

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT SOUTHPORT TOWN HALL
ON 15 SEPTEMBER 2021**

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

12. WELCOME AND INTRODUCTION AND CHANGE OF AGENDA ORDER

Councillor Robinson, Chair welcomed everyone to the meeting and Members and Officers introduced themselves.

The Chair advised of a change of agenda order to enable a member of staff to leave the meeting promptly, indicating that Item No. 7 - Corporate Risk Management would be considered as the first substantive item on the Agenda, prior to Item 4 – Statement of Accounts 2020/2021.

13. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Dowd, John Joseph Kelly and Roche.

14. DECLARATIONS OF INTEREST

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

15. MINUTES OF THE MEETING HELD ON 23 JUNE 2021

RESOLVED:

That the minutes of the meeting held on 23 June 2021 be confirmed as a correct record.

16. 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.

Mr David Eden, Chief Internal Auditor presented the report and answered questions thereon. He indicated that two new risks had been added or

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escalated from the Service Risk Registers to the Corporate Risk Register, namely:

- Climate Change – Strategic Risk; and
- Inability to deliver the requirements and commitments for the Growth Programme.

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

Mr Eden indicated that as highlighted in June, 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 these findings and progress was being monitored.

Mr Eden 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, it had been agreed at last meeting that the Committee would receive a presentation on the risks associated with Children's Social Care.

Accordingly, Ms Laura Knights, Head of Children's Social Care was present at the meeting and 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:

- Failure to manage increasing demand for services.
- Failure to plan within annual budget for increased placement costs for Children's Social Care.
- The impact of regulatory framework and outcome of Joint Target Area Inspection.

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; and
- (2) Ms Knights be thanked for her informative presentation on the risks associated with Children's Social Care and the measures in place to mitigate those risks.

17. STATEMENT OF ACCOUNTS 2020/2021

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the draft unaudited Statement of Accounts 2020/2021.

Mr Paul Reilly, Service Manager Finance, presented the report and answered questions thereon.

Mr Hassan Rohimun, External Auditor (Ernst and Young) provided Members with an update on the current status of the external audit of the Statement of Accounts, indicating that there were three key areas outstanding, namely:

- Valuation of property and land.
- Group financial Statements.
- Assurances on the pension fund liability.

Members raised the following issues in relation to the report:

- Given the huge amount of documentation provided, concern was expressed about the timing of this meeting the day before Full Council and it was suggested that future meetings for consideration of the draft Statement of Accounts be held in the week before the Full Council meeting.

Mr David McCullough, Chief Legal and Democratic Officer and Monitoring Officer indicated that this request would be borne in mind when preparing the Council's Calendar of Meetings for 2022/2023.

- Also, given the number of outstanding financial issues, it was suggested that the Committee would benefit from an additional meeting before the end of the year to enable Members to have the best possible information on the Council's budget considerations.

Mr Paul Reilly indicated that an additional meeting was proposed to sign off the final Audited Statement of Accounts 2020/2021.

- Request for more information on the accounts for Sefton New Directions and Sandway Homes and concern that Members were not invited to attend the board for Sandway Homes.

Mr Paul Reilly indicated that he could arrange for the accounts for Sefton New Directions and Sandway Homes to be circulated to Members if required. There was discussion between Members on the following areas.

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- Artworks – Whether there was any merit in offering redundant artworks for sale where the Council had the authority and legal power to do so.
- The process for determining Regeneration Scheme Reserves.
- PFI (Private Finance Initiatives).
- Staff redeployment during lockdown due to the Covid Pandemic.

RESOLVED: That

- (1) the draft 2020/2021 Statement of Accounts be noted; and
- (2) the timetable for the completion of the external audit that will be conducted by Ernst and Young LLP be noted.

18. INFORMATION MANAGEMENT AND COMPLIANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the Council's approach to information management and compliance.

Ms Catherine Larkin, Information Management Lead and Data Protection Officer presented the report and answered questions thereon. Mr David McCullough, Chief Legal and Democratic Officer responded to a question about Member Development.

RESOLVED: That

- (1) the report be noted; and
- (2) the Executive Director of Corporate Resources and Customer Services be requested to submit future reports on an annual basis, covering the Council's information management and governance arrangements.

19. PROCUREMENT – NATIONAL PROCUREMENT POLICY, CONTRACT PROCEDURE RULES AND INTERNAL PROCESSES

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

- A refresh of the Contract Procedure Rules as detailed in Annex A to the report for consideration and approval.

