

# Audit and Governance Committee

## Agenda

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**Date:** Thursday 28th May 2020  
**Time:** 2.00 pm  
**Venue:** Virtual Meeting

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings are uploaded to the Council's website

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**
2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

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**OFFICIAL**

For requests for further information

**Contact:** Rachel Graves

**Tel:** 01270 686473

**E-Mail:** [rachel.graves@cheshireeast.gov.uk](mailto:rachel.graves@cheshireeast.gov.uk) with any apologies

3. **Public Speaking Time/Open Session - Virtual Meetings**

In accordance with paragraph 2.32 of the Committee Procedural Rules and Appendix 7 to the Rules a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the body in question.

Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

Members of the public wishing to ask a question or make a statement at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

4. **Minutes of Previous Meeting** (Pages 5 - 12)

To approve the minutes of the meeting held on 12 March 2020 as a correct record.

5. **External Audit Update Report** (Pages 13 - 28)

To receive and consider the External Audit Update Report.

6. **Treasury Management Update** (Pages 29 - 34)

To consider an update on the implications for the Council's Treasury Management Strategy in response to the receipt of government funding for the Covid-19 emergency.

7. **Maladministration Decision Notices from Local Government and Social Care Ombudsman - December 2019 - January 2020** (Pages 35 - 44)

To consider the Decision Notices issued by the Local Government and Social Care Ombudsman when their investigations have found maladministration causing injustice to complainants.

8. **Audit and Governance Committee Self-Assessment – Action Plan** (Pages 45 - 50)

To consider and endorse the Action Plan.

9. **Committee Work Plan** (Pages 51 - 72)

To consider the Work Plan and determine any required amendments.

10. **Waivers and Non-Adherences (Pages 73 - 80)**

To consider and note the number and reason for the WARNs approved between 1 February 2020 to 31 March 2020.

11. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve 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.

**PART 2 - MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT**

12. **Waivers and Non-Adherences**

To note the approved WARNs issued between 1 February 2020 and 31 March 2020.

**Membership:** Councillors R Bailey (Vice-Chairman), D Edwardes, B Evans, R Fletcher (Chairman), S Handley, S Hogben, M Houston, A Kolker, M Sewart and M Simon  
Independent Co-opted Members: Mr P Gardener

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**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 12th March, 2020 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

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

Councillors B Evans, S Handley, S Hogben, M Houston, A Kolker, D Marren,  
M Sewart and M Simon

**Independent Co-opted Member**

Mr P Gardener

**External Audit**

Mark Dalton, Mazars

**Councillors in attendance**

Councillors A Critchley, 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  
Josie Griffiths, Head of Audit and Risk Management  
Michael Todd, Acting Internal Audit Manager  
Helen Sweeney, Senior Compliance & Customer Relations Officer  
Juan Turner, Compliance and Customer Relations Officer  
Jacky Forster, Director of Education and 14-19 Skills  
Jacquie Sims, Director of Children's Services Social Care  
David Malcolm, Acting Head of Planning  
Rick Hughes, Trading Standards  
Lianne Halliday, Senior Manager Procurement  
Rachel Graves, Democratic Services Officer

**61 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**62 DECLARATIONS OF INTEREST**

No declarations of interest were made.

**63 PUBLIC SPEAKING TIME/OPEN SESSION**

The Chairman read a statement submitted by Mr Graham Goodwin relating to the requirement in the Council's Code of Conduct Complaints Process for complainants to agree to the complaints process being confidential preventing them from disclosing the contents of the decision notice even if the complaint is upheld. Mr Goodwin stated that other local authority complaint processes did not have this confidentiality clause. Mr Goodwin asked that the Committee to review the Complaint Policy to bring it in line with the intentions of the Nolan Principles (openness and transparency) and natural justice.

In response, the Chairman stated that Committee could consider this request under Item 13 – Committee Work Programme.

**64 MINUTES OF PREVIOUS MEETING**

**RESOLVED:**

That the minutes of the meeting held 5 December 2019 be confirmed as a correct record.

**65 URGENT DECISION – GENERAL DISPENSATION**

The Committee considered a report which informed of an urgent decision taken by the Acting Chief Executive, in consultation with the Chairman of the Audit and Governance Committee, which needed to be taken before the next meeting of this Committee.

**RESOLVED:**

That the Urgent Decision taken by the Acting Chief Executive in consultation with the Chairman of the Audit and Governance Committee to grant an additional dispensation for inclusion in the Council's list of general dispensations be noted.

**66 EXTERNAL AUDIT 2019/20 PROGRESS AND 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 for 2019/20.

He reported that work was progressing as planned with no delays or unforeseen circumstances and from the work carried out to date there were no issues to report to the Committee.

The National Audit Office had published the final draft of the Code of Audit Practice, which had been laid before Parliament for approval. The Committee would be briefed on the new Code once it had received approval and came in force.

**RESOLVED:**

That following consideration of the report the Committee noted the content.

**67 AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT**

The Committee considered the results of an initial self-assessment of the effectiveness carried out by the Chairman and the Vice-Chairman using the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities and Police (2018 Edition)'.

Tables 1 and 2 in the report gave a resume of the assessment against (1) the Good Practice questions, and (2) Evaluation of the Effectiveness of the Audit Committee; whilst Appendix 1 provided details of self-assessment questions and responses.

Actions identified in the assessment included:

- providing of further training on the roles and responsibilities of the Audit and Governance Committee to all members of the Council
- consideration to be given to the inclusion of additional independent members during the 2020/21 committee year
- consideration of opportunities for the Committee to work with partner audit committees following reports on partnership governance in 2020/21

An Action Plan would be developed and brought back to the Committee.

The Committee asked that consideration be given to how the Committee's Annual Report was considered at full Council, and the Transparency Code and availability of previous declaration of interest forms

**RESOLVED:**

That the actions arising from the Self-Assessment be endorsed.

**68 RISK MANAGEMENT FRAMEWORK UPDATE**

The Committee considered the updated Risk Management Framework and updated Corporate Risk Register.

To ensure continued effectiveness of the Council's risk management arrangements, the Risk Management Framework had been reviewed. The review had identified the need to update and consolidate existing documentation which formed the Risk Management Framework, and to ensure once updated, that it was communicated across the organisation. The Committee was asked to recommend to Cabinet the approval of the revised Risk Management Framework.

The Corporate Risk Register had been reviewed in January 2020 and Table 1 in the report summarised the changes made following this review.

The Committee noted that the Risk Register was as at January 2020 and that the score for CR11 Pandemic virus was as for the situation then and not as present and recommended that the Risk be upgraded to high risk.

**RESOLVED:** That

- 1 Cabinet be recommended to approve the revised Risk Management Framework; and
- 2 Risk CR11 Pandemic Virus be recommended to be upgraded to High Risk to reflect the current position.

## **69 INTERNAL AUDIT INTERIM REPORT OCTOBER – DECEMBER 2019**

The Committee considered an update on the progress against the Internal Audit Plan 2019/20 and received the updated Internal Audit Charter for approval.

The Update Report detailed the work undertaken to the end of December 2019, including the issues identified and actions required from each review carried out.

The Committee sought clarification on the timeframe for auditing of maintained schools and were informed that it was due to a capacity issue that audits were undertaken every three years and that a consolidated report of findings and recommended actions was shared with head teachers and chairs of governors.

With regards to the implementation of audit recommendations, it was asked what happened if agreed recommendations were not implemented. In response It was stated that an internal audit officer would highlight any unacceptable risk to the Council if a recommendation was not implemented and the Executive Director would be asked directly to formally explain why the recommendation was not supported or implemented, and details would be included in the update report to the Committee.

The Internal Audit Charter had been reviewed and updated to reflect that the Head of Audit and Risk reported directly to the Director of Governance and Compliance and to remove the section relating to the Interim Management arrangements.

**RESOLVED:** That

- 1 the contents of the Internal Audit Interim Update be noted; and
- 2 the updated Internal Audit Charter be approved.



**70 DRAFT INTERNAL AUDIT PLAN 2020/21**

The Committee received the draft Internal Audit Plan 2020/21 for approval.

The draft Internal Audit Plan 2020/21 detailed the assignments to be carried out, their respective priorities and the estimated resources required. The draft Plan was based on the current Internal Audit team structure and the proposed audit activities were matched against the resources available and prioritised accordingly.

**RESOLVED:** That

- 1 The Internal Audit Plan 2020/21 be approved; and
- 2 it be noted that the Plan will be developed and refined throughout the forthcoming year as a number of factor progress and the impact on the current structure and level of resources become known.

**71 REVISED RIPA POLICY AND PROCEDURES**

The Committee considered a report which detailed the changes made to the Council's Regulation of Investigatory Powers Act (RIPA) Policy and Procedures in order to comply with the recommendations made by the Investigatory Powers Commissioner's Office and changes in legislation.

As a result of the desktop inspection by the Investigatory Powers Commissioner's Office the Council's RIPA policy and procedure had been amended to incorporate paragraphs 2.18 to 2.26 of the revised Code of Practice for Covert Surveillance and Property Interference 2018. Also Paragraphs 3.10 to 3.17 of the revised Code of Practice for Covert Surveillance and Property Interference 2018 had been considered when Section 10 of the Policy and Procedure had been reviewed.

The Council had also reviewed the authorising officers for RIPA and CHIS surveillance applications and they were now authorised by a Director listed in Schedule 1 of the Policy and Procedure.

**RESOLVED:**

That the revised Regulation of Investigatory Powers Act (RIPA) Policy and Procedures be approved.

**72 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – SEPTEMBER – NOVEMBER 2019**

The Committee consider a report on the decision notices issued by the Local Government Ombudsman between 1 September 2019 and 30 November 2019.

It was reported that seven 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.

The Director of Education and 14-19 Skills, the Director of Children's Social Care, the Acting Head of Planning and the Trading Standards Manager were in attendance for this item.

In relation to the SEN complaints, the Committee sought clarification on staffing resources. The Director of Education and 14-19 Skills responded and stated that at the time of the complaints the service had been under resourced. Since then there had been a restructure to ensure the right capacity of staffing, recruitment of permanent staff rather than reliance on agency staff, better training for staff and the introduction a tracker system to support the timeliness of plan at each stage of the process.

