

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 30th September, 2010 at Committee Suite 2/3 - Westfields,  
Middlewich Road, Sandbach, CW11 1HZ

### **PRESENT**

Councillor M J Simon (Chairman)  
Councillor A Kolker (Vice-Chairman)

Councillors S Conquest, B H Dykes, J Hammond, M Hardy, A Kolker and  
M J Weatherill

### **NON-COMMITTEE MEMBERS IN ATTENDANCE**

Councillor F Keegan	Portfolio Holder for Resources
Councillor D Brown	Portfolio Holder for Performance and Capacity

### **IN ATTENDANCE**

Lisa Quinn	Borough Treasurer and Head of Assets
Vivienne Quayle	Head of Policy and Performance
Christine Mann	Finance Manager
Joanne Wilcox	Corporate Finance Lead
Paul Goodwin	Places Financial Lead
Dominic Oakeshott	People Financial Lead
Jon Robinson	Audit Manager
Karen Murray	Audit Commission
Andrea Castling	Audit Commission
Carol Jones	Democratic Services Officer

### **APOLOGIES**

Councillors D Beckford and J Narraway

### **9 DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **10 PUBLIC SPEAKING TIME/OPEN SESSION**

In accordance with Procedure Rules Nos. 11 and 35, a total period of 10 minutes was allocated for members of the public to address the Committee on any matter relevant to its work, or to ask questions.

In the absence of members of the public, the Committee proceeded to its next item of business.

## 11 MINUTES OF PREVIOUS MEETING

**RESOLVED:** That the minutes of the meeting held on 29 June 2010 be approved as a correct record.

## 12 WORK PROGRAMME - 2010-2011

The Committee considered a report which presented a draft work plan for the remainder of 2010-2011. The plan had been drawn up in accordance with CIPFA Better Governance Forum and was designed to enable Members to gain an understanding of the Committee's responsibilities and to discharge their duties.

Members were invited to contact Officers outside the meeting with suggestions for additional training issues which could be added to the plan.

### **RESOLVED:**

That the Work Plan be noted and submitted to the Committee, periodically, for development and approval.

## 13 INTERNAL AUDIT PLAN UPDATE

The Code of Practice for Internal Audit in Local Government stated that in addition to the annual report, the Head of Internal Audit and Compliance *"should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the annual report."*

The report submitted updated Members on progress against the Internal Audit Plan 2010-2011, outlined revisions to the plan and summarised the work undertaken during the period April to August 2010.

Members were able to ask questions and these were responded to by Officers, as appropriate.

- Backlog of re-assessment for existing social care clients.

Officers undertook to ascertain when the backlog would be cleared and report to Members.

- Use of purchase cards within the Authority

The BBC had reported on this, following a Freedom of Information request. Although there was no suggestion of misuse, the Chief Executive and Leader of the Council had requested an audit review. This was underway and Officers would report on this at the next meeting. Internal Audit had concluded that there had

been no inappropriate use but had made some system improvement recommendations.

- It was emphasised that the system of internal control was adequate and that action was taken to ensure that any shortcomings were rectified promptly. Follow-up reports would be submitted to the Committee periodically.
- Oracle business system: This was being upgraded with a “go-live” date of January 2011. The scheme was on track as far as the project plan was concerned; however, this was a high risk area and work was underway to enable the Authority to be satisfied that the new system would work satisfactorily.
- It was noted that during the review, the Authority’s preparedness for Internal Financial Reporting Standards (IFRS) had been assessed. There was an IFRS implementation plan in place, but there had been some slippage owing to closure of accounts, staff shortages and delays in the provision of information. This was a significant area of work and the Committee would receive regular updates.

#### **RESOLVED:**

1. That the issues identified be noted; and
2. That the approach to achieving adequate audit coverage in the remainder of 2010-2011 be endorsed

#### **14 REVIEW OF INTERNAL AUDIT EFFECTIVENESS**

The report of the Head of Internal Audit and Compliance provided the Committee with the Audit Commission’s review of Internal Audit, including the management response.

The Committee was asked to consider the contents of the External Auditor’s report and seek assurance that any issues which significantly fell short of the expected standards, had been, or were being addressed appropriately.

Audit Commission representatives were in attendance and commended the Audit Section on a successful year, having met seven of the eleven CIPFA standards, and partially met the remaining four.

Arising out of discussion, it was acknowledged that there was a need for Member training on implementation of performance management. A new system had recently been procured and there would be regular updates to the Committee.

**RESOLVED:**

That

1. the Audit Commission's report on the Internal Audit be received;
2. it be noted that the review identified that Internal Audit had met seven of the eleven CIPFA standards during the year and partially met the remaining four. (The review also concluded that "good progress was made in developing the Council's Internal Audit arrangements during the year" and "the Internal Audit team was well placed to act as an assurance function, delivering an independent and objective opinion on the Council's control environment and assurance on internal controls through its annual audit plan". );
3. Management's response to the auditor's findings and recommendations contained within Appendix 1 of the Audit Commission's report be noted; and
4. it be noted that the Committee will, periodically, receive update reports on the action that is being taken to address the issues identified by the Audit Commission.

**15 2009-2010 ANNUAL GOVERNANCE REPORT**

The Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) Regulations 2006, required the Financial Statement of Accounts to be published by 30 September 2010.

The Committee considered the Annual Governance Report which summarised the findings from the 2009/2010 Audit and identified the key issues which had been considered by the Audit Commission before issuing its opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources.

Councillor F Keegan, Portfolio Holder for Resources, expressed his thanks to all staff for their contribution, acknowledging the difficulties encountered during the previous financial year.

**RESOLVED**

That

1. the Annual Governance Report for 2009/2010 for Cheshire East Borough Council be received; and
2. the final Statement of Accounts for 2009/2010 be approved and the Chairman of the Committee to sign the letter of representation for Cheshire East Borough Council.

## **16 DATE OF NEXT MEETING**

It was noted that the next meeting was to be held on 17 November 2010 in Committee Suite 1, 2 and 3, Westfields, Sandbach. Arrangements had been made for a risk management training session to be delivered at the conclusion of the meeting, at approximately 12 noon.

Alternative arrangements for risk management training would be made for those Members who were unable to attend.

The meeting commenced at 10.00 am and concluded at 10.55 am

Councillor M J Simon