the employer and those schools with a Service Level Agreement with the Councils Corporate Health and Safety Team. This will provide assurance that health and safety management systems are suitable and effective.

Engage with insurance brokers on their offer of free online training for Executive Directors, Heads of Service and managers.

Monitor outdoor education activities, offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering.

The team continue to support schools in the safe storage and where necessary, destruction of their radioactive sources.

The team have been collaborating with Public Health, Workforce Development, Trade Unions and the Health Unit with a Workforce Wellbeing Initiative.

5. Insurance: Performance Update

5.1 Work Completed

During the period, the following key pieces of work/projects have been undertaken:

- To meet the biannual requirement of the Council's External Auditors a procurement exercise for an Actuarial Report has recently been completed with a successful bidder appointed and provided with data to complete the work by May 2022. This will provide an analysis of current claims reserves, a forecast of expected ultimate losses after allowing for volatility and will also comment on emerging risks within the sector. Ultimately it will determine if the Council's Insurance Fund has sufficient reserves to fund current and future claims that may be presented. The outcome of the report will be provided in a future update.
- A second re-valuation of a sample of 20 Council buildings was undertaken in December 2021 and once again proved value for money, producing a mixture of under and over valuations of those previously held. As a result of the exercise the Council's insurers now have assurance of compliance with a number of their recommended action points on re- valuing properties which were included in their Risk Improvement Reports.
- As a next step, a soft market test has recently been completed to better identify and understand the required approach to undertaking the effective re-valuation of the remaining properties that were not covered in the two previous re-valuation exercises. The options include a physical revaluation of all of the properties, a desktop review for all of the properties and a hybrid model of sampling a limited number of properties then extrapolating the results over similar properties. The latter using the results of the previous re-valuation exercises. Several responses to this exercise were received and the Team will now consider each before commencing a competitive tendering exercise to both satisfy insurers needs and also ensure that the Council has assurance that it has the appropriate levels of cover in place for each Council building.
- The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's Solicitors.
- With the assistance of Weightmans, the Council has recently been successful in a claim where a letter had been issued to the claimant's solicitors alleging fundamental dishonesty by their client. The claimant had previously initiated several claims against the Council yet had failed to mention these when questioned by a medical expert, and also denied having had any previous accidents. Posing further questions and the issuing of the aforementioned letter led the claimant to

ultimately discontinue their claim against the Council and recovery from the defendant of £5k towards the Council's defence costs. Overall, the claim held a reserve of £36k

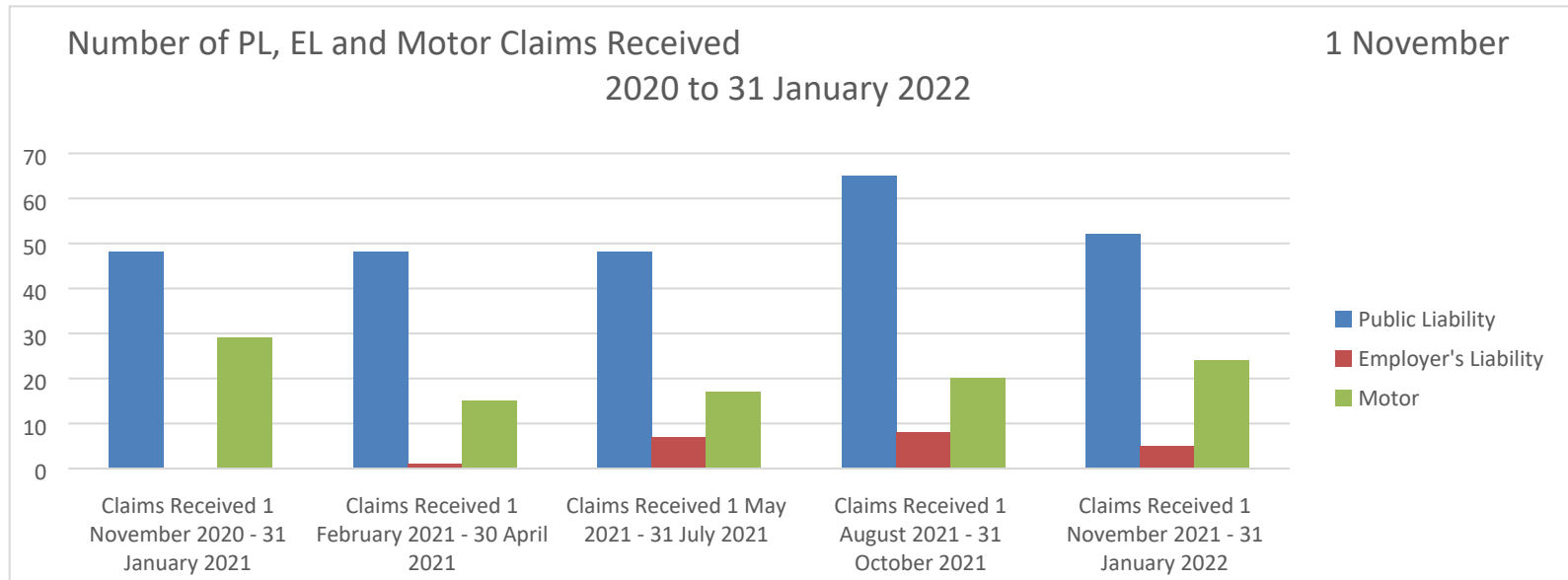
- The Team continues to work extensively with service areas to improve the management of insurable risk especially in areas where there are high numbers of claims or areas of concern. The Council generally has high defensibility rates, and such risk management activity will assist in maintaining and potentially improving the position further. An exercise on Grey Fleet has recently been undertaken with colleagues in the Health & Safety Team to ensure that information is cascaded to managers to remind/make them aware of both their own and employee's responsibilities whilst driving for work. Information has also been provided in relation to the introduction of the changes in the Highways Code to improve the safety of people walking, cycling and riding horses.
- In preparation for the 2022/2023 financial year, the Team have worked with colleagues in the Traded Services Team to ensure that all schools will be charged appropriately for their Insurance Service Level Agreement as part of the current Long-Term Agreement with Insurers. As in previous years, schools receive full protection from the Council's portfolio of policies with the exception of Roman Catholic Voluntary Aided schools who procure their Material Damage policy (buildings and contents) via the Archdiocese of Liverpool.
- Working with Brokers, the Team has recently secured liability insurance cover for the Council's wholly owned hospitality company, Sefton Hospitality Operations Ltd. Specialist Directors & Officers Liability Insurance has also been secured and, whilst this market is currently proving hard, quotes received were competitive compared to past experience. As the company develops, the Team will ensure that any new risks are adequately presented to Insurers to provide appropriate protection.

