

AUDIT AND GOVERNANCE COMMITTEE

**REMOTE MEETING
17 MARCH 2021**

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

Councillors Brennan; Cluskey; McGinnity, Pugh,
John Sayers, Shaw and Sir Ron Watson

22. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors O'Hanlon and Irving (Substitute for Councillor O'Hanlon).

23. DECLARATIONS OF INTEREST

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

24. MINUTES OF THE MEETING HELD ON 16 DECEMBER 2020

RESOLVED:

That the minutes of the meeting held on 16 December 2020 be confirmed as a correct record.

25. STATEMENT OF ACCOUNTS 2019/2020

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the final audited Statement of Accounts 2019/20, including the Annual Governance Statement for consideration and approval. In addition, the proposed 'Letter of Representation' letter from Sefton Metropolitan Borough Council to the External Auditors - Ernst & Young LLP (EY), which was attached for approval.

The report indicated that there had been a delay in completing the audit for 2019/20, the deadline for publication having been 30 November 2020. However, the regulations allowed for a delay in publication where the audit had not yet been completed. The Audit was now complete and was presented to the Audit and Governance Committee, which had delegated authority to approve the Statement of Accounts for 2019/2020.

The Statement of Accounts 2019/20 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:

- Risk of fraud in revenue and expenditure recognition;
- Misstatements due to fraud or error (management override of controls);
- Risk of error in valuation of pension fund assets and liabilities in the Local Government Pension Scheme; and,
- Valuation of land and buildings.

The Executive Director of Corporate Resources and Customer Services, the Service Manager Finance; the Corporate Finance Manager and a representative from Ernst and Young, presented the reports and answered a range of questions from the Committee on each of the key areas within the statement of accounts.

RESOLVED: That

- (1) the 2019/2020 Statement of Accounts be approved;
- (2) the Annual Governance Statement (Section 11 of the Statement of Accounts) be approved;
- (3) the comments of Ernst and Young LLP be noted; and
- (4) the Letter of Representation be approved and the Chair of the Committee and the Executive Director of Corporate Resources and Customer Services be authorised to sign it on the Council's behalf.

26. 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 (CIA) presented the report indicating that there had been no new risks which had been added or escalated from the Service Risk Registers to the Corporate Risk Register; that no risks had been de-escalated from the Corporate Risk Register to the Service Risk Registers; and the following two EU exit risks had been amalgamated into

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one risk - (i) failure to mitigate impacts of COVID-19, EU Exit, winter, austerity, on the Sefton economy; and (ii) Failure to mitigate risks of or develop and maximise opportunities from EU Exit. The risks had been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which had been approved by the Committee in December 2020.

The CIA 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 Helen Spreadbury, Service Manager ICT and Digital had been invited to provide a presentation to the Committee on one of the risks listed in the Corporate Risk Register - Cyber Security. Accordingly, Ms Spreadbury gave a presentation to the Committee and answered questions thereon.

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 updated Corporate Risk Management Handbook be approved;
- (3) the planned work to formally define the Council's Risk Appetite and the further review of the Risk Management Handbook be noted; and
- (4) Ms Spreadbury be thanked for her informative presentation on the risk associated with Cyber Security and measures being put into place to reduce / remove the risk.

27. AUDIT AND GOVERNANCE TERMS OF REFERENCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services reviewing the current terms of reference for Audit and Governance Committee and recommending a revised terms of reference in order to comply with best practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Chief Legal and Democratic Officer (CLDO) presented the report, indicating that the changes, enclosed as Appendix 2 to the report, proposed that Sefton Council's Audit and Governance Committee adopt the model CIPFA Terms of Reference and included additional responsibilities that the Council's Audit and Governance Committee had, which were not included in the model Terms of Reference, including:

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- To consider the Council's arrangements for health and safety and receive regular assurances and assessments on the effectiveness of these arrangements.
- To consider write-offs of debt above £10,000.
- To have responsibility for all standards issues relating to the Council's Members' Code of Conduct
- To recommend changes to the Council's Constitution

The CLDO indicated that subject to approval of the Terms of Reference by Annual Council in May 2021 a proposed work plan would be submitted to the following meeting of the Audit and Governance Committee in June 2021, ensuring that through the delivery of the work plan all of the responsibilities of the Committee in the proposed Terms of Reference be discharged during the financial year.

The CLDO also advised of an amendment to Term of Reference No. 11 detailed in the report with the addition of the sentence – Annual Report to be provided – namely:

11 To monitor the following activities:

- Counter Fraud/ bribery strategy, actions and resources.
Annual report to be provided.

The purpose of this addition being that to reflect good practice on fraud issued by CIPFA, the Committee should receive an annual report on the Council's Counter Fraud arrangements in addition to the quarterly updates provided as part of the Audit and Risk Performance Report.

RESOLVED:

That the revised terms of reference be recommended to Council for adoption.

28. MEMBERS' CODE OF CONDUCT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on proposals for a new Members' Code of Conduct.

The Chief Legal and Democratic Officer (CLDO) presented the report and indicated that the Local Government Association (LGA) had published a model Councillor Code of Conduct (the Model Code); that the Model Code, attached at Appendix A, was described by the LGA as 'designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government'; that guidance was expected to follow in April 2021; and the Model Councillor Code of Conduct was a template for local authorities to adopt in whole and/or with local amendments.

The report indicated that in accordance with the Council's statutory duty to promote and maintain standards of conduct members were asked to

consider whether the new code should be adopted by the Council in its entirety or in part or to keep the current code. Code of Conduct training sessions would be held for all members and co-opted members in the new municipal year.

RESOLVED:

That Council be requested to approve the adoption of the new Member Code of Conduct set out in Appendix A to the report.

29. REVISIONS TO EMPLOYEE CODE OF CONDUCT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on proposals for revisions to the Employee Code of Conduct.

