

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE BIRKDALE ROOM - SOUTHPORT TOWN HALL, LORD STREET, SOUTHPORT, PR8 1DA
ON 4 SEPTEMBER 2024**

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

Councillors Conalty, Johnson, Maher, McNabb,
Neary, Pugh, Shaw and Spring

14. APOLOGIES FOR ABSENCE

An apology for absence was received from Rachel Oakes, Independent Member.

15. DECLARATIONS OF INTEREST

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

16. MINUTES

RESOLVED:

That the Minutes of the meeting held on 19 June 2024 be confirmed as a correct record.

17. CHAIR ANNOUNCEMENT

The Chair informed the Committee that Agenda Item 6 - Treasury Management Outturn 2023/24 and Position to July 2024 (Previously named Current Position Relating to the Audits for 21/22 and 22/23 on the original agenda) would be considered following Agenda Item 3 – Minutes.

18. STATEMENT OF ACCOUNTS UPDATE - LOCAL AUDIT BACKLOG IN ENGLAND

The Committee considered the report of the Executive Director of Corporate Services and Commercial which provided Members with an update on the Government's proposals to deal with the backlog of audits currently being experienced across Local Authorities in England. It also provided an update on the current position in relation to the audit of Sefton's Statement of Accounts for 2021/22, 2022/23 and 2023/24.

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The Committee also heard updates from Sefton Council's former (Ernst Young) and current (Grant Thornton) external auditors. Grant Thornton provided a progress update as of August 2024, audit deliverables and an overall sector update.

The Committee discussed the following topics:

- Disclaimed opinion
- The work completed on the 2022/2023 audit
- Decisions made by Ernst Young concerning the 2021/2022 audit

RESOLVED: That

- (1) the government proposals to deal with the backlog of audits across local government in England be noted; and
- (2) the current status of the audits of Sefton's Statement of Accounts for 2021/22, 2022/23 and 2023/24.

19. CORPORATE RISK MANAGEMENT

The Committee considered the report of the Executive Director of Corporate Resources and Commercial 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 rested with the Strategic Leadership Board.

The CIA indicated that since the last meeting held on 19 June 2024:

- No new risk(s) had been added to the Corporate Risk Register in the current quarter
- One risk had been removed from the CRR;
 - Non-achievement of our aim and ambition to secure the best outcome from a CQC assessment, against current local pressures and demands

This had been removed by ASC due to the advanced stage of preparation for the CQC visit. Evidence was submitted to CQC, and a visit is imminent.

The external review of risk management draft report had highlighted a number of recommendations to improve risk management. There are other on-going initiatives to embed risk management within the Council including assurance mapping and horizon scanning.

Substantial work had been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training, and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team to facilitate improvements.

Recent work had been drafting the Sefton Assurance Framework and undertaking Assurance Mapping to inform the Annual Chief Internal Auditor's Opinion and the Annual Internal Audit Plan.

There was clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that risk management was embedded at this level engagement should be universal and consistent over time as highlighted in the update. Improvements required include the consistent regular updating of SRRs, considering the outcome of the ORR's when looking at SRR and sharing the SRR with the relevant Cabinet Member and the Risk team when requested.

There was one service where the updating of their SRR over the past 12 months hasn't been timely so further work is being undertaken with the service to ensure this is improved. ORRs remain an area to be improved across the Council and the Risk and Audit service were continuing to work with teams to facilitate this across the organisation.

The implementation of the Council's risk appetite will help to further embed risk management within the Council and should improve corporate decision making. The risk management training would assist staff and members understand the principles of risk management in a consistent manner. There was further work planned to improve risk management within the organisation through the roll out of Key Risk Indicators.

The initial findings from the external review of the Council's risk management review had highlighted areas to improve which the team would set out an action plan for the next meeting to consider.

The Committee discussed the following issues:

- Learning from previous actions to feedback into the Corporate Risk Register
- Service Area risk registers
- Horizon scanning

RESOLVED:

That the updated Corporate Risk Register, the nature of the major risks facing the Council and the planned actions in place to mitigate these risks, be noted.