5.2 Key Claims Data

The following charts outline the insurance performance and include:

- Numbers of claims for Public Liability (PL), Employers Liability (EL) and Motor (MV) received by Sefton Council for the period 1 November 2020 to 31 January 2022.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 November 2020 to 31 January 2022.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 November 2020 to 31 January 2022.

The chart below outlines the number of claims for PL, EL and MV claims received for the period 1 November 2020 to 31 January 2022.



From the last quarter of the period, it is pleasing to see that the number of PL claims received this quarter has decreased by 20%, however it sits 8% higher than the start of the overall reporting period. Although the Highways service area represents 46% of claims received in the last quarter, the number of tree related claims (all property damage) represents 35% which is an increase of 29% from the previous quarter. As detailed in the Developments section below, it is hoped that the Council's Insurers can provide assistance to the Tree & Woodland Team in reducing risk by undertaking a review of their policies and procedures.

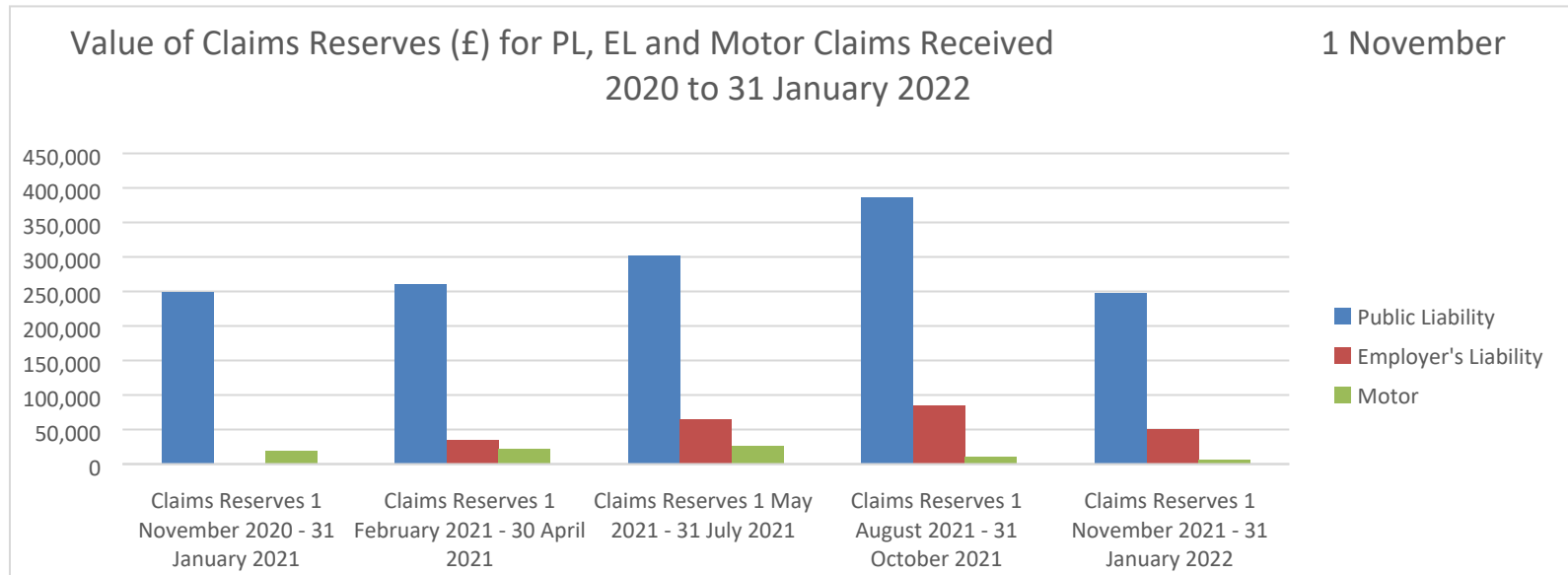
From the unusual spike in quarters 3 and 4, EL claim numbers have decreased by 38% from the fourth quarter and now remain in line with past performance and at an average for the size of the Authority. Schools once again account for the majority of claims received.

