

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 6 September 2023
	Council		Thursday 14 September 2023
<b>Subject:</b>	Audit and Governance Committee Annual Report 2022-2023		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To formally present the Annual Report of the Audit and Governance Committee 2022-2023.

### Recommendations:

#### 1. Recommendation to the Audit and Governance Committee:

That the Audit and Governance Committee be requested to:

Agree and refer the 2022-2023 Annual Report of the Audit and Governance Committee to the Council for approval.

#### 2. Recommendation to the Council:

That Council be requested to approve the Annual Report of the Audit and Governance Committee 2022-2023.

**Reasons for the Recommendations:**

To comply with the Terms of Reference of the Committee as set out in Chapter 7 of the Council’s Constitution.

**Alternative Options Considered and Rejected:** (including any Risk Implications)

No alternative options have been considered – To comply with the formal reporting mechanism.

**What will it cost and how will it be financed?**

There are no direct financial implications arising from this report.

**(A) Revenue Costs** – see above

**(B) Capital Costs** – see above

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
None	
<b>Legal Implications:</b>	
None	
<b>Equality Implications:</b>	
There are no equality implications.	
<b>Impact on Children and Young People:</b> No	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	Neutral
Have a neutral impact	Neutral
Have a negative impact	Neutral
The Author has undertaken the Climate Emergency training for report authors	Yes
There are no direct climate emergency implications arising from this report. Any climate emergency implications arising from matters referred to in the Annual Report would have been contained in reports when they were presented to Members during the previous year; or will be contained in future reports during the forthcoming year.	

## Contribution to the Council's Core Purpose:

<b>Protect the most vulnerable:</b> None directly applicable to this report
<b>Facilitate confident and resilient communities:</b> None directly applicable to this report
<b>Commission, broker and provide core services:</b> Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities we serve. Good governance will enable the Council to pursue its vision and secure its agreed objectives in the most effective and efficient manner.
<b>Place – leadership and influencer:</b> None directly applicable to this report
<b>Drivers of change and reform:</b> None directly applicable to this report
<b>Facilitate sustainable economic prosperity:</b> None directly applicable to this report
<b>Greater income for social investment:</b> None directly applicable to this report
<b>Cleaner Greener:</b> None directly applicable to this report

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7339/23) and the Chief Legal and Democratic Officer (LD 5539/23 ) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Not applicable

## Implementation Date for the Decision

Immediately following the Council meeting.

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## Appendices:

The Annual Report of the Audit and Governance Committee 2022-2023 is attached as an appendix to this report.

## Background Papers:

There are no background papers available for inspection.

## **1.0 Introduction and Background**

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on Audit and Governance Committees states that Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

1.2 The Position Statement also states that:

"The audit committee should be held to account on a regular basis by the group to which it is accountable. For a local authority audit committee, this will be the Council. The aspects that should be specifically considered include:

- Whether the Committee has fulfilled its agreed terms of reference
- Whether the Committee has adopted recommended practice
- Whether the Committee members have been assessed and whether they are accessing briefing and training opportunities
- Whether the committee has assessed its own effectiveness and been the subject of a review and the conclusions and actions from that review
- What impact the committee has on the improvement of governance, risk and control within the authority".

1.3 Within the Chartered Institute of Public Finance and Accountancy (CIPFA) model Terms of Reference (2018), which the Council adopted in May 2021, there is a requirement to publish an annual report on the work of the committee as well as 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.

1.4 The proposed requirement stems from good practice to outline an Annual Report of the Audit and Governance Committee to the Council, setting out all the activities/decisions taken by the Committee during that year. The report should as a result enhance the accountability of the Committee and its decision making and good governance.

1.5 The Annual Report of the Audit and Governance Committee outlines the Committee's work and achievements over the year ending 31 March 2023 and demonstrates to residents and Council stakeholders the important role that is carried out by the Committee and its contribution to the Council's overall governance arrangements.

## **2.0 Audit and Governance Committee Terms of Reference and Work Programme**

2.1 Following adoption of the model Terms of Reference of the Committee by the Council in May 2021 this is the third Audit and Governance Annual Report that has been produced and approved by the Chair of the Committee. The Annual Report, along with the Work Programme of the Committee, was developed

further in 2022-2023 to ensure that the Committee remained effective in addressing all elements of the adopted model Terms of Reference.

- 2.2 Appendix 2 to the Annual Report sets out the Work Programme of the Committee covered in 2022-2023 comprising the schedule of meetings for the Committee and the reports to be considered at each of those meetings.
- 2.3 The Work Programme for each Municipal Year is an important element of planning the year ahead as it ensures that the Committee remains on target in reviewing the effectiveness of the Committee and is effectively monitoring/reviewing the Terms of Reference of the Committee (Appendix 1 to the report). Appendices 1 and 2 work hand-in-hand in that all elements of the Terms of Reference are monitored through the submission of reports/briefings to the Committee.

### **3.0 Audit and Governance Committee Self-Assessment**

The introduction of a Self-Assessment for the Committee (approved on 15 March 2023) enabled the Members to undertake a high-level review of the function and effectiveness of the Audit and Governance Committee incorporating 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 \(sefton.gov.uk\)](#)

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 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.

### **4.0 Appointment of an Independent Member**

The appointment of a co-opted non-voting Independent Member to the serve on the Audit and Governance Committee recommended by CIPFA and is seen as a positive step.

Following interviews held in April 2023, the successful candidate, Ms Rachel Oakes, commenced in the role on 1 June 2023 at the start of the 2022/2024 Municipal Year.

The appointment is for a three-year period, subject to annual review when the Terms of Reference are reviewed.

### **5.0 Member Training and Development Programme**

The training and development of Audit and Governance Committee Members is considered essential to ensure they are able to be up-to-date, confident and

effective in their role. A programme of briefings based on the key competencies outlined by CIPFA was held throughout 2022-2023 prior to each meeting of the Committee.