

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 17th March, 2016 in Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor L Smetham (Chairman)
Councillor D Marren (Vice-Chairman)

Councillors G Baxendale, S Corcoran, R Fletcher, M Hardy, A Kolker,
M Simon and A Stott

Councillors in attendance:

Councillors P Findlow and S Gardiner

Officers in attendance:

Peter Bates – Chief Operating Officer
Lianne Halliday – Procurement Manager
Bill Norman – Director of Legal Services and Monitoring Officer
Andrew North – Corporate Manager Governance and Audit
Gareth Pawlett – Corporate Manager ICT
Sandra Smith – Customer Relations and Compliance Manager
Keith Sutton – ICT Security Project Manager
Helen Sweeney – Senior Customer Relations and Compliance Officer
Alex Thompson – Manager Strategy and Reporting
Jo Wilcox – Corporate Finance Manager
Cherry Foreman – Democratic services Officer

External Auditors (Grant Thornton)

Alison Rhodes and Jon Roberts

Jon Robinson

A minutes silence was observed in memory of Jon Robinson of Internal Audit who had recently passed away.

46 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor C Andrew.

47 DECLARATIONS OF INTEREST

There were no declarations of interest.

48 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

49 MINUTES OF PREVIOUS MEETINGS

RESOLVED

That the minutes of the meetings held on 10 December 2015, and 18 February 2016, be approved as a correct record.

50 INFORMING THE EXTERNAL RISK ASSESSMENT FOR CHESHIRE EAST COUNCIL

(During consideration of this item Councillor D Marren declared a personal interest by virtue of being Chairman of Orbitas Bereavement Services; Councillor L Smetham declared a personal interest by virtue of being a Director of the same.)

Alison Rhodes of Grant Thornton introduced this report on management's response to questions posed by the External Auditor with regard to their work in the areas of fraud, laws and regulations, the Council as a going concern, accounting estimates and related party transactions. The Committee was asked to consider whether the responses were consistent with its understanding and whether there were any further comments it wished to make.

Members received clarification on items including fraud risk assessment, the outcome of VAT inspections for Ansa Environmental Services and Orbitas Bereavement Services, and on Market LOBO Loans. In considering the Council's medium term financial strategy and financial controls it was agreed that the Officers would consider opportunities for the future involvement of the Corporate Scrutiny Committee as a means of encouraging openness and transparency.

RESOLVED

That the report be noted.

51 EXTERNAL AUDIT PLAN 2015/16

(During consideration of this item Councillor A Kolker declared a personal interest by virtue of being a Director of Civicance.)

Jon Roberts of Grant Thornton introduced the Audit Plan for the year ending March 2016; it set out their approach to completing a risk based audit in which the focus would be on those areas they had identified as being at risk of material misstatement in the accounts. The findings would be issued prior to the approval of the financial statements in order to present key issues and other matters arising from the audit together with an explanation as to how they had been resolved.

Various matters were highlighted including the challenges and opportunities faced by the Council, developments and changes in national audit requirements, materiality, value for money, and the fees to be charged. Members had the opportunity to raise any points of interest or concern.

RESOLVED

That the Audit Plan for 2015/16 be received and noted.

52 INTERNAL AUDIT INTERIM REPORT 2015/16

Consideration was given to the report of the Corporate Manager Audit and Governance on progress against the Internal Audit Plan 2015/16, revisions to the Plan, and to a summary of the work undertaken between October and December 2015. He reported that assurance work was progressing well, as were the Schools Audits. The ongoing review of procurement had caused some resource issues but the annual plan had been revisited and planned audit work for the remainder of the year had been refocussed. Members were advised that some of the wider lessons from the review had already been shared with the procurement team.

An updated Internal Audit Charter was submitted for consideration. It was highlighted that Internal Audit was authorised full, free and unrestricted access to any and all of the Council's records, physical properties and personnel in connection with any of its work, and also had free and unrestricted access to the Audit and Governance Committee.

RESOLVED

1. That the issues identified be noted, the approach to achieving adequate audit coverage in the remainder of 2015/16 be endorsed, and future audit issues and ways of working be discussed as appropriate.
2. That approval be given to the updated Internal Audit Charter.