MV claim numbers continue to steadily increase, although the final quarter shows a decrease of 17% from the start of the overall reporting period. The Cleansing service area account for half of the claims recorded, and overall, 42% of claims

received relate to own damage and the remaining 58% involve third party damage. It is pleasing to see that no claims for personal injury have been received from third parties.

The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

The chart below outlines the value of the reserves for PL, EL and MV claims received for the period 1 November 2020 to 31 January 2022.



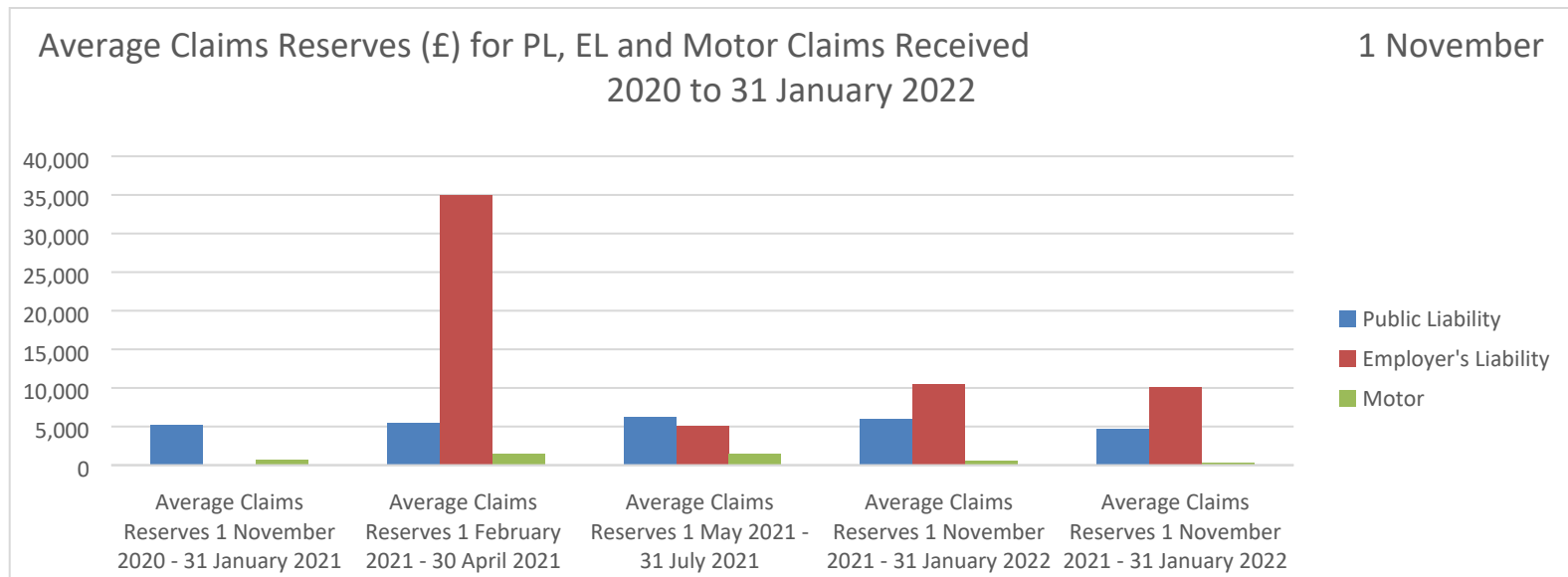
Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.

Although not always the case, due to the type of injury and/or damage sustained by third parties, the decrease in PL claims numbers is also reflected in the claim reserves which shows a 36% decrease from the fourth to fifth quarter. The reserves are also the lowest in the overall reporting period. Although the majority of claims are reserved under £10k, there are seven claims with individual reserves ranging up to £50k. Five of these relate to personal injury claims.

Following the decrease in claim numbers, EL claims reserves have also lowered and stand at 40% lower than the previous quarter and, where claims have been received, the second lowest of the overall period.

Although MV claim numbers have increased over the last quarter, the reserves are currently the lowest of the overall reporting period. There has been a 43% decrease from the last quarter and 75% decrease from quarter 3 which was the highest of the overall reporting period. As mentioned above, a large number of claims relate to own damage and although there has been no major incidents to report, reserves are still awaited for a number of repairs to the Council's fleet.

The chart below outlines the average value of the reserves for PL, EL and MV claims received for the period 1 November 2020 to 31 January 2022.



