

Sefton Council



**Audit and Governance Committee
Annual Report 2022-2023**

**Councillor Dave Robinson
Chair**

Introduction by the Chair of the Audit and Governance Committee



Councillor Dave Robinson

Chair of Audit and Governance Committee

It gives me great pleasure to introduce the 2022-2023 Annual Report of the Audit and Governance Committee.

The report informs the Council of the broad range of work undertaken by the Committee in fulfilling its Terms of Reference and in doing so provides assurances on the effectiveness of the Committee in meeting its obligations.

The Committee's Terms of Reference were developed in accordance with the CIPFA guidance and the detailed Committee Work Programme, and Self-Assessment provides further assurances that the Terms of Reference are reviewed.

I wish to place on record my appreciation to the Executive Director of Corporate Resources and Customer Services and his team for all their hard work and continued support to Audit and Governance Committee members.

I look forward to working with Committee members and officers who support the Committee during 2023-2024.

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1.0 Background and Introduction

1.1 The Audit and Governance Committee has delegated responsibilities from Council. This report provides details of how the Audit and Governance Committee has discharged those responsibilities and delivered against its Terms of Reference which can be found at Appendix 1 to this report.

1.2 The purpose of the Audit and Governance Committee is to:

- provide independent assurance to the Council in respect of the effectiveness of the Council's governance arrangements, risk management framework and the associated control environment; and
- independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.

1.3 The key benefits of an effective audit Committee are:

- increasing awareness regarding the effectiveness and continued development of the Council's governance arrangements;
- providing additional assurances on the robustness of the Council's governance arrangements through a process of independent and objective review;
- reducing the risks of illegal or improper acts;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- contributing to performance improvements in assurance levels and awareness of the need for strong internal control including the implementation of audit recommendations;
- reinforcing the importance and independence on internal and external audit and similar review processes; and
- promotes high standards of ethical behaviour by developing, maintaining and monitoring performance and Codes of Conduct for Members of the Council (including co-opted members and other persons acting in a similar capacity).

2.0 Meetings held in 2022-2023

Meetings of the Audit and Governance Committee are scheduled to take place every three months and in 2022-2023

were held on the following dates:

- 22 June 2022
- 7 September 2022
- 14 December 2022
- 15 March 2023

Additional meetings of the Committee (outside the quarterly schedule) are convened when urgent business needs to be conducted and to enable the Committee to focus its attention on one key area, for example, for consideration of the Council's Statement of Accounts.

On 25 May 2022 an urgent special meeting of the Committee was convened for consideration of the Disposal of Fixtures and Fittings at the Southport Theatre and Convention Centre which were no longer needed due to plans to demolish the existing venue and build the new Marine Lake Events Centre.

Further information on the Audit and Governance Committee Meetings, including agendas and minutes is available at the following link: [Sefton Council](#)

3.0 Audit and Governance Committee Work Programme 2022-2023

The Committee's Work Programme is a rolling and flexible schedule of work that should be undertaken by the Committee. The programme is designed to ensure that the Committee remains on track with its ambitious schedule of work.

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local Authorities and Police" recommends 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 programme ensures that the Audit and Governance Committee has a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

The Terms of Reference for the Audit and Governance are based on the Chartered Institute of Public Finance and Accountancy's (CIPFA's) publication – "Practical Guidance for Local Authorities and Police" which sets out CIPFA's guidance on the role, function and operation of audit committees in local authorities and police bodies and represents best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales. The Terms of Reference have been enhanced to reflect the Committee's Governance role which is not detailed in the guidance.

The Work Programme for each Municipal Year is an important element in planning the year ahead as being closely aligned with the Terms of Reference, it ensures that the Committee has a structured, consistent approach to fulfilling its responsibilities within the Terms of Reference and helps to ensure the effectiveness of the Audit and Governance Committee. It is also important to note that a degree of flexibility is applied in order that any ad hoc / urgent reports may be considered by the Committee as and when required. The Work Plan for the 2022-2023 Municipal Year was approved by Audit and Governance Committee on 16 March 2022 and can be viewed at Appendix 2 to this report.

The introduction of quarterly Work Programme update reports has provided a useful way for the Audit and Governance Committee to monitor adherence to the Work Programme.

