

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, SOUTHPORT
ON 21 SEPTEMBER 2016**

PRESENT: Councillor Brennan (in the Chair)
Councillor Roche (Vice-Chair)

Councillors Ashton, Bennett, Bliss, Kevin Cluskey,
McGinnity, Moncur, Sayers and Shaw

10. APOLOGIES FOR ABSENCE

No apologies for absence were received.

11. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interest were received.

12. MINUTES

RESOLVED:

That the Minutes of the meeting held on 29 June 2016 be confirmed as a correct record.

13. AUDIT FINDINGS

The Audit Results Report – International Standards on Auditing (ISA) (UK and Ireland) 260 for the year ended 31 March 2016, was included within the documents for the Agenda Item on Statement of Accounts, as detailed under Minute No. 21 below, and the Committee's consideration of Audit Findings is set out under Minute No. 21 below.

14. LOCAL GOVERNMENT SECTOR UPDATE

The Committee considered a briefing paper submitted by the Council's External Auditors, Ernst and Young LLP, providing a general briefing,

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primarily for information, for the Audit and Governance Committee on government and economic news; accounting, auditing and governance; regulation news; key questions for audit committees; and links to further information.

RESOLVED:

That the Local Government Sector Update be noted.

15. ANNUAL AUDIT AND CERTIFICATION FEES 2016/17

The Committee considered a letter submitted by the Council's External Auditors, Ernst and Young LLP, confirming the audit and certification work that the External Auditors proposed to undertake for the 2016/17 financial year at the Council. The letter set out details of the following:-

- Indicative audit fee;
- Certification fee;
- Summary of fees;
- Billing;
- Audit plan; and
- Key members of the audit team for 2016/17.

RESOLVED:

That the External Audit and certification work for 2016/7 be noted.

**16. ADULT SOCIAL CARE AND PUBLIC HEALTH COMPLAINTS
ANNUAL REPORT 2014/15**

Further to Minute No. 11 of the Overview and Scrutiny Committee (Adult Social Care and Health) of 28 June 2016, the Committee considered the report of the Head of Commissioning Support and Business Intelligence on the performance of Adult Social Care Services in responding to complaints. Complaints received by Adult Social Care and Public Health covered the period 1 April 2014 to 31 March 2015, and the document attached to the report set out an Executive Summary of the complaints received, together with details of the following:-

- Current legislation;
- Overview of the complaints procedure;
- Adult Social Care complaints;
- Compliments;
- Learning from complaints; and
- Conclusions and recommendations.

Appendix 1 to the document set out a summary of the complaints received, together with how they were dealt with. Appendix 2 to the document showed the client categories for complaints received between 1 April 2014 and 31 March 2015.

There was no officer in attendance to present the report and Members of the Committee questioned why the report had been submitted for the consideration of this Committee.

RESOLVED:

That clarification be sought as to why the report has been submitted for consideration by this Committee and Members be advised accordingly.

17. INFORMATION MANAGEMENT

The Committee considered the report of the Head of Regulation and Compliance providing an update on the Council's approach to information management. The intention was to produce a similar report of data breached on an annual basis. The report set out the background to the matter; structures in place within the Council, including key roles; training provided to council staff; forms of data breaches and examples of enforcement action taken against local authorities and other public sector bodies; the position at the Council at the conclusion of 2015/16, together with a summary of the 22 incidents identified.

RESOLVED: That

- (1) the report be noted; and
- (2) the Head of Regulation and Compliance be requested to submit future reports on an annual basis covering the Council's information management and governance arrangements, including details about data breaches within the Council.

18. LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS 2015/16

The Committee considered the report of the Head of Regulation and Compliance presenting the Local Government Ombudsman's Annual Review Letter 2016. The report introduced the matter, setting out examples of maladministration and remedies available to local authorities and set out details of complaints and enquiries received in relation to the Council for 2015/16, indicating the area of the Council affected, summaries of complaints received, and outcomes. The report also indicated the number of complaints received by the Ombudsman for the Council during the preceding three years and comparative data for Merseyside authorities

in 2015/16. A copy of the Annual Review Letter 2016 was circulated at the meeting for consideration by Members of the Committee.

RESOLVED:

That the report and the Annual Review Letter 2016 be noted.

19. STANDARDS REGIME IN SEFTON 2015/16

The Committee considered the report of the Head of Regulation and Compliance providing information regarding complaints that certain Members had breached the Council's Member Code of Conduct during 2015/16. The report indicated that the Localism Act 2011 had introduced fundamental changes to the regulation of standards of conduct for elected and co-opted members and required relevant authorities to promote and maintain high standards of conduct for both members and co-opted members. The report set out the role of the Monitoring Officer in dealing with complaints received, together with decisions available to the Monitoring Officer. The report also detailed complaints received during 2015/16 by the Council and set out information regarding work being undertaken by the Liverpool City Region in reviewing all Member Codes of Conduct within the constituent authorities, to assess how the Nolan principles of public life were embedded in the codes and how consistent codes were with each other. A report on this matter would be submitted to this Committee in due course.

RESOLVED:

That the report be noted.

20. VEXATIOUS OR UNFOCUSSED COMPLAINTS AND DATA REQUESTS

The Committee considered the report of the Head of Regulation and Compliance providing Members with a proposed policy and procedure about vexatious or unfocussed complaints and data requests. The report indicated that complaints that fell under this category represented a very small proportion of the vast correspondence exchanged between the Council and members of the public each year. The proposed policy and procedure aimed to establish a set of principles for both staff and complainants to either resolve difficulties or for staff to gather sufficient evidence to be able to cease responding to individual's correspondence. If approved, the relevant documentation would be added to the Council's transparency pages and appropriate links made on the Council's website to ensure the documentation was accessible to all. Both the Local Government Ombudsman's office and the Information Commissioner's Office recommended such a published statement as good practice.

