

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 19th March, 2015 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor J Wray (Chairman)
Councillor L Brown (Vice-Chairman)

Councillors B Burkhill, S Corcoran, R Fletcher, M Hardy, A Kolker and L Roberts.

Councillors in attendance;

Councillors K Hickson and B Murphy.

Officers in attendance:

Suzanne Antrobus – Senior Lawyer
Anita Bradley – Head of Legal Services and Monitoring Officer
Lorraine Butcher – Executive Director of Strategic Commissioning
Andrew North – Corporate Manager Audit and Governance
Judith Tench – Head of Corporate Resources and Stewardship
Alex Thompson – Corporate Manager Strategy and Reporting
Cherry Foreman – Democratic Services Officer

External Auditor (Grant Thornton)

Allison Rhodes

51 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor D Marren, and John Roberts of Grant Thornton.

52 DECLARATIONS OF INTEREST

There were no declarations of interest.

53 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

54 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 22 January 2015 be approved as a correct record.

55 INFORMING THE EXTERNAL AUDIT RISK ASSESSMENT FOR CHESHIRE EAST COUNCIL

Consideration was given to questions posed by the External Auditor on management processes in respect of fraud, laws and regulations, going concern,

accounting estimates and related party transactions. An appendix to the report detailed the questions, and the answers given by management. The Committee was invited to consider the response, to ensure it was consistent with its understanding, and to make any further comments.

In considering the encouragement of ethical behaviour by employees and contractors it was confirmed that the Code of Conduct was looked at as part of both the staff and Councillor induction process, and that 'Team Talk' was also used to highlight relevant issues.

With reference to the outcome of complaints referred to the Ombudsman it was requested that a report be submitted to a future meeting of the Committee on the process for dealing with the draft response when it was received in any case where fault had been found; this was in order to ensure it was thoroughly reviewed at that stage and that the process included the opportunity for it to be properly debated.

RESOLVED

1. That the report be noted.
2. That a report be submitted to a future meeting of the Committee on the procedure for reviewing the draft response from the Ombudsman if it related to a fault having been found.

56 RISK MANAGEMENT UPDATE REPORT

The Audit and Governance Committee has responsibility for monitoring the effectiveness of the Councils risk management arrangements. A full report on this had been considered at the last meeting at which the Committee had requested that a briefing be given on Public Sector Effort.

Lorraine Butcher attended the meeting and briefed the Committee on this opportunity and the existing controls in place to mitigate risk. It was reported that considerable engagement was underway on a number of work streams within the health and care transformation boards i.e.: Caring Together and Connecting Care, with the aim of providing the best possible services for residents and care of the 'whole person'. Work was continuing on developing governance arrangements to ensure transparency and manage risk, to seek continued improved value from the available resources and to enable individuals to be less reliant on publicly funded services.

The report also detailed the ongoing work of the Corporate Assurance Group which included continuing to monitor the effectiveness of the arrangements by reviewing the corporate risk profile, discussing significant area of operational and project risk and seeking assurance they were managed effectively, following up risks identified by auditors and inspectors and considering new and emerging risks.

RESOLVED

That the report be noted and that Lorraine Butcher be thanked for her presentation.

57 MEMBERS CODE OF CONDUCT STANDARDS REPORT

A report was considered on the numbers and outcomes of complaints under the Code of Conduct for Members between 1 November 2014 and the end of February 2015.

On 17 July 2014 the Council had adopted an amended process for dealing with complaints and any still in progress at that time were dealt with under the procedure in force when it was received. Eleven complaints had been received of which 5 were against a member of Cheshire East Council (CEC) and 6 against a member of a parish/town council; of these no further action was taken on 7, 1 was referred to the Monitoring Officer for informal resolution and 2 for external investigation. One complaint had yet to be completed as further information was awaited. Both of the remaining pre July 2014 complaints had resulted in no further action.

The Committee welcomed the reduced time in which the complaints could now be handled. In response to a request from Members it was agreed that future reports show the decisions separately for CEC and parish/town councils; and also that details be included on the type of complaints received.

RESOLVED

That the report be noted and that future reports be expanded to show the information requested above.

58 AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT

Members were asked to consider the results of the self assessment of the effectiveness of the Committee using CIPFA guidance. A comparison of the 2014 and 2015 self-assessments showed an improvement in performance and this reflected the progress made in implementing actions agreed with Members in 2014.

Attention was drawn to questions 14 and 15 of the self- assessment (briefings/training/core knowledge and skills framework) and it was confirmed that training was to be made mandatory for members of the Committee and also that understanding the skills-set of the Committee would be added to the Work Programme.