4.0 Reports considered by the Audit and Governance Committee in accordance with the Work Programme

As indicated in the Work Programme, reports submitted for consideration by the Audit and Governance Committee related to the following areas:

- Internal Audit
- Risk Management
- Monitor Role
- Accounts, Financial Statements and Treasury Management
- Information Governance/Constitution Updates
- Miscellaneous / Ad hoc reports

4.1 Internal Audit

To support the Committee in monitoring progress of Internal Audit work within the year the following reports were presented:

Meeting	Reports
22 June 2022	Annual Report and Opinion of the Chief Internal Auditor
14 December 2022	Follow up of Audit Agreed Actions
15 March 2023	Internal Audit Charter and Annual Audit Plan 2023-2024

4.2 Risk Management

The following reports on the management of risk within the Council during the year were presented to the Audit and Governance Committee:

Meeting	Reports
22 June 2022	Corporate Risk Management
22 June 2022	Assurance Framework
22 June 2022	Risk and Audit Service Performance
7 September 2022	Corporate Risk Management
7 September 2022	Risk and Audit Service Performance
14 December 2022	Corporate Risk Management
14 December 2022	Risk and Audit Service Performance
15 March 2023	Corporate Risk Management
15 March 2023	Risk and Audit Service Performance

4.3 Monitor Role

22 June 2022	Financial Management Code
14 December 2022	Financial Procedure Rules

4.4 **Accounts, Financial Statements & Treasury Management**

The following Financial and Treasury Management reports were presented to the Audit and Governance Committee:

Meeting	Reports
22 June 2022	Treasury Management Position to May 2022
7 September 2022	Treasury Management Outturn and Position to 31 July 2022
7 September 2022	Draft Statement of Accounts 2021/2022
14 December 2022	Audit Planning Report 2021/2022 – Ernst and Young LLP
14 December 2022	Treasury Management Position to September 2022
15 March 2023	Treasury Management Position to January 2023
15 March 2023	Statement of Accounts 2021-2022 and 2022-2023 (Verbal Update)

4.5 **Information Governance/Constitution Updates**

Within the financial year significant work was undertaken on the Council's governance arrangements and issues in relation to the constitution. These issues were presented to the Audit and Governance committee in advance of progression to Council for approval where required and are reflected below:

Meeting	Reports
22 June 2022	Constitution Amendments - Executive Scrutiny Protocol / Revised Protocol for Relationships between Members and Officers
7 September 2022	Procurement – National Procurement Policy, Contract Procedure Rules and Internal Processes
7 September 2022	Annual Report of the Audit and Governance Committee 2021-2022

7 September 2022	Audit and Governance Committee Work Programme Update
7 September 2022	Review of Members Code of Conduct Complaints 2021-22
14 December 2022	Review of Whistleblowing Complaints 2021-2022
14 December 2022	Review of Audit and Governance Committee Terms of Reference
14 December 2022	Audit and Governance Committee Work Programme Update
14 December 2022	Sefton Council Anti-Money Laundering Policy Update
15 March 2023	ICT Acceptable Usage Policy
15 March 2023	Audit and Governance Committee Self-Assessment
15 March 2023	Audit and Governance Committee Member Training and Development Update Report
15 March 2023	Audit and Governance Committee Work Programme 2023-2024

4.6

Miscellaneous Reports

The following miscellaneous reports were considered by the Audit and Governance Committee:

Meeting	Reports
25 May 2022 (Special additional Meeting)	Southport Theatre and Convention Centre - Disposal of Fixtures and Fittings
22 June 2022	Item submitted by a Member of the Audit and Governance Committee in accordance with Rules 115 and 116 of Chapter 4 of the Constitution requesting that the Constitution to be amended in relation to Cabinet Agendas.
7 September 2022	Issuing of Press Releases
7 September 2022	Southport Theatre and Convention Centre - Disposal of Fixtures and Fittings – Update

14 December 2022	Issuing of Press Releases Update
14 December 2022	Item submitted by a Member of the Audit and Governance Committee in accordance with Rules 115 and 116 of Chapter 4 of the Constitution requesting that the Constitution to be amended in relation to Members' Questions to full Council
15 March 2023	Cyber Security Assurance

5.0 Assurance Activity 2022-2023

- 5.1 In order for the Committee to draw conclusions about the effectiveness of the Council's internal control framework, governance and risk management it gained assurances from several sources.
- 5.2 The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective internal audit which is discharged by the Section 151 Officer. The Chief Internal Auditor works with Internal Audit to provide assurances for both Members and management on the effectiveness of the control framework.
- 5.3 The Committee received and considered reports in relation to the Annual Report and Opinion of the Chief Internal Auditor that provided a summary of the work of internal audit during 2022-2023 and the Chief Internal Auditor's opinion on the overall control environment operating within the Council during the year. This report is a key requirement of the Public Sector Internal Audit Standards.
- 5.4 The Committee also received regular updates in relation to the performance and key activities of the Risk and Audit Service to each Meeting and agreed revisions to the Internal Audit Plan for 2022/2023.