20. RISK AND AUDIT SERVICE PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Services and Commercial which detailed the performance and key activities of the Risk and Audit Service for the period 1 May 2024 to 31 July 2024.

The report also discussed the resourcing position across the Team as well as in particular the Internal Audit Team, the response and the actions planned for the rest of the year.

RESOLVED: That

- (1) the progress on the 2024/2025 Internal Audit Plan from 1 May 2024 to 31 July 2024 be noted; and
- (2) the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in facilitating the management of the Council's key risks be noted.

21. TREASURY MANAGEMENT OUTTURN 2023/24 AND POSITION TO JULY 2024

The Committee considered the report of the Executive Director of Corporate Services and Commercial which provided Members with a review of the Treasury Management activities undertaken during 2023/24 and an update to 31 July 2024. Audit & Governance Committee receives this outturn report to allow monitoring against the Treasury Management Policy & Strategy and Prudential Indicators approved by Cabinet and Council in March 2023.

Members of the Committee discussed Local Authority lending and borrowing.

RESOLVED: That

- (1) the Treasury Management update to 31st May 2024 be noted;
- (2) the effects of decisions taken in pursuit of the Treasury Management Strategy be considered; and
- (3) implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities be considered.

22. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2023-2024

The Committee considered the report of the Executive Director of Corporate Services and Commercial which formally presented the Annual Report of the Audit and Governance Committee 2023-2024.

The Committee was informed that this was the third 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

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- 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 2023-2024 Annual Report of the Audit and Governance Committee be agreed and referred to Council for approval.

23. REVIEW OF MEMBERS CODE OF CONDUCT COMPLAINTS 2023 - 24

The Committee considered the report of the Executive Director of Corporate Services and Commercial which provided a summary of complaints received in the municipal year 2023 to 2024 that Members of Sefton Council had breached its Members Code of Conduct.

RESOLVED:

That the report be noted.

24. REVIEW OF THE COUNCIL'S CONSTITUTION

The Committee considered the report of the Executive Director of Corporate Services and Commercial which provided a number of recommendations and options for the Council's Constitution to be amended to reflect good practice and changes of arrangements within the Council.

The Committee discussed the following issues:

- Dates of Full Council Meetings
- Budget Council Agenda
- Motions
- Questions at Full Council
- Petition Scheme

It was moved by Councillor Robinson (Chair) that:

From Paragraph 4.3 of the report, notice of an amendment must be put in writing and submitted to the Chief Legal and Democratic Officer no later than 12 noon on the Tuesday before the Thursday Full Council meeting.

Following a show of hands, the Chair declared the motion was carried by 7 votes to 3.

It was also moved by Councillor Robinson (Chair) that:

From Paragraph 5.5 of the report, the constitution be amended to provide for questions from Members to be received by 12 noon at least 5 clear days before Full Council and that there are not sub-questions.

Following a show of hands, the Chair declared the motion was carried by 9 votes to 1.

The Committee discussed Paragraph 3.2 of the report regarding the Budget Council Agenda and was agreeable that the Agenda should be restricted to Budget related items only.

RESOLVED: That

- (1) the recommendations set out in paragraphs 2.4 (dates of Full Council meetings), 4.3 (motions), 5.5 (questions at Full Council), 6.2 (Cabinet Portfolios), 7.1 (petition scheme) and 8.3 (Planning Committee) be referred to Council for approval.
- (2) the recommendations of the Committee on the options described in paragraph 3.2 (Budget Council agenda) be relayed to full Council.

25. WORK PROGRAMME UPDATE REPORT

The Committee considered the report of the Executive Director – Corporate Services and Commercial.

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 June 2024 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 19 June 2024 were listed in the Work Programme for the 2024-25 Municipal Year, which had been approved by the Audit and Governance Committee on 20 March 2024.

RESOLVED:

That the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 19 June 2024 be noted.