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- the published Modern Slavery Statement, which could be viewed on the Council's website at the following link:
<https://www.sefton.gov.uk/media/1265/modern-slavery-statement.pdf>
- An update of progress in respect of Social Value Activity.
- Updates on national policy direction.

Mr David McCullough, the Chief Legal and Democratic Officer and Monitoring Officer presented the report and answered questions thereon.

RESOLVED: That

- (1) the Contract Procedure Rules detailed in Annex A to the report be approved;
- (2) it be noted that a full rewrite of the Contract Procedure Rules will take place once the updated national guidance is published and a further report will be submitted for consideration by the Audit and Governance Committee; and
- (3) it be noted that the Council's Modern Slavery Statement is published on the Council's website at
<https://www.sefton.gov.uk/media/1265/modern-slavery-statement.pdf>
and is refreshed annually.

**20. AUDIT AND GOVERNANCE ANNUAL REPORT 2020-2021 -
WORK PROGRAMME 2021/22 AND TERMS OF REFERENCE**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which formally presented the Annual Report of the Audit and Governance Committee, the Work Programme for 2021/2022 and the Terms of Reference of the Committee which had been agreed by full Council on 20 May 2021.

The Chief Legal and Democratic Officer and Monitoring Officer presented the report and answered questions thereon.

Councillor Sir Ron Watson requested that a formal vote of thanks be extended to Councillor Robinson, Chair and the Executive Director of Corporate Resources and Customer Services for the work undertaken in the past year in respect of Audit and Governance Committee.

RESOLVED: That

- (1) the Annual report of the Audit and Governance Committee as detailed in Appendix 1 to the report be agreed and referred to Council for approval;

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- (2) the Work Programme for 2021/22, as detailed in Appendix 2 to the report be approved;
- (3) the Terms of Reference of the Audit and Governance Committee, as detailed in Appendix 3, to the report be noted; and
- (4) the Chair of the Audit and Governance Committee and the Executive Director of Corporate Resources and Customer Services be commended and thanked for the huge amount of work undertaken in the past year in respect of the Audit and Governance Committee.

21. REVIEW OF WHISTLEBLOWING COMPLAINTS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which apprised the Committee of all complaints received by the Council via its whistleblowing policy in the municipal year 2020 to 2021, in accordance with the terms of reference of the Committee and the terms of the Whistleblowing Policy.

Mr David McCullough, Chief Legal and Democratic Officer and Monitoring Officer presented the report and answered questions thereon.

RESOLVED:

That the report be noted.

**22. REVIEW OF MEMBERS CODE OF CONDUCT COMPLAINTS
2020-2021**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided a summary of complaints received in the municipal year 2020 to 2021 that Members of Sefton Council had breached its Members Code of Conduct.

Mr David McCullough, Chief Legal and Democratic Officer and Monitoring Officer presented the report and answered questions thereon.

RESOLVED:

That the report be noted.

**23. ANNUAL REPORT AND OPINION OF THE CHIEF INTERNAL
AUDITOR**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the work of internal audit

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during 2020/21 and the Chief Internal Auditor's opinion on the overall control environment operating within the Council during the year.

This report was a key requirement of the Public Sector Internal Audit Standards and indicated that the opinion for the 2020/21 financial year was adequate with adequate prospects for improvement.

Mr David Eden, Chief Internal Auditor presented the report and answered questions thereon.

RESOLVED:

That the work of internal audit during 2020/21 and the overall opinion on the control environment of the Council during that period be noted.

24. 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 14 June 2021 to 7 September 2021.

Mr David Eden, 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 14 June 2021 to 7 September 2021 be noted; 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.

25. TREASURY MANAGEMENT OUTTURN 2020/21 AND POSITION TO 31 JULY 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 during 2020/21 financial year and also provided an update to 31st July 2021.

The report indicated that Audit and Governance Committee received this outturn report to allow monitoring against the Treasury Management Policy and Strategy and Prudential Indicators approved by Cabinet and Council.

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Mr Paul Reilly, Service Manager Finance, presented the report and answered questions thereon.

RESOLVED: That

- (1) the Treasury Management position to 31st March 2021 and the update to 31st July 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.

**26. PRESENTATION ON BOOTLE STRAND AND SURROUNDING
AREA**

Further to Minute no.11 of 23 June 2021, the Committee received a presentation by Mr Stephen Watson - Executive Director Place, in response to Councillor Sir Ron Watson's report on Bootle Strand and Surrounding area.

Mr Watson answered questions raised by Members regarding his presentation and indicated that the presentation slides would be made available to Members following the meeting.

RESOLVED:

That the presentation by the Executive Director Place on Bootle Strand and Surrounding Area be noted.