6.0 Risk Management

6.1 Risk Management continues to be a key component to service planning and regular monitoring of the corporate risk register is a vital of the Committee. The Committee routinely received reports in that respect. Throughout 2022-2023 risks had been re-scored in accordance with the assessment guidance included in the Corporate Risk Management handbook. Members welcomed the continuance of the regime of receiving a short presentation from a risk owner on one of the risks listed in the Corporate Risk Register, which provided Members with further insight into risks associated with particular service areas and allowed for a further layer of scrutiny and challenge.

During 2022-2023 the Committee received the following presentations:

- Executive Director of Corporate Resources and Customer Services on 'Inflation Risk Facing the Council and the measures in place to mitigate the risk'.
- Executive Director of Corporate Resources and Customer Services on 'Emergency Planning and Business Continuity and the ability of the Council to prepare and respond to a major incident under the Civil Contingencies Act'.
- Service Manager Transport and Highway Infrastructure and the Highways Asset Manager on the risk: 'Failure to adequately invest in the highway network and associated assets'.
- Interim Executive Director of Children's Services and Education and the Assistant Director of Children's Services (Social Care) on four risks associated with Children's Social Care:
 - Market failure of Social Care provision across Adult and Children's Services.
 - Failure to manage increasing demand for services.
 - Impact of regulatory framework outcomes.
 - The provision of Children's Social Care is not financially sustainable.

7.0 Treasury Management

- 7.1 The Audit and Governance Committee has a responsibility to provide a level of scrutiny in relation to treasury management policies and practices, and as such, the Committee considered the treasury management outturn position for the period 2022/2023 which reviewed the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management position along with the treasury management activities undertaken to 31 March 2023.
- 7.2 The Committee also considered quarterly progress reports on the treasury management position and performance against prudential indicators. As a result of the current economic environment the Council's Treasury Management activities took on even greater importance especially around ensuring the Council took advantage of increases in interest rates to generate additional investment returns which helped to support the overall budget pressures in 2022/23 – this position was reported to Audit and Governance committee through the year and Council in accordance with the agreed Strategy.

8.0 Statement of Accounts and External Auditors

- 8.1 At its meeting held on 7 September 2022 the Committee considered the draft un-audited Statement of Accounts for 2021/22 in advance of the final audited Statement of Accounts being presented for approval later in the financial year. Members scrutinised the draft statement of accounts robustly by asking questions of the Section 151 Officer.
- 8.2 The Committee on 14 December 2022 considered the report by Ernst and Young LLP, the Council's external auditors, setting out an overview of the 2021/22 audit strategy, including an assessment of key risks and a planned audit strategy in response to those risks.
- 8.3 The Committee on 15 March 2023 received a verbal update on the position relating to the audits of the 2020/21 and 2021/22 Statement of Accounts. Due to a technical accounting issue relating to the valuation of infrastructure assets that have been raised nationally the audit of the Statement of Accounts for 2020/21 had yet to be completed. CIPFA has consulted on changes to the Accounting Code of Practice which would allow for the issue to be resolved and the audit to be concluded. However, it was unknown how long that process would take. Committee were also informed that the audit for 2021/22 was still being undertaken and the final audited

Statement of Accounts would be presented for approval later in the year.

9.0 Information Governance/Constitution Updates and other Miscellaneous reports falling within the Committee's Terms of Reference

Within the financial year significant work was undertaken on the Council's governance arrangements and issues in relation to the constitution. These issues were presented to the Audit and Governance committee in advance of progression to Council for approval where required.

9.1 Disposal of Fixtures and Fittings in the Southport Theatre and Convention Centre

On 25 May 2022 a special meeting of the Committee was held to consider a report by the Executive Director Place on the disposal of fixtures and fittings in the Southport Theatre and Convention Centre that were no longer needed due to the plans to demolish the existing venue and to build the new Marine Lake Events Centre. Due to the number and specialist nature of fixtures and fittings it was proposed that a specialist auction house would oversee the process from start to finish on behalf of the Council.

At the meeting, the Head of Economic Growth and Housing reassured Members that no historical elements of significance would be disposed of and it was anticipated that where possible, items such as Art Deco lighting, sprung dance floor and historic projectors would be incorporated into the new events centre (reused either as features or upcycled).

The Committee approved the disposal of the redundant fixtures and fittings as set out in the report.

