

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 15 MARCH 2023**

PRESENT: Councillor Roche (Vice Chair – in the Chair)

Councillors Danny Burns, Cluskey, Spring,
John Joseph Kelly, McGinnity, Page and
Sir Ron Watson

45. WELCOME AND INTRODUCTION

Councillor Roche (Vice Chair) indicated that he would be chairing the meeting on behalf of the Chair, Councillor Robinson who was unable to attend the meeting for medical reasons.

A Member requested that the Committee's best wishes be formally extended to Councillor Robinson.

The Chair welcomed new Councillor Spring who had been elected to Netherton and Orrell Ward in February 2023 and had now taken the place of Councillor Dowd on the Audit and Governance Committee.

RESOLVED:

That the Committee's best wishes for a speedy recovery be sent to Councillor Robinson.

46. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Robinson (Chair), Councillor Bradshaw (Substitute Member), Councillor Shaw and Councillor Pugh (Substitute Member).

47. DECLARATIONS OF INTEREST

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

48. MINUTES

RESOLVED:

That the minutes of the meeting held on 14 December 2022 be confirmed as a correct record.

49. 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 14 December 2022, the following changes had been made to the Corporate Risk Register, namely:

- The addition of one new risk, namely, 'Lack of SEND specialist placements for children and young people.
- That no risks had been de-escalated to the relevant Service Risk Register this quarter.
- There had been an improvement in the completion of the SRRs although there remained work to do on the timely completion of ORRs and their escalation to be considered within the process for updating the SRRs. There had also been substantial work undertaken over the past six years to embed risk management across the Council and there continued to be work required to ensure that it was consistently and effectively embedded.

The CIA also indicated that The Council was introducing a Risk Appetite Framework (RAF) as detailed in Appendix B to the report to enable the Council to set out its risk appetite in a consistent, comprehensible and useful way to guide how much risk the Council was willing to seek and accept in delivering its 2030 Vision, corporate priorities and objectives. The RAF would set out the level of risk that members decided was acceptable for the Council and would provide a framework within which officers could make proposals and take delegated decisions. Determining the Council's risk appetite was an important step in the evolution of risk management at Sefton, to support the delivery of its 2030 Vision and other objectives.

Following consideration of the report, the Committee received a briefing by the Interim Executive Director of Children's Services and Education and the Assistant Director of Children's Services (Social Care) on the four risks associated with Children's Social Care, namely:

- Market failure of Social Care provision across Adult and Children's Services.
- Failure to manage increasing demand for services.
- Impact of regulatory framework outcomes.

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- The provision of Children's Social Care is not financially sustainable.

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

- Was there a timeframe for resolution / completion of those risks identified in the Operational Services Risk Register as requiring future work?

The Chief Internal Auditor indicated that he would provide this information following the meeting.

- Members were pleased that reference was made to Children and Young People rather than just children.
- £17m of additional expenditure on Children's Social Care was experienced in 2022/2023 – is the same sort of figure anticipated in future years and if so where will it come from?

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The Service Manager - Finance indicated that Budget approved by full Council on 2 March 2023 included £20 m for Children's Social Care to take into account all the pressures from 2022/2023.

- Concern about the numbers of looked after children from outside Sefton, such as London, being placed in Sefton and costs to the authority.

The Assistant Director of Children's Services (Social Care) indicated that this was a national issue not just a Sefton problem. Due to the rising numbers of children requiring social care, Local authorities had to look outside their area to place children. Children placed in Sefton from other local authorities came with funding from those local authorities. However, other 'hidden' costs such as education and health care provision came from Sefton's resources.

The Interim Executive Director of Children's Services and Education indicated that the Council was working closely with Leeds City Council in identifying ways to prevent children coming into care in the first place – working closely with families and children and the identification of children at risk from exploitation. The entire structure was to work to keep children with their families where it was safe to do so.

- The recruitment of social workers from overseas and the establishment of a Sefton Academy for Social Workers – seen as a positive development in retaining social workers in Sefton, avoiding the need for agency workers and being cost effective.

RESOLVED: That

- (1) the contents of the Corporate Risk Register set out in Appendix A to

the report, 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 intention to introduce a Risk Appetite Framework as set out in Appendix 2 to the report be endorsed; and
- (3) the Interim Executive Director Children's Services and Education and the Assistant Director of Children's Services (Social Care) be thanked for their comprehensive presentation on the risks associated with Children's Social Care.