Copies of the proposed policy and procedures were circulated at the meeting and Members were advised that informal procedures currently took place.

RESOLVED:

That consideration of the proposed policy and procedures for vexatious or unfocussed data requests be deferred to the next meeting of this Committee, to enable Members to have sufficient time to consider the proposals.

21. STATEMENT OF ACCOUNTS 2015/16

The Committee considered the report of the Head of Corporate Resources presenting the final audited 2015/16 Statement of Accounts for consideration and approval following the completion of the audit by the External Auditors, Ernst & Young. The report included the Statement of Accounts and the Executive Summary of the Accounts. The External Auditor's Report to those charged with Governance was included within the report and provided details of the significant audit and accounting matters to be considered, together with recommendations in relation to weaknesses identified in internal control systems. The proposed "Letter of Representation" letter from Sefton to the Council's External Auditors, was also included within the report.

Further to Minute No. 13 above, the Committee also considered the Audit Results Report – International Standards on Auditing (ISA) (UK and Ireland) 260 for the year ended 31 March 2016, that was submitted for consideration and approval following the completion of the audit by the External Auditors, Ernst & Young LLP. The report included an Executive Summary of the findings of the 2015/16 audit, responsibilities of the Council and purpose of the work of the External Auditors, the financial statements audit, and value for money conclusion. Detailed audit findings were contained within the Appendices to the report.

The Council, or nominated Committee charged with the responsibility for Governance, must approve the Statement of Accounts following the completion of the annual audit. The Audit and Governance Committee had been delegated with this responsibility and consequently must approve the audited accounts for 2015/16 by 30 September 2016.

Members of the Committee considered that they would have preferred longer to peruse such an important and lengthy document and requested the possibility of submitting further questions on the matter, following the meeting. They also requested the possibility of receiving a briefing on the matter prior to consideration of the 2016/17 accounts the following year.

RESOLVED: That

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- (1) the 2015/16 Statement of Accounts be approved;
- (2) the Annual Governance Statement be approved;
- (3) the comments of the External Auditors, Ernst & Young LLP, be noted;
- (4) the Letter of Representation be approved and the Chair of the Committee and the Head of Corporate Resources be authorised to sign it on the Council's behalf;
- (5) the fact that following completion of the Value for Money (VFM) assessment the final audit certificate will be provided to the Chair of the Committee and the Head of Corporate Resources, and the intention for a follow up report to be made available at the next meeting of the Committee, be noted;
- (6) Members of the Committee be invited to submit any further questions on the Statement of Accounts via the Council's Democratic Services Team; and
- (7) a briefing be arranged prior to consideration of the 2016/17 Statement of Accounts during 2017, for Members of the Committee.

22. TREASURY AND CAPITAL ACTIVITY - OUTTURN 2015/16

The Committee considered the report of the Head of Corporate Resources informing Members of performance against Prudential Indicators and Treasury Management activities undertaken for 2015/16. The report also included the Treasury Management position to August 2016.

The report set out details of the Prudential Indicators for the 2015/16 outturn in relation to the following:-

- Capital expenditure;
- Financing costs/net revenue stream;
- Capital financing requirement;
- Borrowing limits; and
- Treasury Management Indicators.

The report also outlined the results of treasury management activities undertaken in 2015/16 covering the following issues:-

- Borrowing strategy and practice;
- The Council's current Debt Portfolio;
- Compliance with Treasury Limits;
- Compliance with Prudential Indicators; and

- Investment strategy and practice.

RESOLVED:

That the report be noted.

23. RISK AND AUDIT SERVICE PERFORMANCE REPORT

The Committee considered the report of the Head of Corporate Resources detailing the performance and activities of the Risk and Audit Service during the period from 30 June to 31 August 2016.

The Performance Report contained an Executive Summary; an Introduction; an Internal Audit Performance Update; a Health and Safety Performance Update; an Insurance Performance Update; a Risk and Resilience Performance Update; the process of development and transformation; together with conclusions and recommendations. The Internal Audit Plan for 2016/17 was set out at Appendix A to the report.

RESOLVED: That

- (1) the report and the positive contribution made by the Risk and Audit Service during the period 30 June to 31 August 2016 be noted;
- (2) the Revised Internal Audit Plan 2016/17 be approved; and
- (3) the plans for the future direction and development of the Service and the positive impact this is anticipated to have on the level of assurance provided be noted.

24. 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 Paragraph 3 of Part 1 of Schedule 12 A to the Act. The Public Interest Test has been applied and favoured exclusion of the information from the press and public.

25. REVENUE AND BENEFIT SERVICE - WRITE OFF OF IRRECOVERABLE DEBTS WITH BALANCES OVER £10,000

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The Committee considered the report of the Chief Finance Officer outlining outstanding debts over £10,000 and requesting authorisation from the Committee to write off the debts, in accordance with the Council's Constitution.

RESOLVED: That

- (1) the write off of all debts detailed within the appendices to the report, amounting to £378,982.05, be written off; and
- (2) the Chief Finance Officer be requested to consider the inclusion of appropriate meaningful management information for future reports of this nature, in order to assist Members of the Committee in their deliberations.