**RESOLVED:**

That the contents of the report be noted.

**73 COMMITTEE WORK PLAN**

The Committee considered the draft Work Plan for 2020/21.

The Monitoring Officer referred to the statement from Mr Goodwin read out by the Chair in Public Speaking Time/Open Session and reported to the Committee that the Code of Conduct had last been reviewed and revised arrangements approved by Council in December 2017. At that time the Council had taken the opportunity to strengthen the confidentiality requirements in the agreed Procedure for Handling Complaints which is published on the Council's website. The complaints process was confidential at each stage of the process. Matters were dealt with in confidence up to, and in some cases including, the Hearing Sub Committee to determine the complaint. The Monitoring Officer confirmed that complainants were given the opportunity in section 6 of the complaint form to request that their name be withheld and provide reasons to the Monitoring Officer for doing so.

The Committee agreed that a review of the Code of Conduct would be added to the Committee's Work Plan and that it should be linked to the

Local Government Association publication of a revised Model Code of Conduct expected to be published in July 2020.

It was noted that during the meeting, the following items were to be added to the Work Plan:

- Implications of the National Audit Office Code of Audit Practice and this would be included as part of the External Auditors update to the Committee
- Action Plan for Committee's Self-Assessment, which would be an item on the agenda for the May Committee
- Mandatory Training for Elected Members, which would form part of the Self-Assessment Action Plan and be an item on the agenda for May Committee
- Fraud in Planning Matters would be included in the Internal Audit work plan under a review of fraud risk registers and an overview of issues arising will be provided to the Committee.
- How the Committee's Annual Report was dealt with at Council, which would form part of the Annual Report of the Committee
- An update on the Transparency Code to be included on the Work Plan under unallocated

The Committee was asked to send any further comments to the Head of Internal Audit.

**RESOLVED:** That

- 1 the Work Plan be approved and amended to include the items suggested, and
- 2 the Plan be brought back to the Committee throughout the year for further development and approval.

#### **74 WAIVERS AND NON ADHERENCES**

The Committee considered a report on the number and reasons for Waivers and Non-Adherences (WARN), which had been approved between 31 October 2019 and 31 January 2020.

**RESOLVED:**

That the report be noted.

#### **75 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.

**76 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 5.00 pm

Councillor R Fletcher (Chairman)



*Working for a brighter future together*

## **Audit & Governance Committee**

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**Date of Meeting:** 28 May 2020

**Report Title:** External Audit Update Report

**Senior Officer:** Alex Thompson, Director of Finance & Customer Services

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### **1. Report Summary**

- 1.1. An update on the amendments to the Accounts & Audit Regulations for the impact of Covid-19 and the consequential effect on the reporting of the 2019/20 Statement Accounts.
- 1.2. An update on the work of the external auditors.

### **2. Recommendation/s**

That Members of the Audit & Governance Committee:

- 2.1. Note the content of the report, particularly the revised dates for the reporting of the 2019/20 Statement of Accounts.
- 2.2. Note the update provided by the Council's external auditors.

### **3. Reasons for Recommendation/s**

- 3.1. The Council is responding to the opportunity to revise the reporting deadlines for the 2019/20 Statement of Accounts. This situation has arisen as part of the national response to the COVID-19 emergency.
- 3.2. The Audit Plan sets out the work that the Council's Auditors, Mazars will be carrying out in their statutory audit on the Council's financial statements and arrangements for securing value for money.

### **4. Other Options Considered**

- 4.1. The Council could have aimed to provide the 2019/20 Statement of Accounts in line with the reporting deadlines adhered to for 2018/19. Finance staff have however been supporting the overall response to the

COVID-19 emergency, and it therefore appropriate to delay the accounting process in line with revised guidance.

## **5. Background**

- 5.1. Mazars have been appointed as the Council's independent external auditors. Their annual work programme is set in accordance with the Code of Audit Practice issued by the Audit Commission and includes nationally prescribed and locally determined work.
- 5.2. The Council has received a letter as set out in Appendix A, from the Ministry of Housing, Communities and Local Government (MHCLG) regarding revisions to the statutory reporting requirements.
- 5.3. This sets out the amendments to the Accounts and Audit Regulations as follows:
  - The publication date for final, audited accounts will move from 31 July to 30 November of all local authority bodies.
  - To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.
  - This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier and councils are encouraged to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.
- 5.4. In accordance with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the proposed reporting timetable for the 2019/20 Statement of Accounts will be:
  - Draft Statement of Accounts – 31<sup>st</sup> July 2020
  - Final Audited Statement of Accounts – 30<sup>th</sup> November 2020
- 5.5. The draft Statement of Accounts will be reported to the Audit & Governance Committee at its meeting on 30<sup>th</sup> July 2020.
- 5.6. The audit will commence in accordance with the revised audit plan as set out in Appendix B.
- 5.7. The final audited Statement of Accounts will be reported to the Audit & Governance Committee at its November meeting for approval.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. There are no legal implications identified.

### **6.2. Finance Implications**

6.2.1. The audit fees will be met from within the revenue budget.

### **6.3. Policy Implications**

6.3.1. There are no policy implications identified.

### **6.4. Equality Implications**

6.4.1. There are no equality implications identified.

### **6.5. Human Resources Implications**

6.5.1. There are no human resources implications identified.

### **6.6. Risk Management Implications**

6.6.1. Mazars will complete a risk based audit whereby they will focus audit effort on those areas where they have identified a risk of material misstatement in the accounts.

### **6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

### **6.8. Implications for Children & Young People / Cared for Children**

6.8.1. There are no direct implications for children and young people.

### **6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

### **6.10 Climate Change Implications**

6.10.1. There are no direct implications for climate change.

**7. Ward Members Affected**

7.2. Not applicable.

**8. Access to Information**

8.2. The background papers relating to this report can be inspected by contacting the report writer.

**9. Contact Information**

9.2. Any questions relating to this report should be directed to the following officer:

Name: Joanne Wilcox

Job Title: Financial Strategy and Reporting Manager

Email: [Joanne.wilcox@cheshireeast.gov.uk](mailto:Joanne.wilcox@cheshireeast.gov.uk)

Appendix A – MHCLG letter to all local authority Chief Executives

Appendix B – External Audit Progress Report 2019-20





Ministry of Housing,  
Communities &  
Local Government

Max Soule  
*Local Authority Accountability and Oversight*  
Ministry of Housing, Communities and Local  
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All Local Authority Chief Executives in England  
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22 April 2020

Dear Sir/Madam

### **The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020**

I am writing to inform you that, following the Secretary of State's announcement on 16<sup>th</sup> March of his intention to extend the statutory audit deadlines for 2019/20, we consulted key stakeholders and, following that consultation - and taking into consideration the increasing impact of COVID-19 - it has been decided that:

- The publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local authority bodies.
- To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.

This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we would encourage councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations implementing these measures were laid on 7 April and are due to come into force on 30 April 2020. You can find the regulations and supporting documents on the legislation.gov website <http://www.legislation.gov.uk/ukxi/2020/404/contents/made>

In relation to the meetings needed to approve draft and final accounts, separate regulations have been made to enable meetings to be held remotely, and to hold and alter the frequency and occurrence of meetings without the need for further notice. Link follows: <http://www.legislation.gov.uk/ukxi/2020/392/contents/made>

Yours faithfully

**Max Soule**  
**Deputy Director**  
**Local Authority Accountability and Oversight**

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# Audit Progress Report

Cheshire East Council

May 2020





## CONTENTS

1. **Audit progress**
2. **National publications**

This document is to be regarded as confidential to Cheshire East Council. It has been prepared for the sole use of the Audit & Governance Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

# 1. AUDIT PROGRESS

## Purpose of this report

This report provides the Audit & Governance Committee with an update on progress in delivering our responsibilities as your external auditors.

## Ensuring resilience and maintaining the level and quality of client service

Since the Committee last met the impact of the Covid-19 pandemic has changed our environment in a way not seen before. Mazars has implemented clear and decisive measures to ensure the welfare of our people and clients while ensuring that we continue to deliver for those who rely on us.

On the 17 March 2020, following Government announcements the following evening, Mazars made the decision to close its offices and require all staff to work from home. The challenges this has brought are significant and still being worked through.

Beyond protecting the welfare of our clients and people, Mazars' first priority is to continue to deliver on our business commitments. As part of our existing contingency planning, we have implemented systems and procedures to ensure continuity and to minimise any disruption. In a shifting environment, we will continue to adapt our approach to best navigate the uncertain situation while keeping our people and our clients front of mind.

Our teams have full access to remote working technology with secure access to their applications, tools and data, wherever they are, and agile working processes are well-established across the firm. All partners and staff are working remotely, and our teams are making full use of virtual meetings and agile working technology to stay connected with each other and our clients, deliver on our commitments, and provide continuity and support at the time it's most needed.

Mazars' external website contains further details of its response to the emerging situation, along with daily economic briefings.

## Responding to the changes – working with Cheshire East Council

We are committed to supporting the Council as best we can throughout the current period, recognising first and foremost the need to be flexible as the current environment changes, but also the significant pressures on the Council's finance team. We will continue to maintain open communication throughout the audit period.

We are able to carry out the audit remotely and have put in place arrangements to allow this, such as routine regular update meetings, use of the Council's shared site for secure transfer of data and keeping query logs. The key difference is we will not, until further notice, have a physical on-site presence. We will however maintain communication via regular webex and video calls.

## Revised Council reporting deadlines

With regards to the Council's accounting and reporting deadlines, MHCLG have announced that the deadlines for local government financial statement reporting for 2019/20 would be changed to provide flexibility to local authorities, to enable them to focus resources appropriately to respond to the significant challenges.

