

**AUDIT AND GOVERNANCE COMMITTEE**

**MEETING HELD AT THE ASSEMBLY HALL - BOOTLE TOWN HALL,  
TRINITY ROAD, BOOTLE, L20 7AE  
ON 13 DECEMBER 2023**

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

Councillors Catie Page, Pugh, Shaw, Thomas, and  
Webster

**ALSO PRESENT:** Rachel Oakes (Independent Member)

**30. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors John Joseph Kelly, Spring and Anne Thompson.

**31. COMMITTEE'S TERMS OF REFERENCE – CHIEF INTERNAL AUDITOR**

**RESOLVED:**

That the Committee were reminded of the provision in the Committee's Terms of Reference that allows the Committee to meet with the Chief Internal Auditor privately.

**32. DECLARATIONS OF INTEREST**

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

**33. MINUTES**

**RESOLVED:**

That the Minutes of the meeting held on 27 September 2023 be confirmed as a correct record.

**34. 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.

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

The CIA indicated that since the meeting held on 6 September 2023, following a comprehensive review that sought to remove any duplication and place a clear focus on the key risks facing the Council, the 15 risks below were identified for de-escalation after rescoring and moved to the relevant Service Risk Registers as appropriate or removed as they were covered elsewhere:

- Sandway Homes – Financial sustainability beyond 2023/24
- Failure to adequately invest in the Highway network and associated assets
- Condition of Assets
- Impact of Cost-of-Living crisis on residents and demand for Council services
- Market failure of social Care provision across Adult and Children's Services
- Inflation and cost of care (Adult Social Care) impact on budget availability
- Climate Emergency – Strategic Risk
- Lack of SEND specialist placements for children and young people
- 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
- Education service not being able to meet statutory compliance at an acceptable level
- Adult Social Care contracted rates are no longer sufficient to secure placements
- School debts transferring back to the Council in the event of them being forced into academy status or closing
- Inability to recruit required Adult Social Care staff and retention of current workforce
- The provision of Children's Social Care is not financially sustainable
- Failure to adequately maximise the benefits of digital growth to the local community and businesses

The CIA informed the Committee that there were on-going initiatives to embed risk management within the Council including Assurance Mapping and implementing the three lines model.

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

- Was there any particular threat from AI to the Council and were there any benefits?
- Feedback on Sandway Homes and its classification in regards the Corporate Risk Register

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- Concerns around market changes relevant to Adult and Children's Social Care
- MLEC Project Risk Register

Following consideration of the report, the Committee received a verbal update by the Executive Director of Corporate Resources and Customer Services on SEND and High Needs.

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 risks, be noted;
- (2) the progress on the embedding of risk management within the Council be noted;
- (3) the Executive Director of Corporate Resources and Customer Services be thanked for his verbal update; and
- (4) the Executive Director of Children's Social Care and Education be invited to a future meeting of the Audit and Governance Committee to discuss matters raised in relation to SEND and at the next meeting the Committee consider the risk in respect of market sustainability in the care market.

### **35. 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 September 2023 to 30 November 2023.

The report covered the following areas:

- Internal Audit Performance Update
- Health and Safety Performance Update
- Insurance Performance Update
- Risk and Resilience Performance Update
- Assurance and Counter Fraud

The Committee discussed the insurance process for weather related events.

RESOLVED: That

- (1) the progress on the revised 2023/24 Internal Audit Plan to 30 November 2023 be noted; and
- (2) 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.

### **36. FOLLOW UP OF AUDIT AGREED ACTIONS**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which summarised the current implementation position and arrangement for monitoring and reporting internal audit recommendations.

In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor 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."

For Sefton Council the follow up of agreed audit action plans included the monitoring of progress of audit agreed actions through internal audit and periodically reporting progress to the Audit and Governance Committee.

A review of the outstanding actions from all audits between 2018/2019 to 2022/2023 financial years indicated that on the whole most of the agreed actions had been addressed but that a small proportion of the agreed actions remained outstanding. Of note was the six High priority agreed actions from 2018/2019 where progress was still outstanding. However, the overall performance showed that significant efforts had been made to implement the agreed actions, with the implementation rate of 83% being above the industry standard benchmark (65%).

RESOLVED:

That the progress outlined in the report be noted.

### **37. FINANCIAL PROCEDURE RULES**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval for revisions to the Financial Procedure Rules.

As part of the annual review of the Council's Constitution, the Council's Financial Procedure Rules had been the subject of review. A number of key areas were reflected in the updated schedule:

- Commercial Activity

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- Loans to Third Parties and Acquisition of Third-Party Interests
- Collection of Income

RESOLVED: That

- (1) the revision to the Financial Procedure Rules set out in Appendix 1 be approved; and
- (2) the duly amended Financial Procedure Rules be referred to Council for approval.

**38. INFORMATION GOVERNANCE AND COMPLIANCE – INTERNAL GUIDANCE AND POLICIES**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval of the revised internal information governance policy documents, namely:

- Information Risk policy
- Guidance on disclosure of information to Elected Members
- Freedom of Information policy and guidance

The Committee queried the schedule for reviewing policies and were informed that reviews would now take place annually.

RESOLVED: That

- (1) the contents of the report be noted; and
- (2) the revised internal policy documents be approved.

**39. PROCUREMENT – NATIONAL PROCUREMENT POLICY AND CONTRACT PROCEDURE RULES**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which updated on national policy direction and gave a refresh of the Contract Procedure Rules for consideration.

The Committee discussed updated national guidance that was due to be published regarding the Contract Procedure Rules.

RESOLVED: That

- (1) the draft Contract Procedure Rules be approved; and
- (2) it be noted that a full rewrite of the Contract Procedure Rules will take

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place once the updated national guidance is published, and a further report will be submitted for consideration.

**40. TREASURY MANAGEMENT POSITION TO SEPTEMBER 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 to 30 September 2023. The report was the second report of the ongoing quarterly monitoring provided to Audit and Governance Committee.

The report included an overview of:

- Investments Held
- Interest Earned
- Borrowing Strategy
- Interest Rate Forecast
- Compliance with Treasury and Prudential Limits

RESOLVED:

That the report be noted.

**41. QUARTERLY WORK PROGRAMME UPDATE REPORT**

The Committee considered the quarterly work programme update report of the Executive Director of Corporate Resources and Customer Services. The Audit and Governance Committee Work Programme 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 provided an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 6 September 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 6 September 2023 were listed in the Work Programme for the 2022-23 Municipal Year which had been approved by Audit and Governance Committee on 15 March 2023.

RESOLVED:

That the Audit and Governance Work Programme update on reports listed for submission to the meeting held on 6 September 2023 be noted.

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

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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, 2021/22 and 2022/23.

RESOLVED:

That the progress of the external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23, that is being conducted by Ernst and Young LLP, be noted.