

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE COMMITTEE ROOM - BOOTLE TOWN HALL,
TRINITY ROAD, BOOTLE, L20 7AE
ON 14 DECEMBER 2022**

PRESENT: Councillor Robinson (in the Chair)

Councillors Danny Burns, John Joseph Kelly,
McGinnity, Page, Shaw and Sir Ron Watson

IN ATTENDANCE: Hayley Clark – External Auditor – Ernst & Young LLP
Sanchita Rai – External Auditor – Ernst & Young LLP

29. WELCOME AND INTRODUCTORY AND CHANGE OF AGENDA ORDER

Councillor Robinson welcomed everyone to the meeting and Members, Officers and representatives from Ernst and Young, the Council's External Auditors introduced themselves.

In view of a train strike taking place that day, the Chair advised of a change to the agenda order to enable Councillor Sir Ron Watson to leave the meeting early to catch the last train to Southport. Accordingly, Item No. 14 - 'Request by Councillor Sir Ron Watson for an Amendment to the Constitution - Members' Questions to full Council' would be brought forward and considered as the 6th substantive agenda item.

30. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Councillors:

Member

Councillor Roche (Vice Chair)
Councillor Cluskey
Councillor Dowd

Substitute Member

Councillor Murphy
Councillor Howard
Councillor Spencer

31. DECLARATIONS OF INTEREST

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

32. MINUTES

RESOLVED:

That the Minutes of the Meeting held on 7 September 2022 be confirmed as a correct record.

33. ISSUING OF PRESS RELEASES

Further to Minute No. 19 of the meeting held on 7 September 2022, the Executive Director of Corporate Resources and Customer Services provided a verbal update on the issue of press releases to Elected Members indicating that he and the Corporate Communications Officer had given careful consideration to the request that Councillors receive advance notice of press releases.

The Executive Director of Corporate Resources and Customer Services suggested that the focus should be placed on planned press releases which provided information to the public on specific issues, such as awareness campaigns and in which respect, prior notice at times could be given. He indicated that there was on average one planned press release per week sent to the media in advance and suggested that when this happened members could be notified at the same time.

RESOLVED:

That approval be given for the notification of planned press releases to Councillors for an initial three-month trial period and reviewed after three months.

34. AUDIT PLANNING REPORT 2021/2022 - ERNST AND YOUNG LLP

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services presenting the Audit Planning Report for 2021/2022 from the Council's External Auditors, Ernst and Young LLP (EY).

The Service Manager Finance introduced the report indicating that EY had been engaged to undertake the Council's audit for 2021/2022 as set out in their Audit Planning Report attached at Appendix A.

Representatives from Ernst and Young, presented the Audit Planning Report detailing how they intended to carry out their responsibilities as auditor. This included setting out an overview of the 2021/2022 audit strategy including an assessment of key risks and the planned audit strategy in response to those risks.

The EY representatives, the Executive Director of Corporate Resources and Customer Services and the Service Manager Finance answered questions on a number of issues raised by Members, including the risks identified in respect of the Council's assets, pensions, Sandway Homes and fraud and error and proposals for EY revised fees.

RESOLVED:

That the Ernst and Young LLP Audit Planning Report for 2021/22 be noted.

35. CORPORATE RISK MANAGEMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the Corporate Risk Register.

The Chief Internal Auditor (CIA) presented the report indicating that the ownership of the content of the Corporate Risk Register lay with the Strategic Leadership Board.

The CIA indicated that since the last meeting the following changes had been made to the Corporate Risk Register, namely:

The addition of one new risk, namely, 'Demand and cost of home to school transport'.

The de-escalation of one risk from the Corporate Risk Register to the relevant Service Risk Register. This risk was: 'Failure to manage and support response to pandemic'.

Significant revision to the Children's Services Risk Register with four current risks included in the Corporate Risk Register due to their score, namely:

- The provision of Children's Social Care is not financially sustainable.
- Market failure of Social Care provision across Adult and Children's Services.
- Failure to manage increasing demand for services.
- Impact of regulatory framework outcomes.

These risks had replaced the existing risks shown in the Corporate Risk Register which were:

- Failure to deliver the agreed Children's Services Improvement Plan.
- Demand and cost of placements and packages within Children's Social Care leads to impact on financial sustainability of the Council.
- Children's Services workforce failure to be able to recruit and retain a suitably qualified workforce leading to a large turnover of staff, unstable workforce and outcomes for children.
- The Council cannot demonstrate it has the capacity or capability to meet the requirements of its Children's Services Improvement Plan

and move from inadequate to good resulting in the recommendation that it becomes a Children's Trust.

The report indicated that although there had been substantial work undertaken over the past six years to embed risk management across the Council there continued to be work required to ensure that it was consistently and effectively embedded.

Meetings had been held with Officers and Members to develop the Council's Risk Appetite and it was expected that the formal draft definition of the Council risk appetite would be drafted and refined before providing it to the Committee in due course.

The CIA responded to a range of questions on issues relating to Children's Social Care, Sandway Homes and Adult Social Care.

Following consideration of the report, the Committee received a briefing by the Service Manager – Transport and Highway Infrastructure and the Highways Asset Manager on the risk: 'Failure to adequately invest in the highway network and associated assets'.

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;
- (2) the Service Manager – Transport and Highway Infrastructure and the Highways Asset Manager, be thanked for their presentation on 'Failure to adequately invest in the highway network and associated assets'; and
- (3) it be noted that responses to the issues raised not provided at the meeting would be provided to Members in due course.

