

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE ASSEMBLY HALL - BOOTLE TOWN HALL,
TRINITY ROAD, BOOTLE, L20 7AE
ON WEDNESDAY 19TH JULY, 2023**

PRESENT: Councillor John Joseph Kelly (in the Chair)
Councillors Catie Page, Pugh, Shaw, Spring,
Thomas, Anne Thompson and Webster

1. APPOINTMENT OF CHAIR

The Democratic Services Officer notified the Committee that due to unforeseen circumstances she had received apologies for absence from both the Chair and Vice Chair and therefore asked Members to nominate a Chair.

RESOLVED:

That Councillor John Joseph Kelly be appointed as Chair for this meeting of the Audit and Governance Committee.

2. WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting, in particular Ms Rachel Oakes who had been appointed as an independent Member of the Committee.

The Chair informed the Committee that this would be the last meeting attended by Ruth Appleby (Democratic Services Officer) as she was due to retire from the Council in September 2023.

The Chair also advised the Committee of a change of Agenda order – namely that the 'Statement of Accounts' report – Agenda Item 10, which had been published as a Supplementary Agenda, would be considered after Agenda Item 5 'Corporate Risk Management'.

RESOLVED: That

The Committee's thanks be extended to Ruth Appleby for her hard work and support for Audit and Governance Committee members during her time as Clerk to the Committee.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Robinson (Chair), Roche (Vice-Chair), Bradshaw (Substitute Member) and Murphy (Substitute Member).

4. DECLARATIONS OF INTEREST

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

5. MINUTES

RESOLVED:

That the minutes of the meeting held on 15 March 2023 be confirmed as a correct record.

6. 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 as detailed in Appendix A to the report.

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 held on 15 March 2023 the following changes had been made to the Corporate Risk Register, namely:

- The addition of three new risks, namely, Condition of Assets, Failure to comply with sections 1 and 10 of the Freedom of Information Act 2000 and Requirement to work collaboratively with Sefton New Directions to review delivery model, in order to meet market requirements and promote financial sustainability; identify opportunities and future risk mitigation.
- No risks had been de-escalated to the relevant Service Risk Register this quarter

The CIA informed the Committee of work undertaken on updating the Corporate Risk Management Handbook (Appendix B) to reflect recommendations from Risk Management Audit as well as the implementation of the Risk Appetite Framework approved by the Audit and Governance Committee on 15 March 2023.

The CIA also indicated that the Risk Management audit undertaken by Internal Audit provided an Internal Audit Opinion of 'Moderate' risk to the control environment. Also, other on-going initiatives to embed risk management within the Council, including Assurance Mapping and implementing the three lines model.

The report identified three medium and two low priority recommendations for improvements to systems and processes, namely:

- Clearly define the role of the Risk and Resilience Team and update the Risk Management Handbook.
- Develop a checklist to assess each risk register against.
- Ensure that the Risk Appetite Framework is included in the Risk Management Handbook.
- Progress the risk management training with the Corporate Learning and Development Team and review how risk management information is shared across the Council.
- Review whether managers received adequate notice of deadlines to return updated risk registers.

Following consideration of the report, the Committee received a presentation by the Service Manager – Property and Building Services on the condition of Sefton Council Assets.

Members of the Committee asked questions / commented on the following issues arising from the report and presentation:

- **Whether staff were provided training on completion of risk registers.**
 - The CIA indicated that relevant risk register e-learning training course was being developed and would be rolled out for staff in due course.
- **The risk associated with non-completion of Freedom of Information (FOI) within the statutory timeframe of 20 working days.**
 - The Chief Legal and Democratic Officer indicated that this issue was being addressed by the Information Management Executive group and was reported to Assistant Directors on a monthly basis
- **Disposal of Assets – Did the Council give any consideration to the advantages and disadvantages of disposing of assets prior to allocating them for disposal?**
 - The Executive Director of Corporate Resources and Customer Services indicated that the asset maximisation programme which commenced in 2017 classified all assets into four specific buffers and only a certain category of assets were considered for disposal.
- The Service Manager – Property and Building Services indicated that schools were classified as a different area to the assets discussed in the presentation.
- **Were staff consulted during the assessment period of a building?**

- The Service Manager – Property and Building Services indicated that operational need is the key assessment factor but staff are also consulted. The Executive Director of Corporate Resources and Customer Services emphasised the success of agile working and the re-location of a number of teams into Magdalen House.
- **How much of an increase has there been in reactive costs from 2021-2022?**
 - The Service Manager – Property and Building Services indicated that he would provide this information following the meeting.