	Original statutory requirement	Revised statutory requirement
Publish draft Financial Statements and Annual Governance Statement	31 May 2020	31 August 2020 (deadline)
Audit & Governance Committee	30 July 2020	TBC
Publish audited Financial Statements and AGS	31 July 2020	30 November 2020 (deadline)

# 1. AUDIT PROGRESS

In addition to the changes to the reporting dates, CIPFA consulted with the sector around possible changes to the financial reporting requirements through its Code of Practice in Local Authority Accounting 2019/20. Following discussions with practitioners, CIPFA agreed that it would make no changes to the reporting requirements in 2019/20. In the main, we understand that this decision reflected that local authorities have well established systems and processes to collect the information in the format required to prepare the financial statements in the current format, and changing those requirements would either not save local authorities any time in 2019/20, or would mean that significant additional time would be required in 2020/21 to restate prior year statements back into the required format.

This means that the Council will be required to prepare financial statements in the same format as 2018/19, but has significant additional timing flexibility to do so.

In providing additional flexibility to the sector, HM Treasury announced that local authorities would not now be required to implement the new accounting standard on leases (known as IFRS16) for a further year – pushing back the implementation date from 2020/21 to 2021/22. This standard will require a significant amount of work by local authorities, and this delay enables them to focus on the priorities in 2019/20 and 2020/21.

## Audit progress

With regards to our external audit of Cheshire East Council, since the last Committee meeting we have:

- Maintained a regular dialogue with the Director of Finance & Customer Services. We have set up fortnightly video calls to ensure that we remain up to speed with the Council's response to the challenges and its plans regarding financial reporting.
- Held an initial introductory call with the Council's new Chief Executive and agreed a plan for future liaisons.
- Revised our audit resource plans to ensure that we deliver the external audit of the financial statements in line with the Council's revised plans, as set out below.
  - The Council now plans to produce and publish its draft Financial Statements and Annual Governance Statement by 31 July 2020.
  - The Council's plans are to publish the final signed Financial Statements and AGS by the end of November 2020.
  - We now intend to carry out our detailed audit of the draft Financial Statements in September and October 2020, completing the audit well in advance of the end of November 2020.
- Liaised with the Council on specific financial reporting challenges in the current time, particularly reflecting information and views from our national networks with MHCLG, NAO, CIPFA, and other audit suppliers. For example:
  - The significant impact of the pandemic on the financial markets means that there are likely to be significant impacts on the valuation of financial pension fund assets. We have suggested that the Council in these circumstances should obtain their actuarial report from the Cheshire Pension Fund actuary later than ordinarily would be the case, in order that the report includes the actual return on assets.
  - There is increased potential for uncertainty around the valuation of the Council's Property, Plant & Equipment, particularly where that valuation reflects the current market conditions. We are aware that the Royal Institute of Chartered Surveyors (RICS) have provided guidance to their members. Consequently we expect that valuers will be actively considering the need for their valuation reports to include a reference to a material uncertainty in their valuations, reflecting the uncertainty in the market conditions that existed at 31 March 2020. The Council is actively discussing the specific circumstances relating to its valuations with its external valuer.
  - There is increased potential for the Council's other financial assets, for example its investments in companies, or its outstanding debtors, to require impairment, reflecting an increased likelihood of expected losses in the current economic climate.

There are no additional matters to report to the Audit & Governance Committee relating to our 2019/20 external audit.



## 2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
<b>Public Sector Audit Appointments</b>			
1	<b>Publication of 2020/21 scale of audit fees</b>	PSAA has written to all Councils setting out the next year's external audit fees	6
<b>National Audit Office</b>			
2	<b>Building Public Trust Awards – good practice in annual reports</b>	Publication of an interactive pdf document summarising good practice examples in public sector annual reporting	7
3	<b>Local authority investment in commercial property</b>	Report on the developments of LA investments in commercial property	7
<b>Other</b>			
4	<b>Statement on Covid-19, Financial Reporting Council and other Regulators</b>	Statement on the impact of the Covid-19 pandemic on accounting, reporting and auditing	8

## 2. NATIONAL PUBLICATIONS – PSAA

### 1. PSAA 2020/21 scale of audit fees, March 2020

PSAA has published the fee scale for the audit of the 2020/21 accounts of opted-in principal local government and police bodies, and wrote to those bodies to notify them of the fee.

The 2020/21 fee scale document sets out the scale of fees for the audit work to be undertaken by appointed auditors in respect of the 2020/21 financial statements at relevant principal authorities that have opted into PSAA's national auditor appointment arrangements.

PSAA describes in their letter that local audit and audit more widely is subject to a great deal of turbulence with significant pressures on fees. In their letter they conclude that

“we do not expect the final audit fee to remain at that level for most if not all bodies because of a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage. The impact of these changes is likely to vary between bodies depending on local circumstances, and information to determine that impact with any certainty is not yet available. Our view is that it would also be inappropriate to apply a standard increase to all authorities given the differing impact of these changes between bodies. As the impact of these changes is understood, fee variations will need to be identified and agreed reflecting the impact on each audit.”

The published scale fee for the Council's 2020/21 audit is unchanged from 2019/20 at £119,034.

<https://www.psaa.co.uk/audit-fees/2020-21-audit-fee-scale/>



## 2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

### 2. Building Public Trust Awards – good practice in annual reports, February 2020

The Building Public Trust Awards recognise outstanding corporate reporting that builds trust and transparency. In their 17th year, the public sector award is sponsored by the NAO in conjunction with PwC. NAO identified a range of good practice examples and illustrate a number of these in their interactive document.

In 2019 the public sector award for excellence in public sector reporting was won by the Great Ormond Street Hospital for Children NHS Foundation Trust. Kate Mathers, Executive Director at the National Audit Office, sits on the judging panel for the awards. During the judging process, we identified a number of examples of good practice from the public sector annual reports and accounts reviewed, plus those short listed from the private and third sector.

The interactive PDF illustrates a range of good practice examples across annual reports in both the public and private sector.

<https://www.nao.org.uk/report/building-public-trust-awards-good-practice-in-annual-reports-february-2020/>

### 3. Local authority investment in commercial property, February 2020

In response to substantial falls in funding since 2010/11, local authorities have made reductions in revenue spending on services. Increasingly, authorities have also sought to offset funding reductions by generating new income through a range of strategies. A key component within these responses has been a rapid expansion in the acquisition of commercial property, often funded by borrowing.

The NAO estimates that authorities spent £6.6 billion on purchasing commercial property from 2016/17 to 2018/19 – 14.4 times more than in the preceding three years. This includes an estimated £3.1 billion on acquiring offices; £2.3 billion on retail property, including £759 million on shopping centres or units within them and £957 million on industrial property. The majority of the £6.6 billion was spent by only 49 local authorities, with those authorities accounting for 80% of the spend. Many authorities have borrowed to finance these purchases. The NAO estimates that between 38% and 91% of spending on these purchases across the sector was financed by borrowing in this period.

The report concludes that although there is evidence of authorities mitigating these risks, such as by recruiting specialist staff, undertaking due diligence on their purchases, drawing on external expertise and establishing contingency funds, there was room for improvement in the governance and risk mitigation arrangements of some authorities.

The Ministry of Housing, Communities and Local Government (MHCLG) is responsible for the framework of statutory codes and guidance that set the parameters for local authority borrowing and capital spending. MHCLG has made changes to aspects of the framework in response to the recent increased investment in commercial property. Recent activity has raised questions about the extent to which MHCLG can rely on the present framework to support authorities to make decisions which demonstrate good value for money.

The NAO recommends that MHCLG improves the relevance and quality of data and analysis it has on authorities' acquisition of commercial property to understand more fully any risks and to provide greater assurance that authorities are complying with the framework. It also recommends that the Ministry should review whether the current framework is still achieving its intended aims.

<https://www.nao.org.uk/report/local-authority-investment-in-commercial-property/>

## 2. NATIONAL PUBLICATIONS – OTHER

### 4. Statement on Covid-19, Financial Reporting Council and other Regulators, March 2020

A joint statement was issued by the Financial Reporting Council, the Financial Conduct Authority and Prudential Regulation Authority in response to the current situation.

The statement sets out that:

*“Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity. Equity and debt capital markets play a vital role providing finance to these businesses and will aid the recovery. Governments and regulators around the world remain focused on keeping capital markets open and orderly.*

*Capital markets rely on timely, accurate information. Investors and other stakeholders rely on financial reporting – backed by high-quality auditing. However, companies and their auditors currently face unprecedented challenges in preparing and auditing financial information”*

The statement highlights:

- The likelihood of an increase in the number of modified audit opinions (where there are difficulties in obtaining evidence or other issues);
- Increased going concern assumption considerations and uncertainties; and
- Guidance for companies and auditors.

<https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra>

## CONTACT

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## **Audit & Governance Committee**

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**Date of Meeting:** 28 May 2020

**Report Title:** Treasury Management Update

**Senior Officer:** Alex Thompson, Director of Finance & Customer Services

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### **1. Report Summary**

- 1.1. To provide an update on the implications for the Council's Treasury Management Strategy in response to the receipt of government funding for the Covid-19 emergency.

### **2. Recommendation/s**

- 2.1. That Members note the report and support the actions taken.

### **3. Reasons for Recommendation/s**

- 3.1. As part of its governance role the Committee is required to review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

### **4. Other Options Considered**

- 4.1. Not applicable

### **5. Background**

- 5.1. As part of the response to the COVID-19 emergency Central Government are supporting Local Government by providing grant funding to enable Council's to respond to Coronavirus pressures across all the services they provide. On 27<sup>th</sup> March 2020 Cheshire East received £9.2m from the government's £1.6bn emergency fund for local authorities. Subsequently it is also worth noting that the government has increased the emergency support and is further assisting with cash flow by deferring business rate payments and paying social care grants up front.

- 5.2. On 1<sup>st</sup> April 2020 the Council was paid £95.5m by the Ministry of Housing, Communities and Local Government (MHCLG) to passport to small businesses as grants. The mechanism to make payments is taking time as the Council obtains and verifies bank details from eligible businesses. As a result, the Council is required to hold large amounts of cash requiring placement within suitable deposit accounts.
- 5.3. For the Council to hold this amount of cash at any point in time is highly unusual and the Treasury Management Strategy, as approved by Council in February 2020, does not support such large investments with any single organisation (counterparty). The parameters within the Strategy are relatively low, in-line with advice from the Council's treasury management advisors and generally accepted best practice, as this avoids the risk of a single counterparty becoming insolvent and the Council losing a potentially large percentage of its funds.
- 5.4. Overnight this amount was distributed as far as practical, whilst avoiding the need to introduce new counterparties at this time. This caused the following investments to maximise or exceed parameters within the strategy.