In September 2022, the Committee received a further report updating on the proceeds from the auction which had generated a return of £67,012 and the Committee approved the auction of a Steinway grand piano using a specialist piano auction house and specified that any unsold useable fridges, freezers, cookers and office furniture and equipment should be donated to food banks and other suitable local charities.

9.2 Constitutional Amendments

On 22 June 2022 the Committee considered a report which recommended that the Constitution be amended in

relation to the Executive/Scrutiny Protocol and the Revised Protocol for Relationships between Members and Officers. The Audit and Governance Committee and subsequently the full Council gave approval for inclusion of both of these protocols in the Constitution.

9.3 At its Meeting held on 7 September 2022 the Committee considered the following key reports:

9.3.1 National Procurement Policy, Contract Procedure Rules and Internal Processes

The Committee approved the refresh of the Council's Contract Procedure Rules and noted the published Modern Slavery Statement, which is updated annually and can be viewed on the Council's website at the following link: <https://www.sefton.gov.uk/media/1265/modern-slavery-statement.pdf>.

The Committee also noted that a full rewrite of the Contract Procedure Rules would take place once the updated national guidance was published when a further report would be submitted for consideration by the Audit and Governance Committee.

9.3.2 Review of Members Code of Conduct Complaints

Provided a summary of complaints received in the municipal year 2021 to 2022 that Members of Sefton Council had breached its Members Code of Conduct, indicating that 2 complaints had been received, alleging that Sefton members had breached its Code of Conduct for Members.

It was noted that in comparison, 6 complaints had been received in 2020-2021.

Both of the complaints received in 2021-2022 had been made by members of the public and for the reasons set out in the report neither of the complaints had led to a full investigation and had been concluded without any adverse findings being made.

9.3.3 Issuing of Press Releases

In response to a request from Members at the meeting on 22 June 2023 that Members be given 48 hours advance notice of press releases, the Corporate Communications Manager brought a report for consideration by the Committee on 7 September 2023.

This report summarised the process of issuing a press release to media outlets, and the involvement of elected members. The report indicated that providing Members with details of all press releases to all elected members 48 hours in advance of being issued to the media would mean that releases that required a quick turnaround could not be issued, and the Council would miss out on opportunities. Being slow to respond to stories might also result in reputational damage, as stakeholders might perceive the Council as not having an opinion/voice/involvement.

The report indicated that all proactive press releases, and occasionally some reactive statements, are uploaded to MySefton news site and elected members were advised to check this site regularly for updates. The report also reminded Members about the publication of a quarterly e-newsletter, issued to all Sefton Councillors directing readers to relevant articles on MySefton.

The Committee resolved that further consideration be given to this matter and at the meeting held on 14 December 2023 the Executive Director of Corporate Resources and Customer Services provided an update and the Committee agreed that Member would be given advance notification of planned press releases which provided information to the public on specific issues, such as awareness campaigns and that this would be reviewed after three months.

9.4 At its meeting on 14 December 2022, the Committee considered the following key reports:

9.4.1 Anti-Money Laundering Policy Update Sefton Council Annual Money Laundering Policy Update

The report advised that Guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) indicated that local authorities should comply with the underlying spirit of the legislation and regulations. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them and may also lead to a conviction under Proceeds of Crime Act 2002 and Money Laundering Regulations 2017. The Sefton Council Anti-Money Laundering policy had been approved by Audit & Governance

Committee on 16 December 2020 and there had been no changes in the regulations and no contraventions of the Anti-Money Laundering policy had occurred since then.

9.4.2 Review of Whistleblowing Complaints

The report summarised the 7 complaints that had been received by the Council via its whistleblowing policy in the municipal year 2021 to 2022.

9.4.3 Review of the Audit and Governance Committee Terms of Reference

This report advised Members of the revised guidance issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) relating to the terms of reference for audit committees and sought the Committee's views on the appropriateness of any changes that should be made to Sefton Council's Audit and Governance Committee Terms of Reference in line with CIPFA guidance.

The report indicated that a comparison of CIPFA's revised Terms of Reference showed no material difference except in relation to Committee Size and Membership; Tenure of Membership; Co-opted Independent Member; and Standards and requested that the Committee consider whether Terms of Reference for Sefton Council's Audit and Governance Committee should be amended. The Committee resolved that no changes be made to the Audit and Governance Committee's Terms of Reference in relation to Committee Size and Membership; Tenure of Membership; but that the Terms of Reference be amended to allow for the appointment of one Independent Member and reviewed after 12 months.