Reflecting the decrease in both Public Liability claim numbers and claims reserves, the average reserve has also decreased and currently stands at the lowest for the overall period – a decrease of 8% from the start of the period and a decrease of 24% from the middle quarter.

Although Employer's Liability claim numbers and reserves decreased over the period, the average reserve has remained in the same range and this is due to the nature and complexity of injuries reported to Insurers.

Whilst some individual Motor claim reserves are awaited, it is believed that there will be no significant upturn in average claim reserves once they are received.

Trends in claims performance will continue to be monitored.

5.3 Developments

- As the Council continues to change and commercialism develops, discussions will continue with the Insurance Broker to ensure that all new risks/liabilities to the Council are identified, and, if required, relevant insurance cover is sourced and procured to provide appropriate protection.
- The Team will shortly become heavily involved in preparing for the upcoming renewal of insurances for the Council and its associated subsidiary companies (Sefton New Directions, Sandway Homes and Sefton Hospitality Operations Ltd). Collaboration with all service areas will commence to ensure that Insurers are provided with details of all current and future (where known) risks and exposures. This will allow Insurers to present their views on cover, rates and premiums prior to the renewal date of 29 September 2022. This renewal will be the last of the current Long-Term Agreement, details of which will be provided in a future update.
- In consultation with Health and Safety colleagues, the Team continue to make use of the remaining allocation of free of charge Risk Management Days made available as part of the current liability insurance contract. These are utilised to provide service areas with training or advice for their specific roles. Consideration is currently being given to working alongside colleagues in the Tree & Woodland Team to undertake a Tree Risk Management Review. The objective of which is to conduct a critical examination of the adequacy of the risk management strategy currently in place for reducing liability for tree related claims. In addition to increases in claim numbers, recent inclement weather and court cases and/or HSE prosecutions involving other local authorities has highlighted the importance of undertaking a review.
- To build on the already strong relationships forged, and to ensure the smooth running of all relevant contracts to provide value for money, regular meetings will continue with external suppliers to the Team – Brokers, Insurers, Claims Handlers and Solicitors. Attendance at webinars will also be accepted where content is relevant and of interest to the Team and the organisation as a whole.

6. Risk and Resilience: Performance Update

6.1 Work Completed

The team have considered developments across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan has been produced for 2021/22.

A six-monthly review of Business Continuity plans from each Service area is being undertaken by the team. As part of the regular review, each plan is being revised to incorporate details of key IT systems used within the service, further identifying the timescales within which these systems need to be restored and the minimum number of staff requiring access. This is in recognition of the significant reliance we have on IT and the considerable changes we have experienced since the plans were initially produced. A document has been produced to capture details of 'key suppliers' business continuity arrangements within each service. These documents have been shared with each service area and responses will be compiled to further enhance BC plans.

In December, the team performed a no-notice, out of hours test of the activation contact details for each of the Service Business Continuity plans. The results were compiled and fed back to each Head of Service to encourage plan review and improvement where necessary.

Work is continuing to produce further training materials for the Crisis Response Team which will be the focus of future events planned for the team. There are plans to hold a training event for the Team in April at one of Sefton's designated reception centre venues.

A recent request for volunteers to the Decision Loggist role has been successful. As a result of this, four team members are attending a virtual training event on 7 March 2022.

The Merseyside Resilience Forum (MRF) has resumed its business plan for the coming year and the team continue to be engaged in various working groups to plan and deliver multi-agency programmes of work. The team were involved in reviewing community risks for the 2022/23 update of Merseyside Community Risk Register. A number of exercises are planned within the current year and details of these are shared to encourage attendance from relevant service areas across the Council.

Risk and Resilience team members continue to meet with Internal Audit colleagues to consider improvements and developments to the Risk Management system within the council.

Sefton has a number of senior officers who are new to the Emergency Duty Coordinator role (EDC). In February 2022 a cohort of three officers attended Multi-Agency Gold Incident Commander (MAGIC) course.

The Risk and Resilience team along with the on-call EDC at the time, attended Strategic and Tactical Coordination meetings set up in response to the Liverpool Women's Hospital terror attack. The meetings included each local authority within Merseyside to ensure wider community impacts for all those who were affected were considered. Following the initial response, the team nominated officers from appropriate services to attend recovery groups.

The team worked with colleagues from across the Council in response to an Avian Flu outbreak in wild birds. A report of approximately 70 dead birds in the Southport area was notified to the Council's Environmental Health Team in November 2021. The response included warning and informing the public and providing advice to internal departments on how to deal with further cases in line with DEFRA's national guidance.

During February 2022 a report was received from an offshore operator of oil and gas platforms in Liverpool Bay of a release of oil from a pipeline. The volume of oil release was initially unknown but estimated to be about 2.5 tonnes based on what could be observed on the surface. Modelling by Maritime & Coastguard Agency (MCA) counter pollution team indicated that oil could beach at the Sefton coastline. Subsequently, further data indicates that the actual spill could be in the region of 70 tonnes. ENI, the operator concerned, and their appointed clean-up contractors have joined a cross border Tactical Coordination group (TCG) established by Sefton's Risk and Resilience team. The TCG is in place to monitor sightings of oil deposits anywhere on the Sefton or North-West coastline and report confirmed findings to ENI. This will then be the trigger for ENI contractors and the affected LAs to begin clean-up operations on the shore. To date, there have not been any sightings in Sefton but there has been confirmed land fall within other North-West local authorities further north. Public facing communications are in place for Sefton.