**Table 1:**

**Investments exceeded the Treasury Management Strategy Limit with 6 Counterparties as at 1 April 2020**

Counterparty		Investment	TMS Limit
		£	£
<b>Money Market Funds</b>			
CCLA		500,000	12,000,000
Federated		20,400,000	12,000,000
Aberdeen		19,000,000	12,000,000
Morgan Stanley		18,000,000	12,000,000
Deutsche		18,000,000	12,000,000
<b>Total MMF's</b>		<b>75,900,000</b>	<b>50,000,000</b>
Barclays		14,050,000	6,000,000
Handelsbanken		10,000,000	6,000,000
Santander	35 day notice	6,000,000	6,000,000
Derbyshire County Council	Fixed to 06/05/20	12,000,000	12,000,000
West Sussex County Council	Fixed to 15/05/20	10,000,000	12,000,000
<b>TOTAL</b>		<b>127,950,000</b>	<b>92,000,000</b>

- 5.5 As the small business grants are paid out by the Council, the levels of investment have reduced overall and complied with the limits within the Strategy from 24<sup>th</sup> April 2020. Table 2 provides details of the latest position.

**Table 2:**

**Investments as at 15<sup>th</sup> May 2020; all counterparties are within limits**

Counterparty	Type	Investment	TMSS Limit
		£	£
<b>Money Market Funds</b>			
CCLA		500,000	12,000,000
Federated		8,790,000	12,000,000
Aberdeen		12,000,000	12,000,000
Morgan Stanley		3,650,000	12,000,000
Deutsche		9,400,000	12,000,000
<b>Total MMF's</b>		<b>34,340,000</b>	<b>50,000,000</b>
Barclays		1,000,000	6,000,000
Handelsbanken		5,000,000	6,000,000
Santander	35 day notice	6,000,000	6,000,000
Debt Mgmt Deposit A/c		0	Unlimited
<b>TOTAL</b>		<b>46,340,000</b>	
<b>Strategic Investments</b>			
CCLA	Property Fund	7,500,000	12,000,000
Kames	Multi Asset Fund	5,000,000	12,000,000
Fidelity	Equity Fund - Global	4,000,000	12,000,000
Schroders	Equity Fund - UK	2,500,000	12,000,000
M&G	Bond Fund	1,000,000	12,000,000
<b>TOTAL</b>		<b>20,000,000</b>	
<b>TOTAL ALL INVESTMENTS</b>		<b>66,340,000</b>	

- 5.6 Treasury Management transactions are authorised by the S.151 Officer, but Council agree the TMS limits as part of the Medium Term Financial Strategy. The temporary exceeding of Treasury Management Strategy Limits was reported by the s.151 Officer to the Chief Executive, Portfolio Holder for Finance, ICT & Communications and the Chair of the Audit & Governance Committee as it was considered a more appropriate response to the emerging situation than introducing new counterparties with potentially different risks. As the situation was only temporary in nature there is no proposal to amend the strategy at this point in time.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. There are no legal implications identified.

### **6.2. Finance Implications**

6.2.1. As covered in the report.

### **6.3. Policy Implications**

6.3.1. There are no policy implications identified.

### **6.4. Equality Implications**

6.4.1. There are no equality implications identified.

### **6.5. Human Resources Implications**

6.5.1. There are no human resources implications identified.

### **6.6. Risk Management Implications**

6.6.1. The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.

### **6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

### **6.8. Implications for Children & Young People / Cared for Children**

6.8.1. There are no direct implications for children and young people.

### **6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

### **6.10 Climate Change Implications**

6.10.1. There are no direct implications for climate change.

## **7. Ward Members Affected**

7.2. Not applicable.



## **8. Access to Information**

- 8.2. The background papers relating to this report can be inspected by contacting the report writer.

## **9. Contact Information**

- 9.2. Any questions relating to this report should be directed to the following officer:

Name: Joanne Wilcox

Job Title: Financial Strategy and Reporting Manager

Email: [Joanne.wilcox@cheshireeast.gov.uk](mailto:Joanne.wilcox@cheshireeast.gov.uk)

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## **Audit & Governance Committee**

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**Date of Meeting:** 28 May 2020

**Report Title:** Maladministration Decision Notices from Local Government and Social Care Ombudsman – December 2019 – January 2020

**Senior Officer:** Jan Bakewell – Director of Governance and Compliance

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### **1. Report Summary**

- 1.1. This report provides an update on the Decision Notices issued by the Local Government and Social Care Ombudsman "the Ombudsman" when his investigations have found maladministration causing injustice to complainants. It also provides an update on the Ombudsman's decision to suspend all their casework until further notice from the 26<sup>th</sup> March 2020 as a result of the Coronavirus outbreak. The report details the decisions made between 1<sup>st</sup> December 2019 and 31<sup>st</sup> January 2020. There were 4 decisions in which the Ombudsman found that there was maladministration causing injustice; the relevant departments have taken the recommended actions and learned lessons from the investigation outcomes. It is not possible to report on any Decision Notices issued from February 2020 onwards, as the Ombudsman imposes a three month reporting embargo. Any decisions received after 31<sup>st</sup> January 2020 will be reported at a subsequent Audit & Governance meeting.

### **2. Recommendation**

- 2.1. That the Committee notes the contents of this report and makes any further response it considers appropriate.

### **3. Reasons for Recommendation**

- 3.1. The Terms of Reference for the Audit & Governance Committee include seeking assurance that customer complaint arrangements are robust and that recommendations agreed with the Ombudsman are being implemented.

### **4. Other Options Considered**

- 4.1. This is not applicable.

## **5. Background**

- 5.1. The Local Government Act 1974 established the Local Government and Social Care Ombudsman. It empowers the Ombudsman to investigate complaints against councils and adult social care providers and to provide advice and guidance on good administrative practice. Once a complainant has exhausted the Council's Complaints procedure, their next recourse, should they remain dissatisfied with the Council's response, is to contact the Ombudsman.
- 5.2. The Ombudsman will assess the merits of each case escalated to them and seek clarification from the Council as necessary before making the decision to investigate a complaint. Once the Ombudsman decides to investigate, they will try to ascertain if maladministration has occurred and whether or not there has been any resulting injustice to the complainant as a result of the maladministration.
- 5.3. In instances where maladministration and injustice is found, the Ombudsman will make non-legally binding recommendations which they consider to be appropriate and reasonable. Although not legally binding, refusal to accept the Ombudsman's recommendation(s) will trigger a Public Report.
- 5.4. A Public Report is a detailed account of the complaint, outlining the failures by the Council in the particular investigation; this can have a significant damaging effect on the Council's reputation.
- 5.5. On the 26<sup>th</sup> March 2020, the Ombudsman took the decision to suspend all casework activity that demands information from, or action by, any local authority until further notice. Councils are still expected to respond appropriately to any complaints received during this time and to direct complainants to the Ombudsman service upon completion of the Council's complaints procedure.
- 5.6. This decision has allowed officers involved in responding to enquiries from the Ombudsman to concentrate on delivering vital frontline services. It is anticipated that when normal service resumes there will be an increase in the number of enquiries received from the Ombudsman and departments will need to ensure that they are sufficiently resourced to process them. Nevertheless, the Ombudsman has indicated that they will be considerate of the Council's resource when normal service resumes and are willing to negotiate an appropriate deadline to their enquiries in all cases.
- 5.7. During the period between 1<sup>st</sup> December 2019 and 31<sup>st</sup> January 2020 the Council received 4 Decision Notices in which the Ombudsman has

concluded that there has been maladministration causing injustice. The details of these cases can be found in Appendix 1.

- 5.8. Child in Need / Child Protection Complaint 1 – The complainant raised concerns about the Council's child safeguarding actions concerning his family. In particular he raised concerns about how he and his wife were forced to sign an unfairly restrictive contact arrangement which stopped him from running his business causing him distress and financial hardship. The complainant was also dissatisfied with the findings of the Council's investigation of the complaint.
- 5.8.1. The Ombudsman found the Council at fault and agreed with the independent investigating officer commissioned by the Council that it had failed to sufficiently explain the contact arrangement signed by the complainant or how the arrangement would be reviewed. It also agreed with the independent investigating officer's findings that the Council had failed to keep appropriate records of the actions taken by Council officers involved in the case and of the communications with external organisations such as the Police. The Ombudsman also found fault as the Council did not consider the complaint at Stage 3 of the Children's Statutory complaints procedure. It highlighted that the Council was unable to refuse the complainant's request for it to be considered further as the relevant conditions had not been met to allow for an early referral to the Ombudsman. However, it found no fault with the findings reached by the independent investigating officer and also commented that the failure of the complainant's business could not be attributed as a direct and inescapable consequence of the Council's faults. Nevertheless, in recognition of the avoidable distress and uncertainty caused by the way in which the case was handled by the Council the Ombudsman recommended that a payment of £500 be made to the family. It also recommended that the Council reviews its children's complaint handling process.
- 5.8.2. The recommendations set out by the Ombudsman have been completed. The department has reissued guidance relating to Working Agreements with families and how they are to support families with contact arrangements with their children when they have restricted this. Furthermore, all frontline staff have also been reminded to ensure that appropriate records are kept so that the history of a case and the actions taken is clear.
- 5.9. Child in Need / Child Protection Complaint 2 – The Complainant was unhappy with the outcome of the Council's assessment of her need for financial assistance to apply for a Special Guardianship Order in relation to her grandson.

