

# **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
HELD on Thursday, 28th May, 2020 at Virtual Meeting

## **PRESENT**

Councillor R Fletcher (Chairman)  
Councillor R Bailey (Vice-Chairman)

Councillors C Bulman (substitute for Cllr S Handley), D Edwardes, B Evans,  
S Hogben, M Houston, A Kolker, M Sewart and M Simon

## **Independent Co-opted Member**

Mr P Gardener

## **External Auditor**

Mark Dalton, Mazars

## **Councillors in attendance**

Councillors J Clowes, D Marren, J Rhodes and A Stott

## **Officers in attendance**

Jane Burns, Executive Director Corporate Services  
Alex Thompson, Director of Finance and Customer Services  
Jan Bakewell, Director of Governance and Compliance  
Brian Reed, Head of Democratic Services and Governance  
Josie Griffiths, Head of Audit and Risk Management  
Juan Turner, Compliance and Customer Relations Officer  
Lianne Halliday, Senior Manager Procurement  
Rachel Graves, Democratic Services

The Chairman reported that the Committee's Terms of Reference had been circulated to the committee members ahead of the meeting.

### **1 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor S Handley.

### **2 DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **3 PUBLIC SPEAKING TIME/OPEN SESSION - VIRTUAL MEETINGS**

There were no public speakers.

#### **4 MINUTES OF PREVIOUS MEETING**

Matters Arising:

Minute 68 – Risk Management Framework Update

In relation to risk CR11 Pandemic Virus, Councillor M Simon asked if school's individual risk assessment were sufficiently robust and what processes were in place for checking the checking of them. It was agreed that a written response would be provided to all members of the committee.

Councillor A Kolker referred to the money provided by the Government in relation to COVID-19 and spent by the Council and asked if it would be possible to have details on all the money spent by the Council and a breakdown on how the decision was made and by whom. It was confirmed that this matter would be covered later in the agenda.

#### **RESOLVED:**

That the minutes of the meeting held on 12 March 2020 be confirmed as a correct record.

#### **5 EXTERNAL AUDIT UPDATE REPORT**

Mark Dalton of Mazars provided an update on the work being undertaken by the External Auditors in relation to the External Audit Plan.

He reported that Mazars had been able to continue to carry out their work remotely and had put in place arrangements with the Council such as regular update meetings, use of the Council's shared site for secure data transfer and keeping query logs.

The deadlines for local government financial statement reporting for 2019/20 had been changed to provide flexibility for local authorities and the published audited Financial Statement was now due by 30 November 2020.

The implementation date of the new accounting standard on leases – IFRS16, had been delayed by a year.

The Committee's attention was drawn to the significant impact of the pandemic on the financial markets meant that there were likely to be significant impacts on the valuation of pension funds and Mazars had suggested that the Council should obtain their actuarial report from the Cheshire Pension Fund actuary later than ordinarily in order that the report includes the actual return on assets.

There was also uncertainty around the valuation of the Council's property, plant and equipment and it was expected valuers would actively

considering the need for their valuation reports to include a reference to the uncertainty in the market conditions that existed at 31 March 2020.

It was reported that the Audit Fees for 2020/21 were unchanged at £119,034.

The Director of Finance and Customer Services reported that the intention was to bring the draft accounts to the July meeting of the Committee and that it was proposed that the December meeting be brought forward to November so that the final accounts can be reported.

**RESOLVED:** That

1. the contents of the report and the revised dates for the reporting of the 2019/20 Statement of Accounts be noted; and
2. the update provided by the External Auditors be noted.

## **6 TREASURY MANAGEMENT UPDATE**

The Committee considered an update on Treasury Management.

The Director of Finance and Customer Services reported that the Council had received grant funding from the Government in response to the COVID-19 pandemic and it was highly unusual for the Council to hold large amounts of cash at any point in time within suitable deposit accounts. The Treasury Management Strategy did not support such large investments with any single organisation. Table 1 set out the investments which exceeded the limit as at 1 April 2020. As the small business grants had been paid out the levels of investment had reduced overall and complied with the limits within the Strategy from 24 April – Table 2 of the report provided the position as at 15 May 2020. There was a requirement to report how the grant money received had been spent and how the decisions had been made do this.