50. CYBER SECURITY ASSURANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which outlined the external assurance sought in relation to the Cyber Security of Sefton Council and set out the key findings from three key assessments completed in 2022, further improvement plans in progress and key next steps.

The Senior Manager ICT & Digital presented the report, answered questions thereon and arising from a query from a member about the meaning of the term 'brute force attack' and agreed to provide members with a glossary of terms used in relation to cyber security.

RESOLVED: That

- (1) the report be noted and the ongoing programme of work in relation to the Cyber Security of Sefton Council be endorsed; and
- (2) the Senior Manager ICT & Digital be requested to provide the Committee members with a glossary of terms used in relation to cyber security.

51. ICT ACCEPTABLE USAGE POLICY

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval for the revised security policy documentation relating to the Authority's ICT estate.

The Policy Document was a yearly review of the ICT Acceptable Usage Policy which had been reviewed and approved by the Audit & Governance Committee on 16th March 2022 and by Council on the 21 April 2022.

Changes to the ICT Acceptable Usage Policy included explicit guidance for SharePoint data owners as well as the Council's ICT Monitoring capabilities.

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The Senior Manager ICT and Digital presented the report and answered questions thereon.

A request was made for reconsideration being given to the statement contained in - 'How you should use your email (key principles) at page 77 Bullet No. 3 of the report':

- 'Users should not make any statements on their own behalf or on behalf of the Sefton Council that do or may defame, libel, or damage the reputation of Sefton Council or any person'.
- Clarification and possible rewording was requested on the application of this policy in relation to Councillors. The Chief Legal and Democratic Officer suggested that Members could be advised to refer to the Code of Conduct for Elected Members for further guidance.

RESOLVED: That

- (1) The Senior Manager ICT and Digital be requested to reword the policy in relation to Use of email (key principles) - bullet point 3 to read:
 - '**Officers** should not make any statements on their own behalf or on behalf of the Sefton Council that do or may defame, libel, or damage the reputation of Sefton Council or any person'.
Elected Members should refer to the Members Code of Conduct for further guidance;
- (2) subject to (1) above, Council be requested to approve:
 - (i) the revised security policy documentation relating to the authority's ICT estate; and
 - (ii) the internal publication of the Acceptable Use Policy.

52. 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 December 2022 to 28 February 2023.

The Chief Internal Auditor (CIA) presented the report which provided an update on the implementation of the Significant Governance Issues and agreed actions from the Corporate Governance Review.

The CIA highlighted the resources issues particularly facing the Audit Team over the past seven months and, the responses to the pressures as well as future actions.

RESOLVED: That

- (1) the progress in the delivery of the 2022/23 Internal Audit Plan and the activity undertaken for the period 1 December 2022 to 28 February 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.

53. INTERNAL AUDIT CHARTER AND ANNUAL AUDIT PLAN

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which presented the proposed Internal Audit Charter and the Internal Audit Plan 2023/24 for approval by Members as set out in the Appendix to the report.

RESOLVED:

That the Internal Audit Charter and Internal Audit Plan 2023-2024 set out in the Appendix to the report be approved.

54. STATEMENT OF ACCOUNTS 2021/-2022 AND 2022/-2023

The Service Manager – Finance provided a verbal update on the current position in relation to the completion of the external audit for the years 2020/2021 and 2021/2022.

He indicated that as previously reported, the audit of the Statement of Accounts for 2020/2021 had almost been complete when they were presented to the Committee in December 2021. However, due to a technical issue that had arisen nationwide relating to accounting for Infrastructure Assets, the audit had not been able to have been completed. The Government had now introduced temporary legislation that would allow the issue to be resolved and the Council was currently working with the Council's external auditors to finalise the position.

The audit of the 2021/2022 Statement of Accounts was still in progress, although a significant proportion of the work had now been completed. It was currently expected that both the 2020/2021 and 2021/2022 accounts would be presented to the June meeting of this Committee for final approval.

RESOLVED:

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That the update on the Statement of Accounts for the years 2020/2021 and 2021/2022 be noted.

55. TREASURY MANAGEMENT POSITION TO JANUARY 2023

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 31 January 2023.