- 5.9.1. The Ombudsman concluded that there was no fault in the way in which the Council completed the financial assessment which meant that the complainant did not qualify to receive a discretionary grant. However, it found fault in the way in which the complaint was considered by the Council as it had not allowed for the matter to be considered at Stage 2 of the Children's Statutory complaints procedure. This refusal caused the complainant injustice insofar as it denied her the right to have the matter properly considered under this procedure. The Ombudsman recommended that the Council issue an apology for this fault and that it ensures that it allows complainants to pursue complaints through the statutory process.
- 5.9.2. The recommendations set out by the Ombudsman have been completed. The officers involved in the Children's Statutory complaints procedure have reviewed the process to ensure that it complies with guidance and issued reminders to the staff involved to ensure all stages of the process are concluded when the appropriate conditions are met.
- 5.10. Special Educational Needs Complaint – The complaint was as a result of the Council failing to ensure the delivery of the special educational provision required and detailed in the complainant's daughter's Education Health and Care Plan (EHCP). The complainant specifically raised concerns that the Council failed to provide funding and communicate properly with the School which delayed her daughter in starting school sooner than she did.
- 5.10.1. The Ombudsman found the Council at fault as it did not formally consult with the school when the EHCP was amended which meant it did not ensure, by checking with the school, that the detailed planning and provision set out in the plan would be in place to allow the child to start school. Whilst the Ombudsman recognised that the Council had taken steps to address the injustice caused by the fault by paying for a specialist to work with the child whilst she was unable to attend school, they recommended that a financial remedy of £2400 be paid in recognition of the period the provision was not in place. The Ombudsman also recommended that an apology be issued and that a further monthly payment of £400 be issued until the therapist required in the child's EHCP is in place and supporting her.
- 5.10.2. The required actions set out by the Ombudsman have since been completed. The department have addressed the issues and findings of the Ombudsman by supporting with the procurement and contracts for specialist therapy and tutoring to ensure this is secured and sustained over time. The department has also assigned a dedicated keyworker to support the family and ensured clear communication and direct link within the Council. Furthermore they have introduced a Complaints Officer role within the service to ensure we have a robust response to complaints which enables them to better respond to resolve issues at the earliest possible opportunities

and ensure there is no drift and delay. An investment of £500k has enabled the service to restructure into a locality model with the recruitment of a manager for each locality and an increase in key workers. This provides increased management oversight of key workers and individual casework and moves towards providing all families and schools with a designated person as a direct link. This will remain under review as demand continues to grow at a significant rate.

- 5.11. Planning Enforcement Complaint – The Complainant raised several concerns on behalf of a group of residents about the Council's failure to take appropriate action in relation to a number of planning matters concerning a neighbouring commercial organisation. These concerns related to the erection of storage containers in 2012, the way in which the planning application for the installation of air conditioning units was considered in 2017 and the change of use of one of the buildings in 2018.
- 5.11.1. The Ombudsman found no fault with the way in which the issues relating to the change of use of one of the buildings was considered as it found no evidence to suggest that the Council had been notified of this issue. However, it did find fault in relation to the erection of storage containers as, although the Planning Enforcement team requested a retrospective planning application be submitted, which was subsequently refused, as well as a certificate of lawful development which was also unsuccessful, the Council did not make a decision as to whether or not further enforcement action on the matter was necessary. As no decision was made the Council was out of time to take enforcement action as the four year time limit from the date of the development had been exceeded causing the residents uncertainty as they cannot know whether prompt action would have resulted in a different outcome resolving the matter.
- 5.11.2. The Ombudsman also found fault with the way in which it considered the planning application for the installation of air conditioning units. Although it did not question the reasoning that led to the application being approved, the Council delayed making a final decision on the application whilst information, a noise impact assessment, was outstanding from the applicant. This delay caused residents some uncertainty as to whether or not the application would be approved or if enforcement action would be taken.
- 5.11.3. The Ombudsman recommended that the Council issue an apology to the complainant for the uncertainty caused to the residents by its failure to properly consider whether to take enforcement action in relation to the storage containers and for its delay in making a final decision about the air conditioning units. This recommendation has been completed and additionally the service have confirmed that officers now receive a weekly report which utilises a traffic light system which helps identify cases needing

urgent action and to help prioritise the workload of officers so that cases are not overlooked. Furthermore, the line managers of the officers have full visibility of all individual caseloads, enabling issues with the individual cases to be followed up in regular 1:1 meetings. Also all planning application caseloads are reviewed on a weekly basis.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. There are no legal implications flowing directly from the content of this report.

### **6.2. Financial Implications**

- 6.2.1. If fault causing injustice is found, the Council can be asked to pay compensation to a complainant, the level of which is determined on a case by case basis. The cost of such compensation is paid for by the service at fault. In the cases outlined, the Council was required to make compensation payments totalling £3300.

### **6.3. Policy Implications**

- 6.3.1. Adherence to the recommendations of the Ombudsman is key to ensuring that customers have objective and effective recourse should they be unhappy with the way in which the Council has responded to their complaint.

### **6.4. Equality Implications**

- 6.4.1. There are no equality implications flowing directly from the content of this report.

### **6.5. Human Resources Implications**

- 6.5.1. There are no HR implications flowing directly from the content of this report.

### **6.6. Risk Management Implications**

- 6.6.1. There are no risk management implications.

### **6.7. Rural Communities Implications**

- 6.7.1. There are no direct implications for rural communities.

### **6.8. Implications for Children & Young People/Cared for Children**

- 6.8.1. There are no direct implications for children and young people.

### **6.9. Public Health Implications**

- 6.9.1. There are no direct implications for public health.



6.10. **Climate Change Implications**

6.11. There are no direct implications to climate change.

7. **Ward Members Affected**

7.1. There are no direct implications for Ward Members.

8. **Access to Information**

8.1. Please see Appendix 1.

9. **Contact Information**

9.1. Any questions relating to this report should be directed to the following officer:

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Job Title: Compliance and Customer Relations Officer

Email: [juan.turner@cheshireeast.gov.uk](mailto:juan.turner@cheshireeast.gov.uk)

## Appendix 1 - Ombudsman Decisions where Maladministration with Injustice has Taken Place

December 2019 – January 2020

Service	Summary and Ombudsman's Final Decision	Agreed Action	Link to LGSCO Report	Action Taken	Measures Implemented	Lessons Learnt
Children in Need / Child Protection Complaint 1	<p>Mr X complained about the Council's child safeguarding actions concerning his family. He said these caused him and his family avoidable distress and financial hardship.</p> <p>There was fault by the Council causing some avoidable distress to Mr and Mrs X. The Council should have considered Mr X's complaint through all three stages of the statutory children's complaint procedure. The Council has apologised to Mr X and made service improvements to avoid repetition of the faults.</p>	<p>Within one month of our final decision the Council will pay Mr and Mrs X £500 as a remedy for avoidable distress caused by the faults identified.</p> <p>Within three months of our final decision the Council will review its children's complaint handling procedures to ensure it complies with statutory guidance regarding offering stage 3 panels where stage 2 investigations do not uphold all alleged faults.</p>	<a href="https://www.lgo.org.uk/decisions/children-s-care-services/child-protection/19-004-115">https://www.lgo.org.uk/decisions/children-s-care-services/child-protection/19-004-115</a>	<p>The £500 payment has been issued to the complainants.</p> <p>The Children's complaints handling process has also been reviewed.</p>	<p>Guidance relating to Working Agreements with families and how contact arrangements agreements are used has been issued to staff.</p>	<p>To ensure that staff and parents have a clear understanding of the process when contact arrangement agreements are used.</p> <p>To ensure that complaints are not referred prematurely to the Ombudsman until the appropriate conditions have been met.</p>

Children in Need / Child Protection Complaint 2	<p>Ms F says that the Council is at fault in relation to the services it provided to her after it was notified of her intention to apply for a Special Guardianship Order in relation to her grandson, X.</p> <p>The Ombudsman found no fault in the Council's consideration of Ms F's requests for financial assistance related to her intended application for a Special Guardianship Order but it failed to consider her complaint properly under the relevant complaints procedure and will apologise for this.</p>	<p>The Council will issue this apology within one month of the final decision on this complaint</p>	<a href="https://www.lgo.org.uk/decisions/children-s-care-services/friends-and-family-carers/19-003-022">https://www.lgo.org.uk/decisions/children-s-care-services/friends-and-family-carers/19-003-022</a>	<p>The apology letter has been issued and a reminder to staff has also been circulated.</p>	<p>Childrens Statutory Complaints process has been reviewed.</p>	<p>To ensure that complaints are not referred prematurely to the Ombudsman until the appropriate conditions have been met.</p>
Special Educational Needs Complaint	<p>Mrs X complained the Council failed to ensure delivery of the special educational provision required by her daughter Z's Education, Health and Care (EHC) Plan.</p>	<p>Within one month of my final decision the Council agrees to:</p> <ul style="list-style-type: none"> <li>• Apologise to Mrs X for not ensuring delivery of special educational provision as</li> </ul>	<a href="https://www.lgo.org.uk/decisions/children-s-care-services/friends-and-family-carers/19-003-022">https://www.lgo.org.uk/decisions/children-s-care-services/friends-and-family-carers/19-003-022</a>	<p>The apology has been issued and payments have been made to the complainant.</p> <p>Commissioned therapies and tutoring (ABA and BIRD) have</p>	<p>Significant changes to process and practice with increased mangement oversight have been made</p>	<p>To ensure that there is sufficient management oversight to resolve concerns at the earliest opportunity, where, appropriate, improve monitoring</p>

	<p>The Ombudsman concluded that the Council failed to ensure delivery of the special educational provision required by her daughter, Z's Education, Health and Care Plan. This led to Z not starting at primary school in the timescale set out by the plan.</p>	<p>required by Z's EHC plan.</p> <ul style="list-style-type: none"> <li>• Pay Mrs X £2,400 to be used as Mrs X thinks best to benefit Z</li> <li>• Pay Mrs X an additional £400 per month until the therapist required by Z's plan is in place and supporting her.</li> </ul>		<p>also taken place.</p> <p>Support with integration back into school whilst accessing therapy needed.</p>	<p>through a restructure of the department so increase engagement with parents and carers.</p>	<p>of actions and embedding any learning into practice .</p>
Planning Enforcement	<p>Mr R complained on behalf of residents about the Council's failure to take enforcement action in relation to various planning matters concerning their commercial neighbour. The Council was at fault for failing to properly consider whether to take enforcement action in relation to one matter and a delay in making a final decision in another.</p>	<p>The Council will, within one month of the date of my final decision, apologise to Mr R for the uncertainty caused to the residents by its failure to properly consider whether to take enforcement action in relation to the storage containers and for its delay in making a final decision about the air conditioning units.</p>	<p><a href="https://www.lgo.org.uk/decisions/planning/planning-applications/19-002-694">https://www.lgo.org.uk/decisions/planning/planning-applications/19-002-694</a></p>	<p>Letter of apology has been issued. Reporting / sign off procedures for enforcement cases have been strengthened.</p>	<p>Officers now have better and more regular reporting of open enforcement cases. More formal 1:1 review of officers caseload with line manager.</p>	<p>To ensure that appropriate measures are in place to highlight older cases so they cannot be 'missed'.</p>



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Key Decision N

## Audit and Governance Committee

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**Date of Meeting:** 28<sup>th</sup> May 2020

**Report Title:** Audit and Governance Committee Self-Assessment – Action Plan

**Senior Officer:** Jane Burns, Executive Director of Corporate Services

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### 1. Report Summary

- 1.1. At the March 2020 meeting, Members considered the results of an initial self-assessment of the effectiveness of the Audit and Governance Committee carried out by the Chair and Vice Chair using the CIPFA “*Audit Committees – Practical Guidance for Local Authorities and Police (2018 Edition)*.”
- 1.2. The actions identified by the Committee in their consideration of the self-assessment are outlined in Appendix 1.