**36. REQUEST BY COUNCILLOR SIR RON WATSON FOR AN
AMENDMENT TO THE CONSTITUTION - MEMBERS'
QUESTIONS TO FULL COUNCIL**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services requested by Councillor Sir Ron Watson in accordance with Rules 115 and 116 of Chapter 4 of the Constitution.

The report provided details of a request by Councillor Sir Ron Watson for the Constitution to be amended in respect of Members' questions to full Council as set out in paragraph 2.1 to the report.

Councillor Sir Ron Watson addressed the Committee, indicating that he was requesting for the Constitution to be amended so that on occasions when the Deputy Leader was officiating at Council meetings when the Leader of

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the Council was unable to attend, the Deputy Leader would answer questions raised at the meeting, thereby enabling a supplementary question to be asked; rather than the current practice whereby questions were referred for written response following the Council meeting therefore precluding the opportunity for a supplementary question to be asked.

Following lengthy debate, it was

RESOLVED: That

- (1) an amendment to the Constitution in respect of Members' questions to full Council be not approved; and
- (2) in accordance with Rule 96 of the Council and Committee Procedure Rules of the Constitution, it be noted that Councillor Sir Ron Watson voted against the resolution set out in (1) above.

37. FOLLOW UP OF AUDIT AGREED ACTIONS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the Council's follow-up of Audit Agreed Actions.

The Chief Internal Auditor (CIA) presented the report indicating that in accordance with Public Sector Internal Audit Standards, the CIA 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 have been effectively implemented or that senior management has accepted the risk of not taking action".

The report indicated that for Sefton Council, the follow up of agreed action plans included the monitoring of progress of agreed actions through internal audit and periodically reporting progress to the Audit and Governance Committee; and the report summarised the current implementation position and arrangements for monitoring and reporting internal audit recommendations.

RESOLVED:

That the progress on the Council's follow-up of Audit Agreed Actions outlined in the report be noted.

38. RISK AND AUDIT SERVICE PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which detailed the

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performance and key activities of the Risk and Audit Service for the period 1 September 2022 to 30 November 2022.

The Chief Internal Auditor presented the report and highlighted the resource issues particularly facing the Audit Team over the past seven months, the responses to the pressures and the revised action plan for the rest of the financial year.

RESOLVED: That

- (1) the progress in the delivery of the 2022/23 Internal Audit Plan and the activity undertaken for the period 1 September 2022 to 30 November 2022 be noted;
- (2) the revised internal audit plan for the remainder of 2022/23 be approved and the resourcing issues that have arisen since April 2022 be noted; and
- (3) the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience Teams in facilitating the management of the Council's key risks be noted.

39. FINANCIAL PROCEDURE RULES

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services, seeking approval for the Council's Financial Procedure Rules.

The Service Manager Finance presented the report indicating that as part of the annual review of the Council's Constitution the Council's Financial Procedure Rules had been the subject of review and that this had resulted in a number of proposed revisions set out in Appendix 1 to the report.

RESOLVED: That

- (1) the revisions to the Financial Procedure Rules set out in Appendix 1 to the report be noted and approved; and
- (2) Council be requested to approve the revised Financial Procedure Rules as set out in Appendix 1.

40. TREASURY MANAGEMENT POSITION TO SEPTEMBER 2022

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 2022

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The report indicated that this was the mid-year report to Cabinet and Council, as well as the second report of the ongoing quarterly monitoring provided to Audit and Governance Committee whose role was to carry out scrutiny of treasury management and policies.

RESOLVED: That

- (1) the Treasury Management update to 30 September 2022, be noted; and
- (2) the effects of 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 treasury management activities be noted.

**41. SEFTON COUNCIL ANTI-MONEY LAUNDERING POLICY
UPDATE**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out the Council's Anti-Money Laundering Policy.

RESOLVED:

That the Anti-Money Laundering Policy be approved.

42. REVIEW OF WHISTLEBLOWING COMPLAINTS 2021 - 2022

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which summarised the complaints received by the Council via its whistleblowing policy in the municipal year 2022/2022.

RESOLVED:

That the report be noted.

**43. REVIEW OF TERMS OF AUDIT AND GOVERNANCE
COMMITTEE TERMS OF REFERENCE**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services informing Members of the revised guidance issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) relating to the terms of reference for audit committees, shown at Appendix 2 to the report and seeking views on the appropriateness of any changes that should be made to Sefton Council's Audit and Governance Committee Terms of Reference in line with CIPFA guidance.

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The Chief Legal and Democratic Officer presented the report and indicated that a comparison of CIPFA's revised Terms of Reference showed no material difference except in relation to Committee Size and Membership; Tenure of Membership; Co-opted Independent Member; and Standards and requested that the Committee consider whether Terms of Reference for Sefton Council's Audit and Governance Committee should be amended.

RESOLVED: That

- (1) the report be noted and it be agreed that no changes be made to the Audit and Governance Committee's Terms of Reference in relation to Committee Size and Membership; Tenure of Membership; and Standards; and
- (2) the Terms of Reference be amended to allow for the appointment of one Independent Member and reviewed after 12 months.

**44. AUDIT AND GOVERNANCE COMMITTEE - WORK
PROGRAMME UPDATE REPORT**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provide an update on reports listed in the Audit and Governance Work Programme for submission to the meeting held on 7 September 2022 and the reasons for non-submission of some of the reports listed.

The report indicated that the 2022-2023 Work Programme had been approved by Audit and Governance Committee on 16 March 2022 and had 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 were discharged during the municipal year.

Approval for quarterly update reports on adherence to the Work Programme to be added to the Audit and Governance Committee Work Programme had been approved at the meeting held on 7 September 2022.

RESOLVED:

That the update on reports listed in the Audit and Governance Committee Work Programme for submission to the meeting on 7 September 2022 be noted.