The report indicated that the draft revised Employee Code of Conduct was set out in Appendix A to the report and the recommended format for Service Area Registers detailed at Appendix B.

RESOLVED:

That Council be requested to approve the revised Employee Code of Conduct.

30. AMENDMENTS TO THE CONSTITUTION – HIGHWAYS; AND COUNTER TERRORISM AND SECURITY ACT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on proposals for amendments to the Constitution relating to Highways.

The Chief Legal and Democratic Officer (CLDO), presented the report that recommended amendments to the Council's Constitution to allow for the authority to enter into s38 and s278 Highways Act 1980 agreements and to make and amend Traffic Regulation Orders with regards to Disabled Parking Places outside people's homes, to be delegated to the Head of Highways and Public Protection.

The report indicated that it was considered more expedient and efficient for the Head of Highways and Public Protection to have delegated authority to enter into agreements under s38 and s278 Highways Act 1980 and the making and amending Traffic Regulation Orders with regards to Disabled Parking Places outside an individual's property

Also, to comply with the 2020 statutory guidance issued pursuant to the Counter Terrorism and Security Act 2015, the report also sought to amend the Council's Constitution to detail that the Council's responsibilities under the Counter Terrorism and Security Act 2015 to be the responsibility of the Cabinet Member - Communities and Housing.

RESOLVED: That

- (1) Council be requested to approve amendment to the Constitution to allow for the authority to enter into agreements under s38 and s278 Highways Act 1980 and the making and amending Traffic Regulation Orders with regards to Disabled Parking Places outside an individual's property to be delegated to the Head of Highways and Public Protection; and
- (2) Council be requested to approve amendment to the Constitution to provide that the Council's responsibilities under the Counter Terrorism and Security Act 2015 be the responsibility of the Cabinet Member - Communities and Housing.

31. FINANCIAL MANAGEMENT CODE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an assessment of the Council's current compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management (FM) Code and identifying areas for improvement.

The Strategic Finance Manager presented the report, indicating that the Financial Management Code aimed at ensuring a high standard of financial management in local authorities.

RESOLVED: That

- (1) the introduction of the CIPFA FM Code and the self-assessment of compliance with the Code detailed in the Appendix to the report be noted; and
- (2) The action plan including recommended actions which have been identified and will be carried out to further improve both compliance with the Code and financial management across the authority be noted.

32. TREASURY MANAGEMENT POSITION TO JANUARY 2021

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services that provided a review of the Treasury Management activities undertaken to 31st January 2021.

This was the third report of the ongoing quarterly monitoring provided to Audit and Governance Committee whose role it was to carry out scrutiny of treasury management policies and practices.

RESOLVED: That

- (1) the Treasury Management update to 31 January 2021 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.

33. RISK AND AUDIT PERFORMANCE REPORT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided details of the performance and key activities of the Risk and Audit Service for the period 6 December 2020 to 6 March 2021.

The Chief Internal Auditor presented the report which provided an overview of the Internal Audit activity; the Health and Safety, Insurance, Assurance and Risk and Resilience work and developments undertaken during this period and looked ahead to forthcoming developments to be carried out by the Service; and revisions to the Annual Internal Audit plan set out in the Appendix to the report.

RESOLVED: That

- (1) the progress in the delivery of the 2020/21 Internal Audit Plans and the activity undertaken for the period 6 December 2020 6 March 2021 be noted;
- (2) the revisions in the Annual Internal Audit Plan set out in the Appendix to the report, 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

34. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2021/22

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the revised Internal Audit Charter and the proposed Internal Audit Plan 2021/2022, as set out in the Appendix to the report.

RESOLVED: That

- (1) the Internal Audit Charter be approved; and
- (2) the Internal Audit Plan 2021/2022 be approved.

35. PROPOSED CHANGES TO THE CONSTITUTION IN RELATION TO PLANNING COMMITTEE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services proposing changes to the constitution in relation to the exercise of the Council's planning powers.

The Chief Planning Officer presented the report, indicating that the proposed changes related to two key areas, namely:

- (i) Clarification on what matters were delegated to Planning Committee to ensure that the more significant types of applications would be reported to Committee and those which were more routine would not be reported to Committee, thereby resulting in the more efficient management of Planning Services' workload as set out in Table 1 to the report and set out in the revised wording set out in Figure 1; and
- (ii) Minor changes in relation to the submission of petitions and the public speaking process as detailed in Section 3 of the report.

RESOLVED: That

- (1) Council be requested to approve the proposed changes to matters which are delegated to Planning Committee and matters which will not be determined by Planning Committee as set out in Table 1 and reflected in the revised wording set out in Figure 1; and
- (2) Council be requested to approve the proposed changes to the public speaking process as set out in section 3 of the report.

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. WRITE-OFF OF IRRECOVERABLE DEBTS > £10,000

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services in relation to exempt information regarding Write-off of Irrecoverable Debts of over £10,000.

RESOLVED:

That the exempt information be considered as part of the public report in relation to this matter, Minute No: 39 refers.

38. RE-ADMIT PRESS AND PUBLIC

RESOLVED:

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

39. WRITE OFF OF IRRECOVERABLE DEBTS > £10,000

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services regarding Write-off of Irrecoverable Debts of over £10,000.

The Revenues Manager presented the report, indicating that the report requested the authorisation of the Audit and Governance Committee to write-off the debts listed in Appendices 1 and 2 to the report. The debts detailed in the Appendices had all been assessed on an individual basis and all means of recovery had been exhausted. These debts were now considered to be irrecoverable and were recommended for write-off. Details of the recovery process were detailed in paragraph 2 of the report.

RESOLVED:

That the write-off of individual debts detailed in the appendices to the report totalling £643,883.41 be approved.