### 2. Recommendations

- 2.1. Members are asked to consider and endorse the action plan included in Appendix 1.

### 3. Reasons for Recommendations

- 3.1. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for the Audit and Governance Committee to be effective.
- 3.2. Regular self-assessments against best practice, as outlined in the CIPFA “*Audit Committees Practical Guidance for Local Authorities (2018)*” can be used to support the planning of the Committee’s work programme, training plans and inform the annual report. The self-assessment forms part of the review of the system of internal control as required by Regulation 6 of the Accounts and Audit Regulations 2015 and which supports the production of the Annual Governance Statement (AGS).

- 3.3. The adoption and monitoring of an action plan will enable the Committee to track the implementation of agreed actions and evaluate their impact on the effectiveness of the Committee.

#### **4. Other Options Considered**

- 4.1. Not applicable

#### **5. Background**

- 5.1. The plan in Appendix 1 includes the various actions identified by the Committee, including suggested timescales and anticipated benefits.
- 5.2. A number of the actions identified around training and development will need to be carefully considered in the context of the Covid-19 pandemic. The impact of social distancing continuing for a longer timescale will mean the use of e-learning and virtual training sessions rather than face to face sessions being scheduled.
- 5.3. Progress against the plan will be reported regularly to the Committee, and form part of the Committee's annual report to Council.

#### **6. Implications of the Recommendations**

##### **6.1. Legal Implications**

- 6.1.1. The self-assessment forms part of the review of the system of internal control as required by Regulation 6 of the Accounts and Audit Regulations 2015 which supports the production of the Annual Governance Statement (AGS).

##### **6.2. Finance Implications**

- 6.2.1. Any actions identified from the Audit and Governance Committee self-assessment will be resourced from existing capacity and budgets. There are no implications for the Council's medium-term financial strategy.

##### **6.3. Policy Implications**

- 6.3.1. There are no direct implications for policy.

##### **6.4. Equality Implications**

- 6.4.1. There are no direct implications for equality matters.

##### **6.5. Human Resources Implications**

- 6.5.1. There are no direct implications for Human Resources

## **6.6. Risk Management Implications**

6.6.1. The process of self-assessment, the discussion of it by the Audit and Governance Committee and the actions arising from this process are vital in reviewing the effectiveness of the Audit and Governance Committee and contributing to the continuing improvement of the Council's assurance mechanisms.

## **6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

## **6.8. Implications for Children & Young People/Cared for Children**

6.8.1. There are no direct implications for children and young people.

## **6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

## **6.10. Climate Change Implications**

6.10.1. There are no direct implications for climate change.

## **7. Ward Members Affected**

7.1. All wards are affected.

## **8. Consultation & Engagement**

8.1. Audit and Governance Committee received the self-assessment report at their meeting in May 2020.

## **9. Access to Information**

9.1. The action plan is available as Appendix A to this report.

## **10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

Name: Josie Griffiths

Job Title: Head of Audit and Risk Management

Email: [josie.griffiths@cheshireeast.gov.uk](mailto:josie.griffiths@cheshireeast.gov.uk)

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**Audit and Governance Committee -Self Assessment Action Plan**

Action Ref	Self-Assessment area	Action detail	Timescale	Owner
Section 1 Q3	Review of the Committee's Terms of Reference	Target date for the review of the Committee's Terms of Reference to be included	Report to be considered at November 2020 meeting	Co-ordinated by Head of Audit and Risk Management
Section 1 Q4	Role and purpose of the committee being understood and accepted across the organisation	Further training on the roles and responsibilities of the Audit and Governance Committee to be provided to all Members of the Council.  Opportunities for e-learning, briefings and face to face training sessions to be proposed and implemented.	Proposals by July 2020	Co-ordinated by Head of Audit and Risk with input from Member Development
Section 1 Q5	Audit Committee supporting the authority in meeting the requirements of good governance	Development of further training for Audit and Governance Committee members.  Various training delivery options will need to be explored, including e-learning and virtual training sessions.	Proposals by July 2020	Co-ordinated by Head of Audit and Risk with input from Member Development
Section 1 Q12	Structure and composition of the Committee; inclusion of independent member	Consideration to be given to inclusion of more independent members during the 2020/21 Committee year.	Report to be considered at November 2020 meeting	Co-ordinated by Director of Governance and Compliance Services and Monitoring Officer
Section 2 Promoting the principles of good governance...	Working with partner audit committees to review governance arrangements in partnerships	For the Committee to consider opportunities for working with partner audit committees following reports on partnerships governance in 2020/21	Proposals by September 2020	Co-ordinated by Head of Audit and Risk Management

Action Ref	Self-Assessment area	Action detail	Timescale	Owner
Section 2  Aiding the achievement of the authority's goals and objectives...	Reviewing the effectiveness of performance management arrangements	The Committee to consider other areas where they wish to seek assurance.	Proposals by September 2020	Co-ordinated by Head of Audit and Risk Management
Section 2:  Promoting effective public reporting to the authority's stakeholders...	Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency	The Committee will receive reports on this area during 2020/21.	Proposals by July 2020	Co-ordinated by Head of Audit and Risk Management



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## **Audit & Governance Committee**

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**Date of Meeting:** 28 May 2020

**Report Title:** Committee Work Plan

**Senior Officer:** Jan Bakewell, Director of Governance and Compliance

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### **1. Report Summary**

- 1.1. This report presents the Committee's Work Plan for the remainder of 2020/21 as set out in Appendix A.
- 1.2. This includes a number of changes to the 2020/21 work plan proposed at the March 2020 meeting which have been necessary to accommodate changes prompted by legislative changes in response to the Covid-19 pandemic.

### **2. Recommendations**

- 2.1. That the Committee:
  - 2.1.1. Agree the change of date proposed for the 10<sup>th</sup> December 2020 meeting to a date to be agreed in November 2020.
  - 2.1.2. Consider the Work Plan and determine any required amendments;
  - 2.1.3. Note that the plan will be brought back to the Committee throughout the year for further development and approval.

### **3. Reasons for Recommendations**

- 3.1. The Audit and Governance Committee has a key role in overseeing and assessing the Council's risk management, control and corporate governance arrangements. It advises the Council on the adequacy and effectiveness of these arrangements. A forward-looking programme of meetings and agenda items is necessary to enable the Committee to fulfil its responsibilities.
- 3.2. The change in planned meeting dates is necessary to ensure compliance with the changes to timescales introduced by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020<sup>1</sup>. The regulations have been

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<sup>1</sup> <http://www.legislation.gov.uk/ukxi/2020/404/contents/made>

passed to extend the deadline for the approval of the draft accounts to 31 August and for the publication of the final audited accounts to 30 November.

#### 4. Other Options Considered

- 4.1. Not applicable

#### 5. Background

- 5.1. Aspects of the Audit and Governance Committee's agenda are determined by statutory requirements set out in the Accounts and Audit Regulations (2015). The planned schedule of meetings for 2020/21 will need changes, as summarised in Table 1 to accommodate the changes brought about by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.
- 5.2. The detailed Work Plan provided in Appendix A has been adjusted to ensure that items are brought to the Committee to inform its responsibilities in relation to the consideration of the draft and final Statement of Accounts and Annual Governance Statement.
- 5.3. Table 1

Original Meeting Date	Change required	New Meeting Date
30 <sup>th</sup> July 2020	No change required to date; changes to agenda items covered in Appendix A	n/a
24 <sup>th</sup> September 2020	No change required to date; changes to agenda items covered in Appendix A and will be subject to further review at July 2020 meeting.	n/a
10 <sup>th</sup> December 2020	Requested that this meeting is brought forward to facilitate consideration and approval of the final Statement of Accounts and Annual Governance Statement in line with amended regulations.	Date TBC - November 2020
11 <sup>th</sup> March 2021	Not change required to the meeting date at this point; Committee may wish to consider timing and content at the September and November meetings.	n/a

- 5.4. The Committee should aim to manage its agenda according to its assurance needs to fulfil its terms of reference. The Committee is asked to consider the contents of the Work Plan (Appendix A) and establish any amendments that will enable it to meet its responsibilities.
- 5.5. By identifying the key topics to be considered at the Audit and Governance Committee meetings, and receiving appropriate reports, Committee

Members are able to undertake their duties effectively and deliver them to a high standard. In turn, this adds to the robustness of the risk management framework, the adequacy of the internal control environment and the integrity of the financial reporting and corporate governance of the Council.