Storms Dudley, Eunice and Franklin affected the area at the same time as the oil release noted above. This may have affected the disbursement of oil within the bay. The usual severe weather warnings were circulated by the team across Council departments for considerations of any risks affecting their service delivery and to take appropriate actions. The on-call EDC convened an internal severe weather group in preparation for Storm Eunice to understand Council actions being taken. These actions were shared publicly on Sefton's internet site and social media platforms.

Planning has begun for this year's Aintree Grand National Festival. As usual, the council will be supporting the racecourse with their evacuation planning.

During the quarter a request was issued to service managers to provide their latest Operational Risk Registers. The team is currently reviewing these documents to ensure consistency in recording operational risks and confirm the risk escalation process is being adhered to.

The Corporate Risk Register has been reviewed and is due to be presented to the March Audit and Governance Committee for noting. An alternative, enhanced method of updating the register has been introduced to ensure improved visibility and engagement in the process is achieved. Meetings with risk owners continue to be held virtually to ensure ongoing improvement to risk management arrangements across the Council.

Action to draft the Council's risk appetite has recently been initiated and is due to be developed over the next six weeks with a further update provided to the Committee at the next update.

6.2 Developments

- Major incident plans and processes will continue to be reviewed and associated risk assessment of operational activities documented to ensure safe working for members of the team and colleagues, partners and stakeholders.
- Plans are being drawn up for undertaking a Business Continuity Exercise with members of SLB.
- Ongoing review of the business continuity plans and consideration of content for continual improvement.
- Further development of Operational Risk Registers from all teams to support Service Risk Register content.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

The Council's participation in the Cabinet Office National Fraud Initiative has continued to see data matching exercises underway for the following data sets during the last quarter: -

- Housing Waiting List - to identify where an individual appears to have registered on the waiting list using a different address to the one on the waiting list suggesting possible undisclosed changes in circumstances or that false information has been provided.
- Covid Grant recipients

As part of the Council's membership of NAFN (the National Anti-Fraud Network), NAFN has advised all members to inform the relevant teams across the Council to be vigilant when receiving any requests for change of bank account details whether those requests are internal or external to the organisation. Employee victims were found to have had a strong online presence, which suggests the fraudsters became aware of their employer, using online methods/social media. Whilst our payroll teams in Sefton are vigilant and kept updated on these scams, an alert to all staff members with the suggestion they remove any employment details from their online/social media profiles was shared on the Sefton intranet.

The Council continues to share NAFN alerts with its own ICT contractor and School and Academies. One such example was an Office 365 Phishing attack.

Due to a high number the high number of Covid-19 Omicron Grant fraud reports that NAFN are receiving across the country they are collating incidents in one shareable Watchlist which is being circulated regularly to their members.

7.2 Developments

Business Support Grants and Business Rates datasets were mandated as part of The Cabinet Office's 2020/21 National Fraud Initiative (NFI) Work Programme data matching exercise in order to identify potential fraud. Phase 2 of Grants Recipients data matching is now underway, as part of the counter fraud response to the government COVID 19 programme which typically includes the following grant schemes:

- Christmas Support Payments

- Local Restrictions Support Grant (Open)
- Local Restrictions Support Grant (Closed)
- Restart Grants
- Additional Restrictions Grants

A NFI mortality screening exercise is currently underway with regard to the Council's Housing Waiting List and the Council Tax 2020/21 Council Tax Single Person Discount outcomes have been finalised and financial outcomes reported to the Cabinet Office.

The Council's Counter Fraud Strategy (draft) is to be consulted on with the Strategic Leadership Board during 2022. As part of the Counter Fraud Strategy the Council has already reviewed its arrangements against the latest Fighting Fraud and Corruption Locally (FFCL) Strategy (2020) which is the Local Government blueprint for tackling fraud in Local Government.

In September 2021 the Cabinet Office updated the Government Counter Fraud Professional Standards and Guidance- "Investigation Core Discipline". A self-assessment will be undertaken by Sefton against these standards.

Part of the Council's Fraud Strategy involves developing more capability and capacity within the Council to identify and punish fraudsters. During the early part of November 2021 in line with actions identified in the Annual Governance Statement, and to ensure compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption, the Council looked to recruit an Accredited Counter Fraud specialist on a fixed term basis to assist in the delivery of some key projects within the counter fraud work programme and play an active role in influencing and embedding an anti-fraud culture across the Council, liaising with operational managers on fraud risk controls etc. Regrettably, there was no response to that advertisement, so we have since been looking into alternative recruitment options to commence during 2022.

The three members of the Assurance Team continue to be seconded until end of June 2022 to the Business Grant Team to assist in the administration of the Liverpool City Region Grants.