53 SUMMARY INTERNAL AUDIT PLAN 2016/17

The Committee considered the report of the Corporate Manager Audit and Governance on the summary Internal Audit Plan 2016/17. Its preparation had included a wide ranging consultation with key stakeholders, including Senior Management, Strategic Risk Owners/Managers and other assurance providers in order to establish the priorities for audit activity in the coming financial year; this had then been matched against available resources.

The report detailed the key themes that had emerged which included the governance of partnership and commissioning arrangements, reviewing commissioning lifestyles across services and the review of secondary control functions. Where there was an imbalance between the work plan and the resources available the Committee would be informed of proposed solutions.

RESOLVED

1. That approval be given to the Summary Internal Audit Plan 2016/17 as detailed in Appendix A of the report.
2. That a more detailed Internal Audit Plan be developed and produced in the first quarter of 2016/17 for discussion and agreement with the relevant Member/Officer Group.
3. That the thanks and appreciation of the Chairman and the Committee be extended to the Internal Audit Team for all their work and efforts.

54 MEMBERS CODE OF CONDUCT - STANDARDS REPORT

Consideration was given to the report of the Director of Legal Services on the number of complaints received under the Code of Conduct for Members. In accordance with the Localism Act the Council had a duty to promote high standards of conduct amongst its own elected members, co-opted members, and town and parish council members.

Between 1 September 2015 and 29 February 2016 it was reported there had been fifteen complaints, eight of which related to Cheshire East Councillors and seven to members of town or parish councils in the borough and the outcome was given where it was known. In addition 6 complaints were currently awaiting initial assessment and 8 had been determined as needing no further action.

It was requested that more detail be provided on the individual complaints, and also an indication of the costs incurred. It was recognised that dealing with the complaints, including the preliminary advice and interaction with complainants before a complaint was received, took a considerable number of officer hours.

RESOLVED

That the report be noted and that further details on the complaints received, as requested above, be included in future reports.

55 PERFORMANCE MANAGEMENT ARRANGEMENTS

Members received a presentation on the arrangements and controls in place to prepare, manage and report on the Council's medium term budget and financial strategy. The presentation took members through the process from budget setting when the parameters were first set and evidence provided for the financial estimates for the year, how it was monitored throughout the year, leading to the end of year position and the opening balances for the process to start again.

RESOLVED

That the arrangements be noted.

56 COMPLIANCE WITH DATA PROTECTION ACT 1998, FREEDOM OF INFORMATION ACT 2000, AND ENVIRONMENTAL INFORMATION REGULATIONS 2004

The Committee considered an update on the performance of the Council in responding to requests under the above Acts the purpose of which was to make public bodies open and transparent whilst also protecting personal data from improper use. The report highlighted the volumes, trends, and current and future issues which included some forthcoming changes to Data Protection Regulations.

Members were advised that a new system 'i-Casework' would be fully operational this April and it was anticipated this would significantly increase the efficiency of the processes. It would also enable the production of a Freedom of Information disclosure log on the Council's website, showing the requests received and the response issued.

It was reported that the Information Commissioner had received eight complaints about Cheshire East Council three of which were ongoing, one withdrawn, three upheld in the Council's favour and one in the requestors favour. It was confirmed that decisions found against the Council were published on the website.

RESOLVED

That the performance of the Council be noted and the key recommendations of the Independent Commission on Freedom of Information, shown in Appendix 1 of the report, be supported.

57 COMPLIANCE WITH RIPA 2000

Consideration was given to a report on how the Council complied with the Regulation of Investigatory Powers (RIPA) legislation during 2015/16. As RIPA powers could conflict with individual's human rights it was imperative that the authorisation procedures set out in RIPA legislation were followed. The report listed the Council's authorising Officers and showed the number and type of applications for which it had been used in the current year and also by comparison with previous years.

RESOLVED

That the report be noted.

58 ANTI FRAUD AND CORRUPTION POLICY

The Corporate Manager Governance and Audit presented a report updating the Committee on the Council's arrangements for countering the threat of loss through fraud and corruption. Fraud was recognised as a major issue facing all public bodies and hence in 2014 CIPFA had produced a Code based on five main principles with a guidance note on the implementation of each.

