

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 1st June, 2017 in Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor G Baxendale (Chairman)

Councillors R Fletcher, L Gilbert, N Mannion, G Merry, A Stott, S Edgar and D Flude.

Councillors in attendance:

Councillors P Bates and P Groves

Independent Co-opted Member

Philip Gardener

Officers in attendance:

Joanne Butler	Business Manager
Daniel Dickinson	Legal Team Manager Corporate and Regulatory
Josie Griffiths	Principal Auditor Shared Services and Partnerships
Andrew Round	Director of Growth and Regeneration
Alex Thompson	Head of Finance and Performance
Michael Todd	Principal Auditor Fraud
Jo Wilcox	Corporate Finance Manager
Jan Willis	Interim Section 151 Officer

External Auditors

Alison Rhodes and Jon Roberts of Grant Thornton

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Corcoran, T Dean, A Kolker and M Sewart.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

4 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 16 March 2017 be approved as a correct record.

5 RISK MANAGEMENT UPDATE REPORT

Consideration was given to this report on the most significant threats and opportunities faced by the Council in achieving the aims of the Corporate Plan for 2016 – 2020.

In response to a previous request of the Committee, the Director of Growth and Regeneration gave a briefing on Risk CR01 – EU Exit. This included how risks were articulated and included reference to the EU Exit, the Single Market and Local Growth; a deeper analysis of the risks associated with the Councils Local Plan was also given and this covered the areas of business, interaction with local companies, wider regional interactions and EU funding. It was appreciated that as the negotiations had not yet commenced this was an evolving situation.

Members expressed concern regarding the possible effects on NHS staffing and the care sector generally, and also on larger businesses especially some in the Crewe area that relied heavily on migrant workers. It was agreed that the ongoing review of these risks be carried out by the appropriate Officer/Member Working Group.

RESOLVED

That the report be noted and that the risks in respect of CR01 – EU Exit continue to be monitored by the appropriate Officer/Member Working Group.

6 EXTERNAL AUDIT PROGRESS AND UPDATE REPORT

Grant Thornton updated the Committee on their report for the year ended 2017, and the planned fee for letter for 2017/18. Members were advised that work was on track and additional findings since the last meeting were detailed. Final account work was due to commence on 5 June.

The report included an update on the Value for Money conclusion. Members explored the significant risks identified in respect of changes to the Executive Leadership Team, and working with partners from different organisations and service areas with potentially conflicting priorities and financial challenges resulting in projects being increasingly complex and high profile.

RESOLVED

That the report be noted.

7 INTERNAL AUDIT ANNUAL REPORT 2016/17

Consideration was given to the Annual Internal Audit Report for 2016/17 which provided the Internal Audit Opinion on the overall adequacy and effectiveness of the Council's control environment i.e. governance, risk management and control. and is timed to inform and support the production of the Annual Governance Statement.

The report also included details of work completed by Internal Audit during the year and provided additional information relating to those audits where limited or no assurance was provided. Members asked a number of questions relating to these pieces of work, in particular the review of Air Quality Management.

It was noted that as with the previous year, despite the ongoing staffing position, adequate internal audit coverage had been provided upon which to base the Annual Opinion. Members were updated regarding this issue and advised that they would be kept updated.

RESOLVED

That the report be noted.

8 DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

The Committee was asked to consider the draft Annual Governance Statement (AGS) for 2016/17 setting out how the Council complied with its own governance arrangements, monitored their effectiveness, and also proposed improvements or changes for the forthcoming year. Members were advised that there would be a workshop session on the AGS prior to its final consideration by the Committee at its next meeting.

The Committee received clarification on a number of points including changes to the Whistleblowing Policy, how standards complaints were currently administered, and the outcome of the staff survey on which it was reported additional work was to be carried out. Consideration was also given to the ongoing review of the CERF Ltd group of companies the results of which were due to be considered by the Cabinet at the end of the year.

RESOLVED

That the draft Annual Governance Statement for 2016/17 be noted, and that the final AGS be considered by the Committee at its meeting in September.

9 DRAFT PRE-AUDIT STATEMENT OF ACCOUNTS 2016/17

A presentation was given on the draft Pre-Audit Statement of Accounts 2016/17 for the Cheshire East group of companies and for the Council as a single entity. Members were advised that this, and the Annual Governance Statement, were both due to be published on the Council's website at the end of the month, and that an outturn report on its financial and non-financial performance was due to be considered by the Cabinet at its meeting on 13 June.

This year, for the first time, information in respect of the Skills and Growth Company and Cosocius had been included. The aim of the document was to 'Tell a Story' and to provide information that would be useful to a wide range of interested parties with the purpose of giving clear information on the Group's consolidated finances, the cost of the services, where the money came from, significant events in that year and net worth.

RESOLVED

That the report, and the summarised position of the accounts for the year ended 31 March 2017, be noted

10 AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT

The Committee considered the results of the self assessment of its effectiveness carried out by the Chairman and the Vice-Chairman in accordance with the 2013 edition of the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities and Police'.

Tabulations gave a resume of the assessment against (1) the Good Practice questions, and (2) Evaluation of the Effectiveness of the Audit Committee; these were supported by a copy of the detailed self assessment document.

In considering any action to be taken it was agreed that, arising from the need for members of the Committee to receive formal training prior to being able to participate at any meeting, consideration be given to the appointment of formal substitutes to the Committee. Also it was noted that further consideration was to be given to the subjects covered, and the representation on the Member/Officer Working Groups to see if they needed redefining. Further reports on both these matters would be submitted to future meetings of the Committee.

RESOLVED

1. That the Audit and Governance Committee Self Assessment be noted.
2. That further reports on the appointment of formal substitutes, and on Member/Officer Working Groups, be submitted to a future meeting of the Committee.

11 NOTICE OF MOTION - MEMBERSHIP OF FREEMASONS

Prior to the commencement of discussion on this item Councillor G Merry declared a non pecuniary interest by virtue of being married to a Freemason.

The Committee was asked to respond to a Notice of Motion, submitted to the Council at its meeting on 15 December 2016, that all Cheshire East elected Members should be required to declare membership of the Freemasons.

The Monitoring Officer advised the Committee of previous case law related to membership of the Freemasons and discussion ensued on the perception of the public in respect of membership this and other similar such organisations.

As a comprehensive review of Codes of Conduct was already ongoing it was considered appropriate that membership of the Freemasons, and of other similar bodies, should be included within its remit, including the subsequent development of criteria for the declaration of pecuniary or non-pecuniary interests, for both Officers and Members.

Upon discussion the Committee supported the general principle of setting criteria in the form of a general requirement in accordance with which Members were required to consider their interest and reflect it against the Nolan principles, rather than requiring a declaration of interests in individual organisations.

RESOLVED

1. The Committee notes that a review is being undertaken of the Constitution, including of Member and Officer Codes of Conduct, and that any proposals to change the requirements for declarations of interests to be made by Members and Officers will be reported and determined through that review process.
2. That consideration of classifying membership of the Freemasons as an interest required to be declared be undertaken as part of the wider ongoing review.

12 WORK PLAN

The Committee considered the Work Plan for its future meetings.

RESOLVED

That the Work Plan be approved subject to the following additions agreed earlier in the meeting:

- i) Appointment of formal substitutes for the Committee
- ii) Subjects for, and membership of, the Member/Officer Working Groups

The meeting commenced at 2.00 pm and concluded at 4.30 pm

Councillor G Baxendale (Chairman)