

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE BIRKDALE ROOM - SOUTHPORT TOWN
HALL, LORD STREET, SOUTHPORT, PR8 1DA
ON WEDNESDAY 6TH SEPTEMBER, 2023**

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

12. APOLOGIES FOR ABSENCE

No apologies for absence were received.

13. DECLARATIONS OF INTEREST

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

14. MINUTES

RESOLVED:

That the Minutes of the meeting held on 19 July 2023 be confirmed as a correct record.

15. 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 19 July 2023 the following changes had been made to the Corporate Risk Register:

- The addition of four new risks, namely:
 - Failure to comply with sections 1 and 10 of the Freedom of Information Act
 - Education service not being able to meet statutory compliance at an acceptable level

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- Failure to ensure readiness for the planned National Assurance framework for Adult Social Care (due 2023/24)
- Adult Social Care contracted rates are no longer sufficient to secure placements
- Two risks were identified for de-escalation, namely:
 - Data breach resulting in the wrongful release of personal and/or sensitive information
 - Failure to mitigate impact of COVID-19 on recovery and impact of the cost-of-living crisis for the Sefton economy

The CIA indicated that following the approval of the Council Risk Appetite Framework in March 2023, training had been designed for the Departmental Management Team members, in each Service Area, who normally submitted Committee papers. The training had been rolled out over summer 2023 and was likely to conclude in September 2023. The CIA informed the Committee that the Committee Paper header template was in the process of being revised to include risk appetite before being launched formally across the organisation.

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.

Following consideration of the report, the Committee received a verbal update by the Service Manager – Finance on Financial Sustainability within the Council.

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

- **Which services had not yet provided an updated Service Risk Register and was there a timescale for completion?**
 - The CIA indicated the Children's Services had not yet provided an updated Service Risk Register. The Committee requested that Children's Services update their Service Risk Register and for the Chief Internal Auditor to provide an update at next meeting in December 2023.
- **Had any buildings in Sefton been affected by the recent Reinforced Autoclaved Aerated Concrete (RAAC) crisis and was this included in the risk register?**
 - Following external commissioned investigation, initiated by Property Services, had not identified been affected by the use of RAAC in the construction of the buildings. Work was ongoing to establish if any other buildings in Sefton were

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built using RAAC. The CIA stated that in terms of timing, this would not appear on the risk register as of yet, but they would bring a further update to Committee in December.

RESOLVED: That

- (1) the updated Corporate Risk Register, the nature of the major risks facing the Council, and the controls and planned actions in place to mitigate these, be noted;
- (2) the progress on the embedding of risk management within the Council be noted;
- (3) the Service Manager – Finance be thanked for his informative and interesting verbal update; and
- (4) the Chief Internal Auditor be requested to provide updates at the Committee meeting on 13 December 2023 regarding the completion of Children’s Services’ Service Risk Register and any Sefton buildings that may contain RAAC.

**16. ANNUAL REPORT OF THE AUDIT AND GOVERNANCE
COMMITTEE 2022-2023**

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which formally presented the Annual Report of the Audit and Governance Committee 2022-2023.

The Committee was informed that this was the second year an annual report had been presented which contained updates on the following sections:

- Audit and Governance Committee Work Programme 2022-2023
- Assurance Activity
- Risk Management
- Treasury Management
- Statement of Accounts and External Auditors
- Information Governance/Constitution Updates
- Audit and Governance Self-Assessment Exercise
- Appointment of an Independent Member
- Audit and Governance Committee Member Training and Development
- Outcomes/Achievements

RESOLVED:

That the 2022-2023 Annual Report of the Audit and Governance Committee be agreed and referred to Council for approval.

17. INFORMATION GOVERNANCE AND COMPLIANCE 2022/23

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which updated Members on the Council's approach to information management and compliance, in particular:

- The Structures in place at Sefton
- Officer and Member Training
- Freedom of Information compliance
- Subject access and disclosure requests
- Data incidents
- Sefton's position
- Data security and Protection Toolkit

The Chief Legal and Democratic Officer and Monitoring Officer informed the Committee that this report would be brought to the Committee on an annual basis in order to monitor progression in future years.

The Committee queried what would be categorised as a data breach and were updated on the Council's Data Protection Policy document. The Committee also asked about the number of FOI requests that were not answered within 20 working days and how many requests could be deemed vexatious.