9.5 At its Meeting held on 15 March 2023 the Committee considered the following key reports:

9.5.1 ICT Acceptable Usage Policy

The ICT Acceptable Usage Policy is reviewed on an annual basis.

The Committee Audit and Governance Committee gave its approval for the revised security policy relating to the Authority's ICT estate ensuring that Sefton's ICT is operating in accordance with industry standards for ICT Security Management.

The Committee requested that the Policy be reworded 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’;**

The revised Policy incorporating the above rewording was given final approval by Council on 20 April 2023.

9.5.2 Cyber Security Assurance

This report 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. Arising from a request by a Member of the Committee the Senior Manager provided a glossary of terms relating to cyber security.

10.0 **Audit and Governance Committee Self-Assessment Exercise**

The Chartered Institute of Public Finance and Accountancy (CIPFA) emphasises the importance of local authority audit committees undertaking a self-assessment exercise to help provide assurance that the committee is soundly based and has in place a knowledgeable membership.

On 23 November 2022 Audit and Governance Committee members attended a special briefing session and conducted a Self-Assessment exercise in consultation with the Chief Internal Auditor and Chief Legal and Democratic Officer.

The Self-Assessment exercise enabled the Committee Members to undertake a high-level review that incorporated the key principles set out in the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Position Statement [CIPFA Audit Committee Position Statement.pdf \(sefton.gov.uk\)](#) and the publication (Practical Guidance for Local Authorities and Police, CIPFA, 2022) [Audit Committee Practical Guidance 2022.pdf \(sefton.gov.uk\)](#)

The completed Self-Assessment document was considered by the Audit and Governance Committee held on 15 March 2023. A copy of this document can be viewed in the Audit and Governance Committee Library at the following link: [AG Committee Self Assessment March 2023.pdf \(sefton.gov.uk\)](#)

The Committee agreed that the Self-Assessment Exercise will be undertaken on an annual basis and will inform the Committee's work programme, training and development of Committee members and the annual report.

11.0 Appointment of an Independent Member

CIPFA strongly recommends that Audit and Governance Committee Membership includes non-elected, co-opted independent member(s).

11.1 CIPFA indicates that the benefits of independent member(s) to serving on Audit and Governance Committees are:

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.

11.2 Recruitment for the appointment of Independent Member(s) initially began in October 2022, when the position was advertised on the Council's JobsGoPublic website and also recognised social media outlets. However, due to the poor response rate and the lack of relevant experience from applications received, it was necessary to readvertise the position in February/ March 2023. This followed agreement by the Audit and Governance Committee on 14 December 2022 that agreed that the Committee's Terms of Reference be amended to allow for the appointment of one Independent Member, subject to review in a year's time.

11.3 The second recruitment drive attracted more suitable candidates and interviews for the position were held on 19 April 2023, conducted by:

- Councillor Dave Robinson - Chair of Audit and Governance Committee
- Stephan Van Arendsen – Executive Director of Corporate Resources and Customer Services
- David McCullough – Chief Legal and Democratic Officer.

- 11.4 Following the interviews, it was determined that Ms Rachel Oakes be offered the position of Independent Member on the Audit and Governance Committee, commencing on 1 June 2023 for a three-year period, subject to annual review when the Terms of Reference are reviewed.
- 11.5 The 1 June 2023 start date meant that Ms Oakes was able to commence her position as an Independent Member at the start of the 2023-2024 Municipal Year and attend the first meeting of the Audit and Governance Committee on 19 July 2023 (postponed from 21 June 2023).
- 11.6 CIPFA states that while including co-opted members can bring real value to the Committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential therefore, that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.
- 11.7 In this respect, for induction purposes, Ms Oakes has attended 2 separate one-to-one meetings (on Teams) with the Chief Internal Auditor and the Service Manager Finance prior to attending her first meeting of the Audit and Governance Committee.

Ms Oakes has also been invited to attend the Audit and Governance Committee Member Training and Development sessions held prior to each meeting of the Committee and the Council's Code of Conduct training event for all Members which is due to be held on Teams on 11 October 2023 – 17.30 to 18.30 hours. Ongoing help and support is also available as and when required.

12.0 Audit and Governance Committee Member Training and Development

To comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) advises that regular briefings and training are essential to keep Audit and Governance Committee Members up-to-date, confident and effective in their role.

12.1 On 16 March 2022 the Committee gave its approval for the 2022-2023 programme of Audit and Governance Committee briefing sessions based on the key competencies outlined by CIPFA to be held for one hour prior to scheduled meetings of the Audit and Governance Committee. Details of the programme of briefings and how they fulfil CIPFA key competencies Appendix 3 to this report.