- 5.6. Members will recognise that some items are brought to Committee on a more regular basis than others and ensure that statutory requirements are complied with. There are also individual requirements of the Committee's Terms of Reference which are only used on an ad-hoc basis. The Work Plan will be re-submitted to the Committee for further development and approval at each subsequent meeting.
- 5.7. In order to help with their deliberations, Members are asked to consider the following:
  - 5.7.1. care should be taken to avoid duplication and maintain the focus of an audit committee on its core functions as defined by its terms of reference rather than wider issues that are subject to the work of other committees or assurance functions.
  - 5.7.2. that the Audit and Governance Committee should operate at a strategic level with matters of operational detail resolved by service managers.
  - 5.7.3. the number and frequency of reports should be proportional to the risk in order to give the core business of an audit committee sufficient focus and attention and to avoid lengthy and thus unproductive meetings.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. The Work Plan for 2020/21 has been updated to ensure compliance with the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

### **6.2. Finance Implications**

- 6.2.1. When reviewing the Work Plan, Members will need to consider the resource implications of any reviews they wish to carry out both in terms of direct costs and in terms of the required officer support.

### **6.3. Policy Implications**

- 6.3.1. There are no policy implications in this report.

### **6.4. Equality Implications**

- 6.4.1. There are no direct implications for equality in this report. The Audit and Governance Committee receives assurances from across the organisation.

#### **6.5. Human Resources Implications**

- 6.5.1. Members should be satisfied that the inclusion of each item on its agenda results in added value, as the assurance process has a resource implication to the organisation and should therefore be proportional to the risk.

#### **6.6. Risk Management Implications**

- 6.6.1. Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position.

However, an effective audit committee can:

- 6.6.1.1. raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations,
- 6.6.1.2. increase public confidence in the objectivity and fairness of financial and other reporting
- 6.6.1.3. reinforce the importance and independence of internal and external audit and any other similar review process
- 6.6.1.4. provide additional assurance through a process of independent and objective review

#### **6.7. Rural Communities Implications**

- 6.7.1. There are no direct implications for rural communities.

#### **6.8. Implications for Children & Young People/Cared for Children**

- 6.8.1. There are no direct implications for children and young people.

#### **6.9. Public Health Implications**

- 6.9.1. There are no direct implications for public health.

#### **6.10. Climate Change Implications**

- 6.10.1. There are no climate change implications in this report.

### **7. Ward Members Affected**

- 7.1. All wards affected.

### **8. Consultation & Engagement**

- 8.1. The proposed Work Plan was prepared following discussion with key officers who regularly provide updates to the Audit and Governance Committee. The proposed Work Plan has also been discussed with the Committee Chair and Vice Chair and was considered by the Corporate Leadership Team.

## **9. Access to Information**

- 9.1. Not applicable.

## **10. Contact Information**

- 10.1. Any questions relating to this report should be directed to the following officers:

Name: Jan Bakewell

Job Title: Director of Governance and Compliance Services.

Email: [jan.bakewell@cheshireeast.gov.uk](mailto:jan.bakewell@cheshireeast.gov.uk)

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## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
28 <sup>th</sup> May 2020				
1	External Audit 2019/20 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	118	To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
2	Treasury Management Update	To update the Committee on the implications for the Council's Treasury Management Strategy in response to the receipt of government funding re Covid-19.	103	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
3	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in</li> </ul>	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		the report, and that this process doesn't duplicate any existing process or reporting.		
4	Action Plan from the Committee Self-Assessment	The Committee considered a self-assessment against the CIPFA best practice model at their March 2020 meeting and identified a number of actions. This included a request for the committee to use task and finish groups. This report will provide the committee with an action plan, which will include the options for task and finish work.	126	To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
5	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
6&7	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
	<b>30<sup>th</sup> July 2020</b>			
1	External Audit 2019/20 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	118	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
2	Draft Pre-Audit Statement of Accounts 2019/20	<p>This item introduces the 2019/20 pre-audit statement of accounts to the Committee.</p> <p>This starts the public inspection period and provides members with detail on the next steps to complete the approval of the accounts</p>	123	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
3	Internal Audit Annual Report (20/19/20)	Annual opinion on the overall adequacy and effectiveness of the Council's control environment	111	<p>To consider the Head of Internal Audit's annual report:</p> <p>a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.</p> <p>b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement</p>

## Work Plan 2020/21

			<b>Extract from Committee Terms of Reference – (April 2020 Constitution)</b>	
	<b>Agenda Item</b>	<b>Description</b>	<b>No</b>	<b>Detail</b>
4	Annual Monitoring Officer Report 2019/20	Annual Report of the Monitoring Officer 2019/20	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
5	Annual Information Governance Update 2019/20	This report provides an update on the Council's Information Governance arrangements during 2019/20.	93	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
6	Annual Risk Management Report 2019/20	Annual report on the effectiveness of risk management arrangements in the Council during 2019/20.	97	To monitor the effective development and operation of risk management in the council.
7	Review of Whistleblowing Policy and Procedure	To provide the Committee with an update on the effectiveness of the Council's Whistleblowing Policy and a breakdown of the number of reports received during 2019/20	128	To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
8	Draft Annual Governance Statement 2019/20	This report introduces the draft 2019/20 Annual Governance Statement to the Committee for consideration and comment	94	To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
9	Audit and Governance Committee Annual Report 2019/20	Annual Report of the Chair of the Audit and Governance Committee for consideration and approval by Committee ahead of presentation to Council.	125	To report to those charged with governance on the committee's findings conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
				arrangements, and internal and external audit functions.
			126	To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
			127	To publish an annual report on the work of the committee.
10	General Dispensations	For the Committee to renew, for a period of four years, a number of general dispensations under the Localism Act 2011, as previously approved by the Committee in September 2016	131	The Committee is responsible for the Council's standards arrangements which seek to: (a) promote high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity); (b) ensure that Members receive advice and as appropriate on the Members Code of Conduct; and (c) grant dispensations under the provisions of the Localism Act 2011 to enable a member or co-opted Member to participate in a meeting of the Authority.
11	Upheld Complaints to the Local Government Ombudsmen (If required)	Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.  This will need to be a <u>standing agenda item</u> , and will require ongoing co-	129	Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		<p>ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>		<p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>
12	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
13 & 14	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
	<b>24<sup>th</sup> September 2020</b>			
1	External Audit 2019/20 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	118	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
2	Review of the Council's Standards Arrangements	Members have requested a review of the Council's Standards arrangements to be undertaken. <i>Scheduling of this report based on the expected publication of a model Standards Code in July 2020.</i>	131	To promote high standards of ethical behaviour by developing, maintaining and monitoring Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
3	Internal Audit 2020/21 Plan Progress Update	Progress report against the Internal Audit Plan 2019/20.	110	To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
4	Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	97	To monitor the effective development and operation of risk management in the council.
5	Referrals to the Local Government and Social Care Ombudsmen 2019/20.	The report will provide a summary of the key issues from the annual report received by the LGO.	93	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
6	Treasury Management Annual Report 2019/20.	This report will update the Committee on Treasury Management activity over the year.	103	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
7	Counter Fraud Report	<p>Annual report on counter fraud work in the Council during 2019/20</p> <p>This report will also set out the review of the Council's Anti-Fraud and Corruption Policy against current best practice and identifies any suggestions for improvements to the current arrangements.</p>	101	To monitor the counter-fraud strategy, actions and resources.
			128	To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
8	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> </ul>	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>



## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		<ul style="list-style-type: none"> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>		
10	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
11 & 12	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
	Date TBC - November 2020			
1	External Audit Findings and Action Plan (Mazars)	Summary of findings from the 2019/20 audit and key issues identified by External Audit in issuing their opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources	118	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
			120	To comment on the scope and depth of external audit work and to ensure it gives value for money.
2	Annual Statement of Accounts 2019/20	Approval of the Audited Statement of Accounts for 2019/20	123	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
3	Annual Governance Statement 2019/20	Approval of the Annual Governance Statement 2019/20	94	To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
4	Draft Treasury Management Strategy and Minimum Revenue Provision Statement	Update on the contents of the Council's Treasury Management Strategy for 2020/21.  The CIPFA Treasury Management Code of Practice requires all local	103	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		authorities to make arrangements for the scrutiny of treasury management. This responsibility has been nominated to the Audit & Governance Committee.		
5	Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	97	To monitor the effective development and operation of risk management in the council.
6	Internal Audit Plan 2020/21: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2020 and December 2020	110	To consider reports from the Head of Internal Audit's performance during the year.
7	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> <li>• the appropriate part of the agenda for the report to be considered</li> </ul>	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		<ul style="list-style-type: none"> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>		
8	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
9 & 10	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
	<b>11<sup>th</sup> March 2021</b>			
1	Annual Audit Letter 2019/20 (Mazars)	Summary of the External Audit findings from the 2019/20 audit. The letter will also confirm the final audit fee.	118	To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
			120	To comment on the scope and depth of external audit work and to ensure it gives value for money.
2	Certification Report	The report provides a summary of the key findings that have been identified during the External Auditors' certification process for 2019/20 claims and returns.	118	To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
3	External Audit Plan 2020/21 (Mazars)	To receive and comment on External Audit's planned work for the audit of financial statements and the value for money conclusion 2020/21.	118	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
4	Annual Governance Statement - Progress Update	Update on actions to improve governance arrangements and respond to emerging issues identified in the 2019/20 Annual Governance Statement.  Proposed process for the production of the 2020/21 Annual Governance Statement.	120	To comment on the scope and depth of external audit work and to ensure it gives value for money.
5	Members Code of Conduct: Standards Report	To note the numbers and outcomes of complaints made under the Code of	131	To promote high standards of ethical behaviour by developing, maintaining and monitoring Code of Conduct for Members of the Council (including co-

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		Conduct for Members between September 2020 February 2021.		opted Members and other persons acting in a similar capacity).
6	Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	97	To monitor the effective development and operation of risk management in the council.
7	Internal Audit Plan 2020/21: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2020 and December 2020	110	To consider reports from the Head of Internal Audit's performance during the year.
8	Partnerships Governance	To consider assurance in relation to the governance arrangements in place to manage significant partnerships in which the Council participates.	102	To review the governance and assurance arrangements for significant partnerships or collaborations.
9	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> </ul>	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

## Work Plan 2020/21

			Extract from Committee Terms of Reference – (April 2020 Constitution)	
	Agenda Item	Description	No	Detail
		<ul style="list-style-type: none"> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>		
10	Work Plan 2020/21 and 2021/22	Forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
11 & 12	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2020/21

		Extract from Committee Terms of Reference (April 2020 Constitution)	
Agenda Item	Description	No	Detail
<b>Unscheduled Items</b>			
Local government transparency and Member disclosures	Members asked for a review of the Council's arrangements for and appetite around transparency and Members disclosure requirements.	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
Highways; allocation and use of funding	Requested by Members; a report on the allocation and use of Highways funding	96	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council
Update on Internal Audit Report on Land Transactions	Requested by Members	129	To consider summaries of specific internal audit reports as requested.