RESOLVED: That

- (1) the contents of the report be noted; and
- (2) The Executive Director of Corporate Resources and Customer Services be requested to submit future reports on an annual basis covering the Council's information management and governance arrangements.

18. CODE OF CORPORATE GOVERNANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which presented a revised Code of Corporate Governance for Approval.

The Committee was informed that the outline, while not a statutory requirement, was considered good practice by The Chartered Institute of Public Finance and Accountancy. The report contained the 4th version presented to Committee to approval and outlined what good governance was and the Council's approach to governance. The document had been updated to become more user-friendly and listed the 7 Principles of Good Governance and how the Council adhered to them as well as including relevant updates on Committee Report Templates, the Member Development Steering Group and Member Development Handbook.

RESOLVED:

That the revised Code of Corporate Governance be approved.

19. ANNUAL REPORT AND OPINION OF THE CHIEF INTERNAL AUDITOR

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which summarised the work of internal audit during 2022/23 and provided the Chief Internal Auditor's opinion on the overall control environment operating within the Council during the year.

The report was a key requirement of the Public Sector Internal Audit Standards and outlined that the opinion for the 2022/23 financial year was adequate with adequate prospects for improvement. There was a separate opinion for schools, in line with recent guidance from Chartered Institute for Public Finance and Accountancy. The school's opinion was similarly adequate and adequate prospects for improvement. The report included the below updates:

- Summary of Work Completed
- Performance
- Public Sector Internal Audit Standards
- Overall Opinion
- Looking Ahead

RESOLVED:

That the work of internal audit during 2022/23 and the overall opinion on the control environment of the Council during that period be noted.

20. RISK AND AUDIT PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services and detailed the performance and key activities of the Risk and Audit Service for the period 1 July 2023 to 31 August 2023.

The report discussed the resourcing position across the Team, as well as in particular that Internal Audit Team, the response, and the actions planned for the rest of the financial year including a revised internal audit plan for 2023/24.

The Committee asked whether the Council could implement a memorandum of good practice for victims of terrorism after the attack and those in criminal proceedings. The Committee requested that the Chief Internal Auditor be emailed the question and respond to all Members.

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The Committee discussed the advantages and disadvantages of using the traditional method of tendering when sourcing specialist insurance.

RESOLVED: That

- (1) the progress on the 2023/24 Internal Audit Plan to 31 August 2023 be noted;
- (2) the revised Internal Audit Plan for 2023/24 be approved;
- (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; and
- (4) the Chief Internal Auditor be requested to update Committee via email on the Council's position regarding good practice for victims of terrorism.

21. AUDIT AND GOVERNANCE COMMITTEE - QUARTERLY WORK PROGRAMME UPDATE REPORT

The Committee considered the 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 19 July 2023 and reasons for non-submission of some of the reports listed. The meeting had originally been scheduled to take place on 21 June 2023 but had been moved to 19 July 2023 at the request of the Chair.

The reports considered at the meeting on 19 July 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 listed for submission to the meeting held on 19 July 2023 be noted.

22. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business

on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act. The Public Interest Test had been applied and favoured exclusion of the information from the press and public.

23. UNRECOVERABLE DEBTS OVER £10,000

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services. As outlined within the Council's Schemes of Financial Delegation, all outstanding debts over £10,000 could not be written off without the approval of the Audit and Governance Committee.

The report set out that the Council was unable to follow a business-as-usual debt management programme, including the writing-off of bad debt, due to restrictions in place during the pandemic. Therefore, the report was the first to request approval to write-off unrecoverable debt for some time and so amounts were higher than would usually be considered by the Committee.

The Committee submitted the following questions to the Principal Revenues Manager who stated he would respond to the Committee in due course:

- How many CCGs were obtained for these debts?
- How many debts were referred to debt collection agencies to collect?
- What has the cost been to the Council?
- How many of the claims were being overseen by a Trustee or official receiver?
- How many claims had been made against deceased estates to recover the debts?
- Had the High Sherriff ever been involved?
- In respect of the businesses and the impact of COVID, how many of the businesses had received financial support?
- What mitigating steps were being included to avoid this level of debt being written off in the future?

RESOLVED: That

- (1) the write off of all individual debts detailed in the appendices to the report be approved; and
- (2) the Principal Revenues Manager be requested to update Committee on the responses to the listed questions.