It was asked if a separate COVID-19 audit would be carried out by Government and Mark Dalton of Mazar responded that he was not aware of any national audit being planned but that this could possibly emerge later in the year.

**RESOLVED:**

That the Committee note the update on Treasury Management and support the actions taken.

**7 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - DECEMBER 2019 - JANUARY 2020**

The Committee considered a report on the Decision Notices issued by the Local Government Ombudsman (LGO) between 1 December 2019 and 31 January 2020.

It was reported that four decision notices had been issued which concluded that there had been maladministration causing injustice – details of which were set out in Appendix 1 to the report.

On 26 March 2020 the LGSCO had taken the decision to suspend all casework activity that demanded inform from, or action by, any local authority until further notice. Councils were expected to respond appropriately to any complaints received during this time and to direct complaints to the Ombudsman service upon completion of the Council's complaints procedure. However, following a national consultation the Ombudsman decided to restart their casework from 21 May 2020. Although limited only to the cases they were already considering prior to their shutdown.

Visiting Councillor D Marren asked about the number of Ombudsman complaints in 2019/20, the first year of the new administration, in comparison with the number of complaints in 2018/19. It was reported that this information would be in the Monitoring Officers Annual Report, which was expected to come to the July meeting of the Committee.

**RESOLVED:**

That the contents of the report be noted.

**8 AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT – ACTION PLAN**

The Committee considered the Action Plan which set out the various actions identified by the Committee to help ensure the effectiveness of the Audit and Governance Committee.

Progress against the Plan would be reported regularly to the Committee and form part of the Committee's Annual Report to Council.

Visiting Councillor J Clowes referred to the Centre of Public Scrutiny COVID-19 guidance on the risk to council finances and highlighted the importance of closer working between scrutiny and audit committees on this matter. It was agreed that this be would be considered under the Work Plan item.

**RESOLVED:**

That the Action Plan be endorsed.

## 9 COMMITTEE WORK PLAN

The Committee considered the Work Plan for 2020/21.

The Work Plan had been adjusted to meet the changes to the dates for consideration of the draft and Final Statement of Accounts and Annual Governance Statement as a result of the changes brought about by the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. The December meeting of the Committee would be moved forward to November to enable the revised timetable to be met.

It was noted that during the meeting, the following items were considered for adding to the Work Plan:

- closer working with Scrutiny on the risk to council's finances as per the Centre of Public Scrutiny guidance
- undertake work in relation to enforcement action in conjunction with Scrutiny.

These items were agreed to be added to the Work Plan and it was also suggested that COVID-19 should be a standard item on the agenda.

**RESOLVED:** That

1. that December meeting of the Committee will be brought forward to November to meeting the revised timetable for approval of final accounts;
2. the Work Plan be approved and amended to include the items suggested; and
3. the Plan be brought back to the Committee throughout the year for further development and approval.

## 10 WAIVERS AND NON-ADHERENCES

The Committee considered a report on the number and reasons for Waivers and Non-Adherences (WARNs), which had been approved between 1 February 2020 and 31 March 2020.

It was reported that following the outbreak of COVID-19, the Cabinet Office had issued a number of Procurement Policy Notes. Note 01/20 set out guidance on the procurement of goods, services and works with extreme urgency and permitted authorities to do so using regulation 32(2)(c) under the Public Contract Regulations 2015. Note 02/20 set out information and guidance on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak and stated the contracting authorities must act quickly to ensure suppliers at risk were

able to resume normal contract delivery once the outbreak was over. Note 03/20 set out guidance on the use of procurement cards, with the aim to accelerate payments to suppliers to support and improve cash flow.

**RESOLVED:**

That the report be noted.

**11 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED:**

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 as amended on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Local Government Act 1972 and the public interest would not be served in publishing the information.

**12 WAIVERS AND NON-ADHERENCES**

The Committee considered the WARNs.

**RESOLVED:**

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 3.55 pm

Councillor R Fletcher (Chairman)