RESOLVED: That

- (1) the updated Corporate Risk Register, the nature of the major risks facing the Council, and the controls and planned actions in place to mitigate these, be noted;
- (2) the revised Corporate Risk Management Handbook be approved;
- (3) the progress on the embedding of risk management within the Council be noted; and
- (4) the Service Manager – Property and Building Services be thanked for his informative and interesting presentation.

7. STATEMENT OF ACCOUNTS 2020/21, 2021/22 AND 2022/23

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the progress of the audit of the Statement of Accounts for 2020/21 and 2021/22 as well as the production of the Statement of Accounts for 2022/23.

The Committee queried the regulations regarding external auditors and the impact on future audit timescales. The Executive Director of Corporate Resources and Customer Services indicated there was a national issue with Local Authority external audit timescales and explained the complexity of the process.

RESOLVED: That

- (1) the timetable for completion of the external audit of the Statement of Accounts for 2020/21 and 2021/22 that is being conducted by Ernst and Young LLP be noted; and

- (2) the timetable for completion and publication of the draft Statement of Accounts for 2022/23 and the external audit of these accounts that is being conducted by Erns and Young LLP be noted.

8. FINANCIAL MANAGEMENT CODE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which outlined the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy which aims to ensure a high standard of financial management in local authorities. An annual assessment of the Council's compliance with the code is required and is accompanied by an action plan for improvement.

The report provided an update on progress in implementing the action plan for further improvements and to identify additional actions to further improve compliance, many areas of good practice in financial management were highlighted within the compliance assessment.

The Service Manager – Finance and the Executive Director of Corporate Resources and Customer Services explained the management of the Council's balances and reserve strategy following a relevant query.

RESOLVED: That

- (1) the principles of good financial management be noted;
- (2) the approaches and lessons learnt from the implementation of the financial management code be noted;
- (3) the progress in implementing the actions which have been carried out to further improve both compliance with the Code and financial management across the Authority be noted; and
- (4) the additional actions identified to further improve compliance be noted.

9. TREASURY MANAGEMENT OUTTURN 2022/23 AND POSITION TO JUNE 2023

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided Members with a review of the Treasury Management activities undertaken during 2022/23 and an update to 30 June 2023.

The Committee received this outturn report to allow monitoring against the Treasury Management Policy and Strategy and Prudential Indicators approved by Cabinet and Council in March 2022.

The Committee queried what some of the financial figures in the report represented. The Service Manager – Finance indicated the differences between and meaning of the relevant figures e.g. capital grants, internal/external borrowing, balances and reserves.

RESOLVED: That

- (1) the Treasury Management Outturn 2022/23 and the update to 30 June 2023, 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.

10. 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 1 March 2023 to 30 June 2023.

The Chief Internal Auditor (CIA) presented the report which provided an update on the resourcing position across the Team, in particular the Internal Audit Team and the actions planned 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 March 2023 to 30 June 2023 be noted;
- (2) the progress in completing the actions from the 2021/2022 Corporate Governance Review and the follow up of audit agreed actions detailed in the December 2022 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.

11. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME UPDATE REPORT

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

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on reports listed in the Audit and Governance Work Programme for submission to the meeting held on 15 March 2023 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.

The report also indicated that the Audit and Governance Committee Work Programme for the current Municipal Year - 2023/24 had been approved at the last meeting held on 15 March 2023.

RESOLVED:

That the update on reports listed in the Audit and Governance Committee Work Programme 2022/23 for submission to the meeting on 15 March 2023 and ad hoc reports considered at that meeting be noted.