8. Looking Ahead

- 8.1 The Service continues to develop, with a number of key projects being undertaken to embed the role and influence of the team over the next quarter:
- The embedding of regular risk management review across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis.
 - Define a draft risk management statement on appetite to be shared with Strategic Leadership Board.
 - Continued delivery of the Internal Audit Plans for 2021/22, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes particularly in light of Covid-19.
 - Undertake limited testing of existing business continuity plans and refresh the existing BC plans.
 - Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety and wellbeing of staff and the finalising of the Annual Health and Safety Report.
 - Developing the Council's Counter Fraud approach firstly through rolling out the actions from the CIPFA Fraud Risk Assessment.
 - Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made limited progress in the completion of the Internal Audit Plan 2021/22 due to difficulties in recruiting suitable internal audit staff. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service.
- 9.2 The Council's accident record continues to be positive and there are plans to improve the risk management further by working with colleagues across the organisation with improved training offer.
- 9.3 The Health and Safety team has been continuing to respond to the significant impact of Covid-19 helping to ensure that management put appropriate risk assessments are in place and provide guidance and support to colleagues.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by ensuring that a risk appetite is developed and ensuring that there are risk registers are in place in line with the Corporate Risk Management Handbook.
- 9.6 Progress has been made in embedding business continuity with a focus this year of reviewing the existing BC plans clear road map for the completion of the outstanding business continuity plans shortly and a focus over the remainder of the financial year at testing and exercising the BC plans.
- 9.7 There are clear implementation plans in place across each of the service areas to deliver improvements which will result in improved services as well as an integrated risk and audit approach.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Audit and Governance Committee Member Training and Development		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Resources		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To approve a programme of Audit and Governance Committee Member briefing sessions, based on the key competencies outlined by the Chartered Institute of Public Finance and Accounting (CIPFA) to be held for one hour prior to scheduled meetings of the Audit and Governance Committee.

As the Audit and Governance function cross-cuts all Council business it is also proposed that all Councillors would benefit from attending a course providing an introduction to and overview of the Audit and Governance function. Also, in line with CIPFA Guidance, it is proposed to offer a Treasury Management training session to all Members. Both of these courses would be incorporated in the Council's Member Induction and Development Programme Handbook which is provided to Members at the start of each municipal year.

Recommendation:

The Audit and Governance Committee is requested to

- (1) Note the recommended key competencies required of Audit and Governance Committee members set out by CIPFA as detailed in Appendix 1 to the report.
- (2) Approve the Audit and Governance Committee Schedule of member development topics and dates set out in Appendix 1.
- (3) Endorse the importance of Audit and Governance Committee members 'buying into' and showing commitment to training and development.
- (4) Endorse the inclusion of an 'Introduction to Audit and Governance' and 'Treasury Management' training sessions for all Councillors as part of the Member Induction and Development Programme.

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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

N/A

Implications of the Proposals:

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

None directly – most of the briefings will be undertaken 'in-house' facilitated by Council Officers.

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.

Legal Implications:

There are no legal implications

Equality Implications:

There are no equality implications

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6709/22) and the Chief Legal and Democratic Officer (LD.4909/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the meeting of the Audit and Governance Committee

Contact Officer:	Ruth Appleby
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Appendices:

Appendix 1 – Proposed Schedule of Member Briefing Sessions for 2022-2023 and 2023-2024

Background Papers:

The CIPFA document - 'Audit Committees – Practical Guidance for Local Authorities and Police – 2018 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: [_smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=14000](https://www.sefton.gov.uk/smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=14000)

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1. Introduction/Background

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. It is therefore proposed that a programme of Member briefing sessions, lasting approximately one hour, be scheduled prior to meetings of the Audit and Governance Committee.

2. Skills and competencies

2.1 CIPFA has outlined the following functions of what an Audit Committee should be undertaking within 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

2.2 Based on these functions CIPFA has set out a list of key competencies required by Audit Committee members to meet the functions outlined above. It is proposed that the respective member briefing sessions will be based on these recommended key competencies as detailed in the table at Appendix 1 to the report. In Sefton the Audit Committee is titled Audit and Governance Committee to reflect wider responsibilities for managing some governance issues.

3. Sefton Council Member Induction and Development Programme Handbook

3.1 The Council launched its Member Development Programme for all Members in 2021, providing a programme of courses (detailed in the Member Development Handbook) to support Councillors in their role. Currently the handbook does not feature any training on the Audit and Governance Committee functions. However, as Audit and Governance affects the work of all Councillors – not just Audit and Governance Committee members, it is suggested that an **Introduction to Audit and Governance** session would be helpful as a stand-alone session for all Members and be included in the 2022 – 2023 Member Development Programme Handbook.

3.2 Also, given that Council approves the Treasury Management Strategy on an annual basis, it is also proposed to offer **Treasury Management Training** to all Councillors, in line with CIPFA Code which states:

“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.”

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively”.