12.2 The report also indicated that as the Treasury Management function cross-cuts all Council business it would be helpful for Treasury Management training to be provided to all Councillors. The Committee therefore gave its approval for this course to be included in the Member Development Handbook 2022-23 provided to Councillors at the start of the Municipal Year. This is in line with CIPFA code which states:

“The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively”.

The Treasury Management Training event for all Councillors was held on Teams and delivered by the Council’s Treasury Management Consultants – Arlingclose on 9 November 2022.

12.3 CIPFA stresses the importance of Audit and Governance Committee Members being committed to and ‘buying into’ training and development regardless of previous knowledge and skills they had when they joined the committee; ensuring that their knowledge is kept up to date, giving them more confidence and understanding of their role as A&G Committee members and helping to facilitate effective, participation and decision making at meetings.

12.4 The following table provides details of the 2022-2023 training sessions and numbers of attendees at each session:

Date and Topic	Presenter	Number of Attendees
22 June 2022 Organisational knowledge	Chief Legal and Democratic Officer	8 Members 0 Substitutes
7 September 2022 Internal Audit (swapped with Audit & Governance Committee Role & Functions)	Chief Internal Auditor	9 Members 0 Substitutes
14 December 2022 Governance	Chief Legal and Democratic Officer	5 Members 0 Substitutes
15 March 2023 Treasury Management <i>Also provided to all Councillors on 9 November 2022 as part of the Member Development Programme</i>	The Council's Treasury Management Consultant – Arlingclose	8 Members 0 Substitutes 12 Attendees including the &G Committee Chair and 2 Substitute Members

As illustrated, the briefing sessions were well attended by Members with no less than 50% attendance. It is noted that although they were invited, none of the sessions were attended by Substitute Members, except for the Treasury Management session provided to all Councillors as part of the Council's Member Development Programme.

- 12.5 Presentation Slides from all of the training sessions were provided to Member and Substitute Members following each session and can be viewed in the Mod Gov Library (Intranet only) at the following link: smbc-modgov-03/ecCatDisplay.aspx?sch=doc&cat=14035

13.0 Outcomes / Achievements

The work undertaken by the Committee has provided additional assurance of the robustness of the Council's arrangements regarding corporate governance, risk management and internal management of controls. The Committee has added value through the importance placed upon governance issues, risk management, anti-fraud and assurances that key risks are being mitigated.

- 13.1 The continuation of the Work Programme for the Audit and Governance Committee is seen as a positive step in ensuring that the Committee remains on track with its ambitious schedule of work. The introduction of quarterly Work Programme update reports are a useful means of monitoring adherence to the annual work programme.
- 13.2 The continuation of the programme of Member Briefings to be held prior to each Committee Meeting based on key competencies outlined by CIPFA helps to ensure that Members have the necessary skills to carry out their role effectively.
- 13.3 The introduction of a Self-Assessment Exercise completed by Members of the Committee, provides reassurance that the Committee is equipped to fulfil its role in providing independent assurance to the Council in respect of the effectiveness of the Council's governance arrangements, risk management framework and the associated control environment; and independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment and helping provide assurance that the Committee is soundly based and has in place a knowledgeable membership.
- 13.4 The appointment of an Independent Member is seen as a positive development for the Committee in helping to supplement the knowledge and experience of elected members and to help achieve a non-political focus on governance, risk and control matters.

14.0 Conclusions and Future Plans

14.1 The Committee has the benefit of being well supported by Council officers including the Section 151 Officer, the Monitoring Officer and the Chief Internal Auditor as well as the Council's external auditors.

14.2 During 2022/2023 the Audit and Governance Committee has consolidated the progress that has been made in previous years in providing robust scrutiny and challenge of the Committees Terms of Reference and in doing so the Committee has continued to have a real and positive contribution to the governance arrangements of the Council.

14.3 In order to build on the key achievements of 2022/2023 and in looking forward to the Committee's work programme for 2023/2024 the Committee will:

- Continue to review all elements of the governance arrangements associated with Audit and Governance Committee ensuring that best practise is adopted in a timely fashion;
- Continue to support the Council in managing the risk of fraud and corruption.
- Continue to support the work of audit.
- Continue to consider the effectiveness of the Council's risk management arrangements.
- Continue to provide effective challenge and scrutiny of all areas of the Audit and Governance Terms of Reference giving the appropriate assurances to the Council.
- Continue to provide Audit and Governance Committee Members with training to help ensure that they remain up-to-date, confident and effective in their role on the Committee.