During 2015/16 Internal Audit had further developed the Council's response to the threat and this was explained in full in the report. In considering the draft of the new Anti-Fraud and Corruption Policy amendments were requested as follows:

- para 1.1 - change the word 'will' in the second sentence to 'might'.
- para 6.8 - be expanded to include what the powers of the External Auditor were to independently investigate fraud and corruption and how they could be used.

RESOLVED

That the report be noted, and the proposed Anti-Fraud and Corruption Policy be approved subject to the above amendments.

59 CHESHIRE EAST EMAIL AND ARCHIVING ARRANGEMENTS

Members received a presentation on the Council's development of best practice email archiving and management arrangements. Due to the quantity of emails to be managed the system now needed to be migrated and certain measures put in place to enable them to then be retrieved as and when necessary. Staff would

be given comprehensive training on the storage of information contained in emails to enable them to prepare in good time for the migration which was to be carried out on a phased basis.

It was noted that different arrangements would apply to those involved with children's services in the light of the Goddard Inquiry which, although still running, had issued a statement that there should be 'indefinite retention of electronic mail where accounts may contain information.'

RESOLVED

That the presentation be noted.

60 MANAGING COMPLAINTS UPHELD BY THE LOCAL GOVERNMENT OMBUDSMAN

A presentation was given on the Council's process for the review and administration of Local Government Ombudsman (LGO) Reports during 2015/16. Members were advised on the key stages in the process from the start through to completion including action taken on the receipt of the provisional view and arrangements for publishing the findings on the Council's website.

The presentation included details of the complaints and enquiries received by the LGO in the period 1 April 2015 to 31 January 2016. Members were informed that eight cases had been upheld, four with fault and no injustice, and four with injustice and the action to be taken in each case was reported.

The Committee considered the procedures in place were adequate and noted the outcomes which could all be used as part of a learning process.

RESOLVED

That the presentation be noted.

61 ARRANGEMENTS FOR THE FORWARD PLAN FOR THE COUNCIL'S KEY DECISIONS

The Director of Legal Services gave a presentation on the Council's commitment to open government and arrangements to encourage residents to have their say on the decisions that affect them and the community as a whole. The legal requirements for the publication of key decisions were outlined and it was noted that the Council's performance compared very favourably with that of other authorities. In order to improve practice a business review of report management was currently being carried out and there would be further training for Officers on the process, decision routes and forward plan.

RESOLVED

That the presentation be noted.

62 **WORK PLAN 2016**

Consideration was given to the Committee's Work Plan and it the following additions and deletions were agreed:

- The report on Core Fit be added to the Plan with a date to be confirmed.
- A review of the Terms of Reference of the Committee be carried out, to ensure information is used correctly and sensitively, and that the Committee continues to provide strong governance.
- The assessment of Members of the Committee against the core knowledge and skills and framework be removed.

In considering the Feedback from Member/Officer Groups the Vice Chairman reported on the Cardiff Checks carried out since the last meeting; the work had been very useful and informative and had provided some excellent learning points for the organisation as a whole.

RESOLVED

That, subject to the points listed above, the Work Plan be approved.

63 **WAIVERS AND NON ADHERENCES**

The Procurement Manager presented a report on the quantity and reasons for the issue of Waiver and Non Adherences (WARNs) and gave details of the total number issued for 2015/16. The report listed the circumstances whereby a WARN could be used, and the approval process, and summarised the number per service area along with the reasons for issue.

The Committee was advised that a new template had been drawn up and the process was continually being updated in the light of experience. Also, in every case where a WARN was used follow-up action was detailed and this was subsequently carefully monitored.

It was confirmed that this would be a regular report to the Committee and it was proposed that statistics be collated from the start of the 2016 Municipal Year with the intention of being able to compare the overall position on an annual basis.

RESOLVED

That the report be noted.

64 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That that the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

65 WAIVERS AND RECORD OF NON ADHERENCE NOTIFICATIONS

The WARNs which had been approved since December 2015 were circulated for review and then returned by each Member at the close of the meeting. A discussion ensued on whether for future months the review of the WARNs should be carried out by the Committee as a whole or by referral to one of its Working Group. It was agreed that they be looked at in detail by the Audit and Finance Working Group but that they also be circulated in their entirety to the Committee.

RESOLVED

That the approved WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 5.45 pm

Councillor L Smetham (Chairman)