4. **Conclusion**

- 4.1 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 A&G Committee members and helping to facilitate effective, participation and decision making at meetings.
- 4.2 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 A&G member briefing sessions - accessed via the following link:
smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=13922

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APPENDIX 1

Proposed Schedule of Member Briefing Sessions for 2022-2023 and 2023-2024 Municipal Years - based on the CIPFA recommended Core Areas of Knowledge for Audit and Governance Committee Members

<u>2022-2023 Municipal Year</u>		
Knowledge area / Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Treasury management</u></p> <p>16 March 2022 <i>Also, to be provided to all Councillors at a later date (tbc) as part of the Member Development Programme</i></p> <p>Facilitators: Treasury Management Consultants - Arlingclose</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>
<p><u>Organisational knowledge</u></p> <p>22 June 2022</p> <p>Facilitators:</p> <ul style="list-style-type: none"> Chief Legal and Democratic Officer 	<p>An overview of the governance structures of the authority and decision-making processes.</p> <p>Knowledge of the organisational objectives and major functions of the authority.</p>	<p>This knowledge will be core to most activities of the audit committee including review of the AGS, internal and external audit reports and risk registers.</p>

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Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Audit committee role and functions</u> (Chapters 3 and 6)</p> <p>7 September 2022</p> <p>Facilitator:</p> <ul style="list-style-type: none"> • Chief Legal and Democratic Officer 	<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.</p> <p>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>
<p><u>Financial management and accounting</u> (Chapter 4) (Annual Statement of Accounts)</p> <p>23 November 2022</p> <p>Facilitators:</p> <ul style="list-style-type: none"> • Service Manager - Finance 	<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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Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Governance</u> (Chapter 4)</p> <p>14 December 2022</p> <p>Facilitator:</p> <ul style="list-style-type: none"> • Chief Legal and Democratic Officer 	<p>Knowledge of the seven principles of the CIPFA / Solace Framework and the requirements of the AGS.</p> <p>Knowledge of the local code of governance.</p>	<p>The committee will review the local code of governance and consider how governance arrangements align to the principles in the framework.</p> <p>The committee will plan the assurances it is to receive in order to adequately support the AGS.</p> <p>The committee will review the AGS and consider how the authority is meeting the principles of good governance.</p>
<p><u>Internal audit</u> (Chapter 4)</p> <p>15 March 2023</p> <p>Facilitator:</p> <p>Chief Internal Auditor</p>	<p>An awareness of the key principles of the PSIAS and the LGAN.</p> <p>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.</p>	<p>The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards.</p> <p>The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, including an opinion and information on conformance with professional standards.</p> <p>In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed.</p> <p>The audit committee chair is likely to be interviewed as part of the external quality assessment and the committee will receive the outcome of the assessment and action plan</p>

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<u>2023-2024</u> <u>Municipal Year</u>		
Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>External audit</u> (Chapter 4)</p> <p>June 2023</p> <p>Facilitators:</p> <ul style="list-style-type: none"> • External Auditors (EY) • Service Manager - Finance 	<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>
<p><u>Financial management and accounting</u> (Chapter 4)</p> <p>(Annual Statement of Accounts)</p> <p>Date: September 2023 – <i> tbc - depending on the date of the A&G meeting for consideration of the Statement of Accounts</i>)</p> <p>Facilitators:</p> <ul style="list-style-type: none"> • E • Service Manager – Finance 	<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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Knowledge area / Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Risk management</u> (Chapter 4)</p> <p>December 2023</p> <p>Facilitator: 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>
<p><u>Counter fraud</u> (Chapter 4)</p> <p>March 2024</p> <p>Facilitator: Chief Internal Auditor</p>	<p>An understanding of the main areas of fraud and corruption risk to which the organisation is exposed.</p> <p>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>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>

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2024-2025 Municipal Year		
Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Values of good governance</u> (Chapter 5)</p> <p>June 2024</p> <p>Facilitator: 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>

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 16 March 2022
Subject:	Audit and Governance Committee Work Programme 2022-2023		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	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 2022-2023 municipal year.

Recommendations:

The Committee is requested to approve the Audit and Governance Committee Work Programme for 2022-2023.

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 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 Governance Committee.

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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 direct equality implications.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
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: N/A
Commission, broker and provide core services: Yes
Place – leadership and influencer: N/A
Drivers of change and reform: Yes
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A
Cleaner Greener N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6730/22) and the Chief Legal and Democratic Officer (LD.4730/22.) 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.

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Appendices:

The following appendices are attached to this report:

- Appendix 1 – Audit and Governance Committee Terms of Reference
- Appendix 2 – Audit and Governance Committee Work Plan 2022-2023

Background Papers:

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition can be viewed at the following link:

smbc-modgov03/ecCatDisplay.aspx?sch=doc&cat=14000&path=0

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1. Introduction and 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 (Appendix 1). 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. The Terms of Reference have been enhanced to reflect the Committee's Governance role which is not detailed in the guidance.
- 1.2 Following approval of the Terms of Reference by the Adjourned Annual Council, a proposed work plan was approved by the Audit and Governance Committee on 15 September 2021, to ensure that through the delivery of the work plan all of the responsibilities of the Committee in the proposed Terms of Reference would be discharged during the municipal year.
- 1.3 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 2022-2023

- 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 2022-2023 municipal year:
- 2.3 As indicated in the Work Programme, an annual report on the Committee's activities from the previous year will be presented to the Audit and Governance Committee in September 2022.