APPENDIX 1

Audit and Governance Committee - Terms of Reference

Statement of purpose

- 1 The Audit and Governance Committee is a key component of Sefton's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2 The purpose of the Audit and Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sefton's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 4 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

- 6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 7 To monitor the effective development and operation of risk management and Corporate Governance in the Council.
- 8 To monitor progress in addressing risk-related issues reported to the committee including the Corporate Risk Register.
- 9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 11 To monitor the following activities:
 - Counter-fraud/ bribery strategy, actions and resources.
 - Whistleblowing
 - Money Laundering
 - Council Complaints Process including make payments or provide other benefits in cases of maladministration etc. under Section 92 of the Local Government Act, 2000 in excess of £1,000.
 - Breaches of Financial Procedure Rules and Contract Procedure Rules
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations and where appropriate obtain annual third-party assurance statements.
- 13 To make recommendations to Council for amendments to the Constitution.
- 14 To make recommendations to the Council on the adoption, implementation and maintenance and review of a local Code of Conduct for Members – co-opted Members and officers of the Council.

- 15 To determine effective training of Councillors and Co-opted Members in matters of conduct and advice to individuals on issues relating to the treatment of interests and on the propriety of conduct generally.
- 16 To deal with the arrangements for Councillors to receive dispensations to speak on, or participate in, matters in which they have an interest.
- 17 To determine the appropriate action on matters referred to the Committee by the Monitoring Officer including disciplinary matters relating to the conduct of individual and/or groups of Councillors including alleged misuse of a Members Self-Maintained Website.
- 18 To ensure compliance throughout the Council with all appropriate Codes of Conduct, including the Protocol for relationships between members and officers of Sefton Council, and procedures from time to time determined by the Committee.
- 19 To deal with appropriate matters referred to it from other Committees.
- 20 To determine any applications for the grant and supervision of exemptions from political restrictions in accordance with Section 3A of the Local Government and Housing Act 1989.
- 21 To determine whether a valid petition for a Community Governance review has been received and to determine the terms of reference for such a review, how the review will be conducted including the required consultation and consider replies to a consultation and then make a recommendation to Full Council on the preferred outcome. The Committee has the authority to establish a working group to undertake the committee's responsibilities in this regard.

Internal audit

- 22 To approve the internal audit charter.
- 23 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 24 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 25 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 26 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 27 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 28 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the Quality Assurance Improvement Plan (QAIP)
 - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Assurance Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).

d) to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

29 To consider the head of internal audit's annual report:

a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.

b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

30 To consider summaries of specific internal audit reports as requested.

31 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

32 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

33 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).

34 To provide free and unfettered access to the Audit and Governance Committee Chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

35 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

- 36 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 37 To consider specific reports as agreed with the external auditor.
- 38 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 39 To commission work from internal and external audit.
- 40 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Other Assurance areas

- 41 To consider the Council's arrangements for health and safety and receive regular assurances and assessments on the effectiveness of these arrangements.
- 42 To consider write-offs of debt/ assets above £10,000.
- 43 To regularly review the Council's Treasury Management activities.

Financial reporting

- 44 To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 45 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- 46 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 47 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 48 To publish an annual report on the work of the committee.

APPENDIX 2

Audit and Governance Committee Work Programme 2022-2023 (Approved by A&G Committee on 16 March 2022)

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Governance						
Produce annual report of the Audit and Governance Committee (to full Council)	Terms of Reference		✓			
Review of effectiveness of the Audit and Corporate Governance Committee – complete self- assessment	Good practice	✓				
Review Audit and Corporate Governance Committee training requirements	Good practice		✓			
Review and approve Annual Work Plan for the Audit and Governance Committee	Good practice					✓
Review of the Audit and Corporate Governance Committee’s Terms of Reference	Good Practice				✓	
Code of Corporate Governance	Recommended by A&G					✓
Internal Audit						
Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> • Audit Team • Health and Safety • Counter Fraud • Insurance and other risk areas such as Business Continuity 	Terms of Reference	✓	✓		✓	✓
Annual Opinion of the Chief Internal Auditor including: <ul style="list-style-type: none"> • review of impairment on independence and objectivity • QAIP • Assessment against PSIAS and LGAN 	Terms of Reference	✓				
Approval of the Annual Internal Audit Plan and review of Internal Audit Charter	Terms of Reference					✓