This document 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 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.

56. AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the Self Assessment exercise undertaken by Audit and Governance Committee Members in consultation with the Chief Internal Auditor and the Chief Legal and Democratic Officer at a special Audit and Governance Committee Member Briefing session held on 23 November 2022.

A copy of the Self Assessment was provided at Appendix 1 to the report and Members were requested to examine the document and suggest any amendments as required.

The Chief Legal and Democratic Officer presented the report indicating that the Chartered Institute of Public Finance and Accountancy (CIPFA) emphasised the importance of local authority audit committees undertaking a self-assessment exercise to help provide assurance that the committee was soundly based and had in place a knowledgeable membership; and that a regular self-assessment could be used to support the planning of the audit committee work programme and training plans; and inform the annual report.

RESOLVED: That

- (1) the Self Assessment document completed by Members and Officers

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on 23 November 2022, shown at Appendix 1 to the report was agreed as a correct reflection of the views of the Audit and Governance Committee;

- (2) it be noted that the Self-Assessment exercise will support the planning of the Audit and Governance Committee Work Programme and Training Programme and inform the Annual Report; and
- (3) it be agreed that the Audit and Governance Committee will undertake a Self-Assessment exercise on an annual basis.

57. AUDIT AND GOVERNANCE COMMITTEE MEMBER TRAINING AND DEVELOPMENT UPDATE REPORT

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

- An update on the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2022/23 detailed in Appendix 1 to the report.
- Proposals for the 2023/24 programme of briefing sessions, based on the recommended Core Areas of Knowledge for Audit and Governance Committee Members outlined by the Chartered Institute of Public Finance and Accounting (CIPFA) as set out in Appendix 2 to the report.
- An update on the Treasury Management course which in accordance with the CIPFA Treasury Management code, would be provided annually with a required attendance by Members and Substitute Members of Audit and Governance Committee.
- A proposal for the Treasury Management course to continue to be offered to **all Councillors** in accordance with the CIPFA Treasury Management Code and included in the Member Development Handbook as part of the Council's Member Development Programme 2023-2024.

The Democratic Services Officer presented the report and answered questions thereon.

RESOLVED: That

- (1) the update and attendance at the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2022/23 detailed in Appendix 1 to the report be noted;

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- (2) the proposed Audit and Governance Committee schedule of member development briefings to be held from 1.45 to 2.45 pm prior to meetings of the Audit and Governance Committee in 2023-2024 and 2024-2025 as set out in Appendix 2 to the report be approved;
- (3) It be noted that the briefing topics listed in Appendix 2 are to be provided in accordance with CIPFA identified core areas of knowledge required of Audit and Governance Committee Members;
- (4) the Democratic Services Officer be authorised to amend the schedule of briefings set out in Appendix 2, in consultation with the Chair of Audit and Governance Committee, to meet any changing circumstances such as facilitator non-availability;
- (5) note that in accordance with the CIPFA Treasury Management Code, all Members and Substitutes of the Audit and Governance Committee will be required to attend the Treasury Management session to be provided annually by the Council's Treasury Management Consultants;
- (6) In accordance with the CIPFA Treasury Management Code, approval be given for the continued inclusion of an **additional** 'Treasury Management' training session provided by the Council's Treasury Management Consultants, **for all Councillors** as part of the Member Development Programme 2023-2024; and
- (7) the importance of Audit and Governance Committee Members and Substitutes 'buying into' and showing commitment to training and development be endorsed.

58. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2023-2024

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out the proposed Work Programme for the Audit and Governance Committee for the 2023-2024 municipal year.

The Democratic Services Officer presented the report indicating that 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 Terms of Reference for the Committee were attached at Appendix 1 to the report and the proposed Work Programme for the Committee at Appendix 2.

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The report indicated that the Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local and Authorities and Police" recommended as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference. Adherence to the work plan ensured that the Audit and Governance Committee had a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

RESOLVED:

That the Audit and Governance Committee Work Programme for 2023-2024 set out in Appendix 2 to the report be approved.

59. 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 on reports listed in the Audit and Governance Work Programme for submission to the meeting held on 14 December 2022 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.

RESOLVED:

That the update on reports listed in the Audit and Governance Committee Work Programme for submission to the meeting on 14 December 2022 and ad hoc reports considered at that meeting be noted.