APPENDIX 1

Audit and Governance Committee Terms of Reference

Statement of purpose

- 1 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.
- 2 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

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 4 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.
- 5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 7 To monitor the effective development and operation of risk management and Corporate Governance in the Council.

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- 8 To monitor progress in addressing risk-related issues reported to the committee including the Corporate Risk Register.
- 9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 11 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
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations and where appropriate obtain annual third party assurance statements.
- 13 To make recommendations to Council for amendments to the Constitution.
- 14 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.
- 15 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.
- 16 To deal with the arrangements for Councillors to receive dispensations to speak on, or participate in, matters in which they have an interest.
- 17 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.

- 18 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
- 19 To deal with appropriate matters referred to it from other Committees.
- 20 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.
- 21 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

- 22 To approve the internal audit charter.
- 23 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 24 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.
- 25 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 26 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 27 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of

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internal audit. To approve and periodically review safeguards to limit such impairments.

- 28 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.
- 29 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.
- 30 To consider summaries of specific internal audit reports as requested.
- 31 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.

- 32 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.
- 33 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).
- 34 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

- 35 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.
- 36 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 37 To consider specific reports as agreed with the external auditor.
- 38 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 39 To commission work from internal and external audit.
- 40 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Agenda Item 11

Other Assurance areas

- 41 To consider the Council's arrangements for health and safety and receive regular assurances and assessments on the effectiveness of these arrangements.
- 42 To consider write-offs of debt/ assets above £10,000.
- 43 To regularly review the Council's Treasury Management activities

Financial reporting

- 44 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.
- 45 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- 46 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.
- 47 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.
- 48 To publish an annual report on the work of the committee.

Appendix 2 - Audit and Governance Committee Annual Work Programme 2022-2023

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Governance						
Produce annual report of the Audit and Governance Committee (to full Council)	Terms of Reference		✓			
Review of effectiveness of the Audit and Corporate Governance Committee – complete self- assessment	Good practice	✓				
Review Audit and Corporate Governance Committee training requirements	Good practice		✓			
Review and approve Annual Work Plan for the Audit and Governance Committee	Good practice					✓
Review of the Audit and Corporate Governance Committee’s Terms Reference	Good Practice				✓	
Code of Corporate Governance	Recommended by A&G					✓
Internal Audit						
Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> • Audit Team • Health and Safety • Counter Fraud • Insurance and other risk areas such as Business Continuity 	Terms of Reference	✓	✓		✓	✓
Annual Opinion of the Chief Internal Auditor including: <ul style="list-style-type: none"> • review of impairment on independence and objectivity • QAIP • Assessment against PSIAS and LGAN 	Terms of Reference	✓				
Approval of the Annual Internal Audit Plan and review of Internal Audit Charter	Terms of Reference					✓
Provide a report on the completion of audit recommendations including those not implemented within a reasonable timescale	Terms of Reference				✓	
Annual report on the follow up of Internal Audit recommendations	Terms of Reference				✓	

Appendix 2 - Audit and Governance Committee Annual Work Programme 2022-2023

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Risk Management						
Review of the Quarterly Corporate Risk Register DE	Terms of Reference	✓	✓		✓	✓
Approval of the review of the Corporate Risk Management Handbook	Terms of Reference				✓	
Provide a regular report on health and safety DE	Terms of Reference	✓	✓		✓	✓
Monitor role						
Reporting of the anti- fraud, bribery and corruption strategy (in performance report DE	Terms of Reference	✓	✓		✓	✓
Provide an annual report on the Council's anti fraud strategy	Terms of Reference				✓	
Review of Whistleblowing Policy	Terms of Reference				✓	
Review of Financial Procedure Rules (if required)	Terms of Reference				✓	
Review of CIPFA Financial Management Code	Good Practice	✓				
Review of the Members Code of Conduct	Terms of Reference		✓			
Review the annual governance statement	Terms of Reference		✓			
Provide an annual report on the Council's Anti-Money Laundering Policy	Terms of Reference				✓	

Appendix 2 - Audit and Governance Committee Annual Work Programme 2022-2023

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Accounts, Financial Statements & Treasury Management						
External Auditor Annual Audit Letter	Terms of Reference	✓				
External Auditor Annual Report re. grant work	Terms of Reference	✓				
Treasury Management Outturn	Terms of Reference		✓			
Treasury Management In-Year Position	Terms of Reference	✓	✓		✓	✓
Write-offs of debt above £10,000 (if required)	Terms of Reference	✓	✓		✓	✓
Grant Policy	Good Practice	✓				

*A special meeting of the committee will need to be arranged to consider and approve the final audited Statement of Accounts for 2021/2022. This is currently scheduled for November 2022 but will be dependent on the completion of the audit by the Council's external auditors.

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