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Provide a report on the completion of audit recommendations including those not implemented within a reasonable timescale	Terms of Reference				✓	
Annual report on the follow up of Internal Audit recommendations	Terms of Reference				✓	
Risk Management						
Review of the Quarterly Corporate Risk Register	Terms of Reference	✓	✓		✓	✓
Approval of the review of the Corporate Risk Management Handbook	Terms of Reference				✓	
Provide a regular report on health and safety	Terms of Reference	✓	✓		✓	✓
Monitor role						
Reporting of the anti- fraud, bribery and corruption strategy (in performance report DE	Terms of Reference	✓	✓		✓	✓
Provide an annual report on the Council's anti-fraud strategy	Terms of Reference				✓	
Review of Whistleblowing Policy	Terms of Reference				✓	
Review of Financial Procedure Rules (if required)	Terms of Reference				✓	
Review of CIPFA Financial Management Code	Good Practice	✓				
Review of the Members Code of Conduct	Terms of Reference		✓			
Review the annual governance statement	Terms of Reference		✓			
Provide an annual report on the Council's Anti-Money Laundering Policy	Terms of Reference				✓	

Agenda item	Inclusion rationale	June	Sept.	Nov.*	Dec.	March
Accounts, Financial Statements & Treasury Management						
External Auditor Annual Audit Letter	Terms of Reference	✓				
External Auditor Annual Report re. grant work	Terms of Reference	✓				
Treasury Management Outturn	Terms of Reference		✓			
Treasury Management In-Year Position	Terms of Reference	✓	✓		✓	✓
Write-offs of debt above £10,000 (if required)	Terms of Reference	✓	✓		✓	✓
Rent Policy	Good Practice	✓				

***A special meeting of the committee will need to be arranged to consider and approve the final audited Statement of Accounts for 2021/2022. This is currently scheduled for November 2022 but will be dependent on the completion of the audit by the Council's external auditors.**

APPENDIX 3

Schedule of Member Briefing Sessions for 2022-2023 Municipal Year - based on the CIPFA recommended Core Areas of Knowledge for Audit and Governance Committee Members (Approved by Audit and Governance Committee on 16 March 2022). (** Subject to alteration to meet contingencies during the year)

2022-2023 Municipal Year		
Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Treasury management</u></p> <p>16 March 2022</p> <p><i>Also, to be provided to all Councillors at a later date (tbc) as part of the Member Development Programme</i></p> <p>Facilitators: Treasury Management Consultants - Arlingclose</p>	<p>Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management. See also Treasure Your Assets (CfPS).</p>	<p>Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.</p>

Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<u>Organisational knowledge</u> 22 June 2022 Facilitators: <ul style="list-style-type: none"> • Chief Legal and Democratic Officer 	An overview of the governance structures of the authority and decision-making processes. Knowledge of the organisational objectives and major functions of the authority.	This knowledge will be core to most activities of the audit committee including review of the AGS, internal and external audit reports and risk registers.
<u>Audit committee role and functions</u> (Chapters 3 and 6) 7 September 2022 Facilitator: <ul style="list-style-type: none"> • Chief Legal and Democratic Officer 	An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee.	This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others.
<u>Financial management and accounting</u> (Chapter 4) (Annual Statement of Accounts) 23 November 2022 Facilitators: <ul style="list-style-type: none"> • Service Manager - Finance 	Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. Understanding of good financial management principles. Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2018).	Reviewing the financial statements prior to publication, asking questions. Receiving the external audit report and opinion on the financial audit . Reviewing both external and internal audit recommendations relating to financial management and controls. The audit committee should consider the role of the CFO and how this is met when reviewing the AGS.

Knowledge area /Training Date / Facilitator	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p><u>Governance</u> (Chapter 4)</p> <p>14 December 2022</p> <p>Facilitator:</p> <ul style="list-style-type: none"> • Chief Legal and Democratic Officer 	<p>Knowledge of the seven principles of the CIPFA / Solace Framework and the requirements of the AGS.</p> <p>Knowledge of the local code of governance.</p>	<p>The committee will review the local code of governance and consider how governance arrangements align to the principles in the framework.</p> <p>The committee will plan the assurances it is to receive in order to adequately support the AGS.</p> <p>The committee will review the AGS and consider how the authority is meeting the principles of good governance.</p>
<p><u>Internal audit</u> (Chapter 4)</p> <p>15 March 2023</p> <p>Facilitator:</p> <p>Chief Internal Auditor</p>	<p>An awareness of the key principles of the PSIAS and the LGAN.</p> <p>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.</p>	<p>The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards.</p> <p>The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, including an opinion and information on conformance with professional standards.</p> <p>In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed.</p> <p>The audit committee chair is likely to be interviewed as part of the external quality assessment and the committee will receive the outcome of the assessment and action plan</p>