With reference to Health and Wellbeing, and the assurance framework for the Council, it was agreed that an item be added to the Committees Work Programme. Consideration would be given to the most appropriate way for it to report to the Committee and how it could best be incorporated into the performance monitoring process.

RESOLVED

1. That the self assessment be noted.
2. That the detailed outcome of the review of internal audit be considered by the Committee as part of the Annual Governance Statement approval process.

3. That the actions arising from the self assessment be endorsed and it be noted that a further report on the progress of these actions be submitted to a future meeting of the Committee.
4. That an item be added to the Work Programme to consider the assurance framework for Health and Wellbeing.

59 ALTERNATIVE SERVICE DELIVERY VEHICLE GOVERNANCE AND STEWARDSHIP

(During discussion of this item Councillors M Hardy and M Kolker declared personal interests by virtue of being on the Board of Everybody Sport and Leisure.)

An update was given on the governance arrangements for the Council's Alternative Service Delivery Vehicles (ASDVs). Articles of Association, Directors' mandates and shareholder agreements were all available as means by which the Cabinet could exercise control over the parent company and regular performance monitoring against each contract was led by the Executive Director of Strategic Commissioning through the Council's client management arrangements.

The Council's overriding principle of governance, stewardship and control arrangements was to be resident and business led and to ensure accountability to residents, service users, businesses and local Councillors. It also had to ensure it used public funds properly and be able to demonstrate value for money. It was intended that the governance arrangements would continue to be reviewed to ensure an appropriate balance between the proper governance and stewardship of public money and innovative new approaches to service delivery.

In discussing contract arrangements concern was expressed at the time it had taken to complete the process with Engine of the North. The Head of Corporate Resources and Stewardship agreed that she would pursue this matter further.

RESOLVED

That the report be noted.

60 DISCLOSURE OF OFFICERS REMUNERATION IN THE STATEMENT OF ACCOUNTS

The Committee considered a report on the disclosure requirements for Officers' remuneration in terms of the financial statements and recommended practice on data transparency.

The report detailed the requirements of the Accounts and Audit (England) Regulations 2011 and details of the 2013/14 disclosure were given. The content of the Council's disclosure had been compared with that of other authorities and it was noted that some chose to limit the disclosure to officers at tier 2; when comparing the disclosure with its nearest statistical neighbours only four out of fourteen reported to tier 3. Details of the proposed disclosure for 2014/15 were also set out; it was comparable to the disclosure in previous years and included officers at tiers 1 to 3.

The report also set out the requirements of the Local Government Transparency Code 2014. It was noted that in order to meet its requirements, and in accordance with the guidance issued by the DCLG, the Council needed to ensure that the information published gave a clear and accurate understanding of the way the workforce was organised and how public money was spent on senior pay and reward.

RESOLVED

That the decision of the Chief Operating Officer to continue to disclose Officers' Remuneration to tier 3 to meet the requirements of the Accounts and Audit (England) 2011 regulations and the Local Government Transparency Code be noted.

61 GRANT THORNTON AUDIT PLAN 2014/15

Consideration was given to the Audit Plan for the year ending 31 March 2015 which set out the work that Grant Thornton would be carrying out in their statutory audit on the Council's financial statements and arrangements for securing value for money. It was intended that it should be a risk based audit that would focus on those areas where they had identified a risk of material misstatement in the accounts.

RESOLVED

That the Audit plan for 2014/15 be received and noted.

62 INTERNAL AUDIT PLAN 2015/16

The Committee considered a report on the summary Internal Audit Plan for 2015/16. In order to ensure that internal audit resources continued to be focussed on areas where assurance was needed most a wide ranging consultation had taken place with stakeholders including senior management, strategic risk owners and managers, and other assurance providers, in order to establish priorities for audit activity in 2015/16.

RESOLVED

1. That the Summary Internal Audit Plan 2015/16 be approved.
2. That it be noted that a more detailed Internal Audit Plan will be developed and produced in 2015/16 to be discussed and agreed with the relevant Member/Officer group.

63 WORK PLAN 2014/15 AND 2015/2016

Consideration was given to the Committees Work Plan. It was suggested that the following items be added to the Plan as follows: -

Whistleblowing

Procedure for review of draft Ombudsman reports prior to publication, to include a further presentation on the findings of the recent investigation into brown wheelie bins.

RESOLVED

That the additions to the Work Plan, as detailed above, be agreed.

The meeting commenced at 2.00 pm and concluded at 4.45 pm

Councillor J Wray (Chairman)