## **Audit & Governance Committee**

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**Date of Meeting:** 28 May 2020

**Report Title:** Waivers and Non Adherences (WARNs)

**Senior Officer:** Alex Thompson – Director of Finance and Customer Services - S151 Officer

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### **1. Report Summary**

- 1.1. The purpose of this report is to provide an update to the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non adherences (WARNs). The report covers approved cases between the 1<sup>st</sup> February 2020 and the 31<sup>st</sup> March 2020.
- 1.2. The approved WARNs are published retrospectively for information on the next appropriate Audit and Governance Committee. The total number of WARNs to be presented to the May Audit and Governance Committee is 3 (consisting of 3 Waivers and 0 Non adherences).
- 1.3. All WARNs will be presented to the Audit and Governance Committee without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.
- 1.4. This report will also provide an update on the Councils approach to procurement activity during the current coronavirus, COVID-19, outbreak.

### **2. Recommendation/s**

That the Audit and Governance Committee:

- 2.1. Notes the number and reason for 3 further WARNs approved between 1<sup>st</sup> February 2020 and 31<sup>st</sup> March 2020 (18 in total).

### **3. Reasons for Recommendation/s**

- 3.1. The Audit and Governance Committee has a key role in overseeing governance arrangements within the Council and has a requirement to retrospectively review all approved WARNs. The WARN process forms part of the Councils Contract Procedure Rules (CPRs), which are intended to promote good procurement and commissioning practice, transparency and clear public accountability.

#### 4. Other Options Considered

4.1. N/A

#### 5. Background

5.1. All WARNs approved in the period between Audit and Governance Committees will be presented to the next Committee meeting. This report contains all WARNs approved from the 1<sup>st</sup> February 2020 to the 31<sup>st</sup> March 2020 (3 in total).

The WARN process records the following;

- Waivers to the Contract Procedure Rules – These are agreed waivers in accordance with the Contract Procedure Rules, Part 5. Section 7.1-7.3.
- Non Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Part 5. Section 7.4-7.10.

Waivers are a compliant part of the Contract Procedure Rules and are used where there is a genuine business case to direct award without the need for competition.

**Table 1: WARNs have reduced in the last three years**

<b>WARNs</b>	<b>2016-2017</b>	<b>2017- 2018</b>	<b>2018-2019</b>	<b>2019 - 2020</b>
Non Adherence	33	10	5	1
Waiver	40	20	16	17
<b>Grand Total</b>	<b>73</b>	<b>30</b>	<b>21</b>	<b>18</b>

5.2 Following the outbreak of COVID-19 the Cabinet Office issued two Procurement Policy Notes (PPNs). PPNs are issued by central government to help public sector organisations deliver best practice in procurement.

**[Procurement Policy Note 01/20: Responding to COVID-19](#)**

(published 18 March 2020)

This PPN recognises that public sector organisations may need to procure goods, services and works with extreme urgency and permits authorities to do this using regulation 32(2)(c) under the Public Contract Regulations 2015.

The PPN covers options that may be considered in relation to procurements under the Public Contract Regulations 2015, including:

- direct award due to extreme urgency (regulation 32(2)(c))
- direct award due to absence of competition or protection of exclusive rights
- call off from an existing framework agreement or dynamic purchasing system
- call for competition using a standard procedure with accelerated timescales
- extending or modifying a contract during its term

#### **Procurement Policy Note 02/20: Supplier relief due to COVID-19**

(published 20 March 2020)

The PPN sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak. It states that contracting authorities must act quickly to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over.

The PPN states that all contracting authorities should:

- Urgently review their contract portfolio and inform suppliers who they believe are at risk that they will continue to be paid as normal (even if service delivery is disrupted or temporarily suspended) until at least the end of June.
- Put in place the most appropriate payment measures to support supplier cash flow; this might include a range of approaches such as forward ordering, payment in advance/prepayment, interim payments and payment on order (not receipt).
- If the contract involves payment by results then payment should be on the basis of previous invoices, for example the average monthly payment over the previous three months.
- To qualify, suppliers should agree to act on an open book basis and make cost data available to the contracting authorities during this period. They should continue to pay employees and flow down funding to their subcontractors.
- Ensure invoices submitted by suppliers are paid immediately on receipt (reconciliation can take place in slower time) in order to maintain cash flow in the supply chain and protect jobs.

#### **Procurement Policy Note 03/20: Use of Procurement Cards**

This PPN sets out information and guidance to central government departments, their executive agencies and non-departmental public bodies on the use of procurement cards. The aim is to accelerate payments to suppliers to support and improve cash flow. This will help support the economy, jobs and infrastructure.

In scope organisation's should:

- Increase the single transaction limit to £20,000 for key card holders
- Raise the monthly limit on spending with procurement cards to £100,000 for key card holders.
- Ensure an appropriate number of staff have the authority to use these cards;
- Open all relevant categories of spend to enable these cards to be used more widely.

- 5.3 The Council has needed to utilise Regulation 32 of the Public Contract Regulations 2015 (negotiated procedure without prior publication) and to directly award contracts due to extreme urgency. The Council has procured a number of products and services using these provisions (these products and services will be reported back to the Committee individually) but currently include personal protective equipment (PPE), ICT equipment and care and housing services.
- 5.4 Now the Council has secured stock of PPE a competitive procurement will be undertaken to ensure the long term supply.
- 5.5 The Council has also issued letters to all contracted suppliers regarding PPN 02/20 supplier relief. This details what they need to do if they require relief and the conditions that they need to follow. Where relief has been requested and approved, contracts have been amended and payment terms adjusted.
- 5.6 The Council has also increased single transaction limits, monthly limits and opened up all categories of spend for purchasing cards for key users. This was completed prior to the PPN being released.
- 5.7 The Council has now extended its use of prepaid cards to help Childrens' and Families and Communities support local people with food parcels. These cards are pre loaded to enable volunteers to shop for vulnerable people to ensure they have essential items.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. All employees must ensure that they use any Council or other public funds entrusted to them through their job role in a responsible and lawful manner.
- 6.1.2. Employees must also seek to ensure value for money and take care to avoid the risk of legal challenge to the Council in relation to the use of its financial resources. The Council's Officer Delegations, Finance and Contract Procedure Rules and Operating Procedures must, therefore, be followed at all times. This report sets out compliance with Contract Procedure Rules.

6.1.3. Advice should be sought from Legal Services on the application of the Public Contracts Regulations 2015. Guidance has been issued to contract managers on the content of PPN 02/20 Supplier Relief and advice should be sought from Legal Services on the contractual terms and conditions of current contracts and how they may be varied to reflect any relief given to suppliers.

## **6.2. Finance Implications**

6.2.1. The Council's Constitution Finance Procedure Rule 2.30; Chapter 3 - Part 4: Section 2 explains that the Corporate Leadership Team (CLT) are responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. This is supported by effective commissioning, procurement processes and appropriate contract management.

6.2.2. Along with comments from Procurement and Legal Officers, Finance Officers are invited to make comments in respect of each WARN, to help ensure Finance Procedure Rules are adhered to in this regard. Comments focus on the Service having identified sufficient existing budget to cover the proposal, and has considered how to achieve best value for money via this particular recommended course of action.

6.2.3. With regard to procurement activity relating to Covid-19, the Council is closely monitoring all additional expenditure in respect of responding to the pandemic and – as required for all local authorities – is reporting summary financial information to the Ministry of Housing, Communities & Local Government on a monthly basis, in terms of Covid-19-related spending and loss of income. On 19 March 2020 the Government announced £1.6bn of additional funding to support local authorities in responding to the Covid-19 pandemic; this funding is un-ringfenced and is intended to help local authorities address any pressures they are facing in response the Covid-19 pandemic, across all service areas. The Council's share of the funding was £9.15m. On 18 April the Government announced a further £1.6bn in additional funding for councils, though has not yet notified authorities of their particular allocations. The Council will continue to monitor and report on the financial effects of Covid-19 and the sufficiency of additional funding support provided by the Government, as part of its financial planning and forecasting through the year.

## **6.3. Policy Implications**

6.3.1. N/A

## **6.4. Equality Implications**

6.4.1. N/A

**6.5. Human Resources Implications**

6.5.1. N/A

**6.6. Risk Management Implications**

6.6.1. The focus is the risk that processes are not complied with, which increases the likelihood of legal challenge causing financial and reputational risk to the Council. This includes procurement processes.

**6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

**6.8. Implications for Children & Young People/Cared for Children**

6.8.1. There are no direct implications for children and young people.

**6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

**6.10. Climate Change Implications**

6.10.1. There are no direct implications for public health.

**7. Ward Members Affected**

7.1. N/A

**8. Consultation & Engagement**

8.1. N/A

**9. Access to Information**

9.1. The background papers relating to this report can be inspected by contacting the report writer.

**10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

Name: Lianne Halliday

Job Title: Senior Manager - Procurement

Email: [lianne.halliday@cheshireeast.gov.uk](mailto:lianne.halliday@cheshireeast.gov.uk)

## Appendix 1

**CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING**

<b>A</b>	Genuine Emergency – which warrant an exception to the requirements
<b>B</b>	Specialist Education or Social Care Requirements
<b>C</b>	Genuine Unique Provider – e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
<b>D</b>	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
<b>E</b>	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.
<b>F</b>	No valid tender bids received, therefore direct award can be substantiated
<b>G</b>	Lack of Planning
<b>H</b>	Other – Any other valid general circumstances up to the EU threshold

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